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ON PUBLIC SERVICE

# Annual Report and Accounts 2000/01

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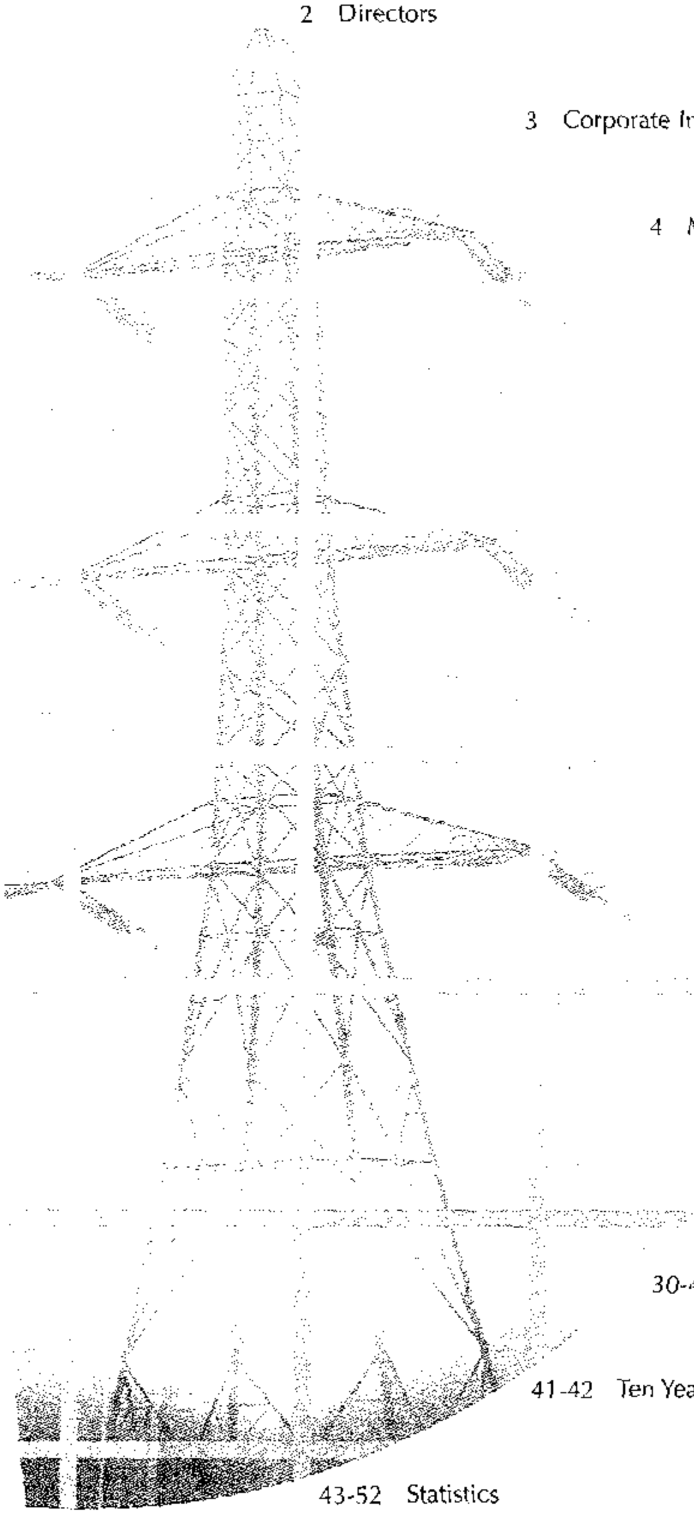
## CORPORATE VISION

To achieve world class status as a quality service business enterprise so as to be the first choice supplier of electrical energy in a competitive environment.

## CORPORATE MISSION

To efficiently transmit and distribute high quality electricity throughout Kenya at cost effective tariffs; to achieve the highest standards of customer service; and to ensure the Company's long term technical and financial viability.

# Contents



# Directors



1 **D D Afande**
Chairman

2 **S K Gichuru**
Managing Director

3 **Prof. W M Mwangi**

4 **M Mwachofi**

5 **S O J Ambundo**

6 **T D Owuor**

7 **F M Nyaga**

8 **P Gakunu**
Alternate to M Mwachofi

9 **M C Kigen**
Alternate to Prof. W M Mwangi

| | | |
|---|---|---|
| **Directors** | D D Afande, CBS | *Chairman* |
| | S K Gichuru, EBS, MBS | *Managing Director* |
| | Prof. W M Mwangi | |
| | M Mwachofi | |
| | S O J Ambundo | |
| | T D Owuor, MBS, OGW | |
| | F M Nyaga | |
| | P Gakunu | *Alternate to M Mwachofi* |
| | M C Kigen | *Alternate to Prof. W M Mwangi* |
| **Secretary** | L K Njagi | |
| **Registered Office** | Stima Plaza<br>Kolobot Road<br>P O Box 30099<br>Nairobi | |
| **Main Bankers** | Standard Chartered Bank Kenya Limited<br>Harambee Avenue<br>P O Box 30003<br>Nairobi | |
| | Kenya Commercial Bank Limited<br>Moi Avenue<br>P O Box 48400<br>Nairobi | |
| | Co-operative Bank of Kenya Limited<br>P O Box 48231<br>Nairobi | |
| | Stanbic Bank Kenya Limited<br>Kenyatta Avenue<br>P O Box 30550<br>Nairobi | |
| | CFC Bank Limited<br>CFC Centre<br>Chiromo Road<br>P O Box 72833<br>Nairobi | |
| **Auditors** | Deloitte & Touche<br>'Kirungii', Ring Road<br>Westlands<br>P O Box 40092<br>Nairobi | |
| **Principal Legal Advisers** | Hamilton Harrison & Mathews<br>P O Box 30333<br>Nairobi | |

| | |
|---|---|
| **Managing Director** | Samuel K Gichuru, CPS (K), EBS, MBS |
| **Deputy Managing Director** | Julius M Riungu, B.Sc. (Eng.) (Hons.), R. Eng., C. Eng., MIEE, MIEK |
| **Company Secretary** | Laurencia K Njagi, LLB (Hons.), Dip. in Law, CPS (K) |
| **Chief Manager, Distribution and Customer Service** | Benson Mureithi, B.Sc. (Eng.) (Hons.) |
| **Chief Manager, Energy Transmission** | Jasper Oduor, B.Sc. (Eng.) (Hons.), R. Eng., MIEK |
| **Chief Manager, Finance and Procurement** | Jonathan Ciano, B.Com (Hons.), CPA (K), AMKIM |
| **Chief Manager, Human Resources and Administration** | Bilha Gachoki, BA (Hons.) |
| **Chief Manager, Planning, Research and Performance Monitoring** | David M Mwangi, B.Sc. (Eng.) (Hons.), R. Eng., MIEK |
| **Chief Manager, Information Technology and Telecommunications** | Johnson Ole Nchoe, B.Sc. (Eng.), (Hons.), R. Eng. |
| **Regional Manager, Nairobi** | Joseph K Njoroge, B.Sc. (Eng.) (Hons.), R. Eng., C. Eng., MIEE, MIEK |
| **Regional Manager, Coast** | Joseph Masibo, B. Eng. (Electrical) |
| **Regional Manager, Mt. Kenya** | Rosemary K Gitonga, B.Sc. (Eng.) |
| **Regional Manager, West Kenya** | John Ombui, B.Sc. (Eng.) (Hons.), MIEE |

**NOTICE IS HEREBY GIVEN THAT THE EIGHTIETH ANNUAL GENERAL MEETING** of the Company will be held at Stima Members' Club, Thika Road, Nairobi, on Friday, 21st December 2001 at 11 a.m. to transact the following business: -

1 To read the Notice convening the Meeting.

2 To receive and consider the Company's audited financial statements for the year ended 30th June 2001, together with the Chairman's, Directors' and Auditors' reports thereon.

3 To note that the Directors do not recommend payment of a dividend on ordinary stock for the year.

4 To elect Directors.

(i) Mr. Mwaghazi Mwachofi, Permanent Secretary, Treasury, who was appointed by the Board on 4th April 2001, to fill a casual vacancy created by the resignation of Mr. Martin Oduor-Otieno and, being eligible, offers himself for election;

(ii) Professor W M Mwangi, Permanent Secretary, Ministry of Energy who was appointed by the Board on 4th April 2001 to fill a casual vacancy created by the resignation of Amb. M Ngali and, being eligible, offers himself for election;

(iii) Amb. D D Afande, who was appointed to the Board on 11th May 2001, to fill a casual vacancy created by the resignation of Mr. H H Awori and, being eligible, offers himself for election;

(iv) Mr. T D Owuor, who retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for re-election;

(v) Mr. F M Nyaga, who retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association and, being eligible, offers himself for re-election.

5 To note that the Auditors, Deloitte & Touche, continue in office in accordance with Section 159 (2) of the Companies Act and to authorise the Directors to fix their remuneration.

**By Order of the Board**

**L K Njagi**
**Company Secretary**
**P. O. Box 30099**
**Nairobi, Kenya**

**27th November 2001**

**NOTES:**

A member entitled to attend and vote at the above meeting may 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 lodged at the registered office of the Company, Stima Plaza, or posted in time to reach there not later than 11.00 a.m. on Wednesday, 19th December 2001.

**ILANI INATOLEWA KWAMBA MKUTANO WA 80 WA KILA MWAKA** wa kampuni utafanyika Stima Members' Club, Thika Road, Nairobi, Ijumaa tarehe 21 Disemba 2001 saa tano kutekeleza shughuli zifuatazo:-

1 Kusoma agizo la kuitisha mkutano

2 Kupokea na kufikiria taarifa ya fedha iliyokaguliwa ya mwaka uliomalizika tarehe 30 Juni 2001 pamoja na ripoti za Mwenyekiti, Wakurugenzi na Wahasibu.

3 Kueleza kwamba Wakurugenzi hawapendekezi mgao wa faida kwa hisa za kawaida kwa mwaka huo.

4 Kuchagua Wakurugenzi.

(i) Bw. Mwaghazi Mwachofi, Katibu, Hazina, ambaye aliteuliwa na Kamati ya Wakurugenzi tarehe 4 mwezi wa April 2001, kujaza nafasi ya Bw. Martin Oduor-Otieno aliyejiuzulu, na kwa vile anastahili, anajitolea kuchaguliwa.

(ii) Prof. W M Mwangi, Katibu katika Wizara ya Kawi, ambaye alichaguliwa na Kamati ya Wakurugenzi tarehe 4 mwezi wa April 2001 kujaza nafasi ya Balozi M Ngali aliyejiuzulu, na kwa vile anastahili, anajitolea kuchaguliwa;

(iii) Balozi D D Afande, ambaye aliteuliwa kwenye Kamati ya Wakurugenzi tarehe 11 mwezi wa Mei 2001 kujaza nafasi ya Bw. H H Awori aliyejiuzulu, na kwa vile anastahili, anajitolea kuchaguliwa.

(iv) Bw. T D Owuor, ambaye anastaafu kwa zamu kulingana na Kifungu 120 cha Sheria za Kampuni, na kwa vile anastahili, anajitolea kuchaguliwa tena;

(v) Bw. F M Nyaga, ambaye anastaafu kwa zamu kulingana na kifungu 120 cha Sheria za Kampuni, na kwa vile anastahili, anajitolea kuchaguliwa tena.

5 Kueleza kwamba Wakaguzi wa Hesabu, Deloitte & Touche wataendelea kuhudumu kwa mujibu wa kifungu 159(2) cha Sheria za Makampuni na kutoa idhini kwa Wakurugenzi kupanga malipo yao.

**Kwa Amri ya Wakurugenzi**

**L K Njagi**
**Katibu wa Kampuni**
**SLP 30099**
**Nairobi, Kenya**
**Tarehe 27, Novemba 2001**

## ILANI:

Mwanachama anayekubaliwa kushiriki na kupiga kura katika mkutano huu anaruhusiwa kuchagua mwakilishi ambaye atapiga kura kwa niaba yake. Mwakilishi si lazima awe mwanachama wa Kampuni. Fomu ya uwakilishi imo ndani ya kijitabu hiki. Ili kukubalika, fomu ya uwakilishi lazima iwe imejazwa na kuletwa kwenye Afisi zilizoandikishwa za Kampuni, Stima Plaza, au kutumwa kwa njia ya Posta kwa wakati ufaao ili kufika kabla ya saa tano asubuhi, Jumatano tarehe 19 Disemba 2001.

## GENERAL OVERVIEW

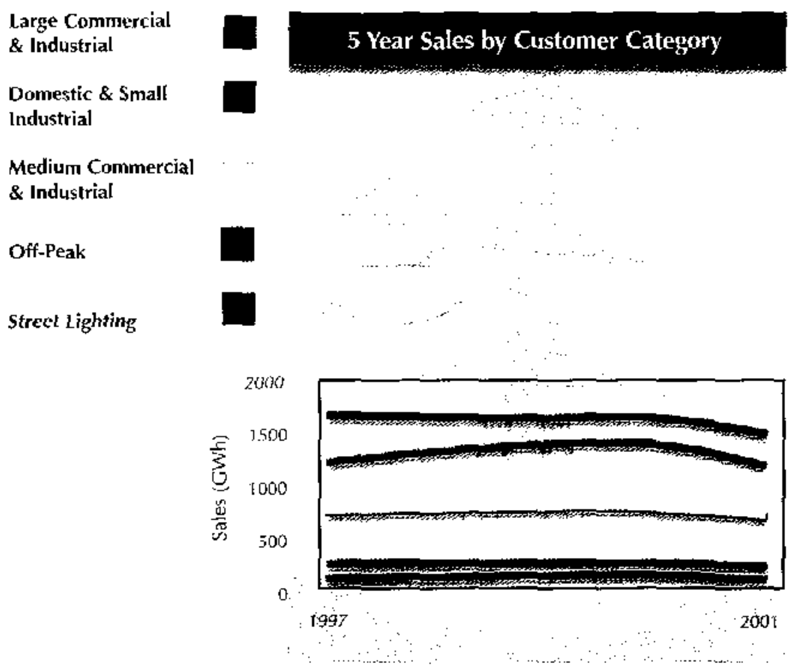
As anticipated, the 2000/2001 financial year presented exceptional challenges to the power sub-sector, which, once again, adversely affected your Company's trading performance.

The massive power rationing instituted in September 1999 due to acute hydro-generation shortfall caused by the severe drought that ravaged the country since 1998, was intensified in May 2000 and continued until January 2001. The decline of hydro-generation necessitated supplementing the shortfall with the more expensive fuel-based generation at a time when the price of fuel was exceptionally high. The situation was aggravated by the deterioration of the economy, which experienced a drop in the GDP growth rate to -0.3% from 1.4%, recorded in the previous year, thus eroding the purchasing power of all categories of customers. This resulted in a decline of the electricity sales by 8.1%.

The United States Trade and Development Agency advanced the Company a grant of Shs.39 million to undertake feasibility studies for four proposed power transmission projects. The Managing Director and the US Ambassador signed the Agreement.

On the other hand, operating expenditure increased substantially as a result of stepped up generation from thermal plant. Consequently, the total revenue earned amounted to Shs.28,188 million, against a total operating expenditure of Shs.31,734 million. After providing for finance costs of Shs.560 million and a tax credit of Shs.1,229 million, the Company recorded a net loss of Shs.2,877 million.

To counter these challenges, your Company is implementing strategic measures focused on steering it back to profitability within the shortest time possible. These measures, which are discussed elsewhere in detail in this Report, include enhancement of power capacity to meet current and projected demand, review of power purchase bulk tariffs with electricity suppliers, reduction of technical and commercial losses, a major business and organisation restructuring and improvement of financial management.




## FINANCIAL PERFORMANCE

### Trading Results

Electricity sales reduced to 3,091 million units compared to 3,365 million sold the previous year, which generated revenue of Shs.28,188 million compared to Shs.23,564 million the previous year. The increase in revenue is attributable to an increase in fuel revenue by 76% from Shs.6,894 million to Shs.12,080 million as a result of enhanced thermal generation as well as higher fuel prices. This excludes an amount of Shs.1,689 million, which was not realised because of higher system losses. The recovered fuel revenue is, however, a pass-through cost and does not constitute an income to the Company.

The decline in unit sales was attributable to the intensified power rationing between May 2000 and January 2001 and lower than projected demand for power experienced since January 2001 as a result of the economic slow-down. The non-fuel revenue reduced by 3% from the

Tsavo Power Company, an Independent Power Producer, completed construction of the 74 MW Kipevu II thermal power plant and presented the commissioning tests certificate to KPLC.

Shs.16,670 million realised the previous year to Shs.16,109 million.

The total power purchase costs declined by Shs.583 million to Shs.12,139 million from Shs.12,722 million the previous year, primarily due to the decrease in units available for purchase and lower demand experienced since January 2001. However, fuel costs increased by Shs.6,193 million to Shs.13,769 million from Shs.7,576 million the previous year. The decrease in transmission and distribution costs by Shs.891 million to Shs.5,826 million from Shs.6,717 million, is attributable to austerity measures instituted in transmission and distribution operations. The cost of financing the Company's operations also decreased to Shs.560 million from Shs.706 million.

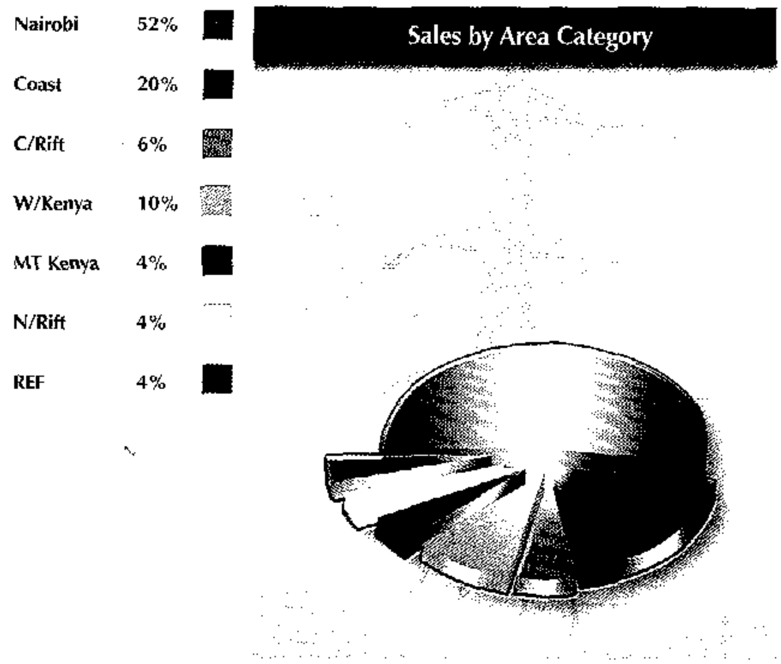
## Taxation

As a result of the loss recorded during the period, a deferred tax credit of Shs.1,229 million has been provided for in the current year's income statement, compared to Shs.966 million the previous year.

The after tax loss for the year is, therefore, Shs.2,877 million compared to Shs.1,610 million the previous year.

## Dividend

The previous year, the Company paid an interim dividend on ordinary stock of 10% (Shs.2 per share), amounting to Shs.158 million and declared no further dividend. Due to the unfavourable trading results, the Company has not declared a dividend on ordinary stock for the year.




## RESTRUCTURING OF THE POWER SUB-SECTOR

### Corporate Restructuring

#### *Business and Organisation Restructuring*

The restructuring of your Company approved by the Board and the Government the previous year, with a view to improving the financial and operational efficiency, continued to be implemented during the year.

The exercise was undertaken with the assistance of the Restructuring Task Force appointed in October 2000 and a management Consultant, Messrs. PriceWaterhouseCoopers. As part of the restructuring, the Company's functional divisions were reduced from 15 to 7 while operational areas were reduced from 6 to 4 business regions. Appointment of the divisional and regional heads following a competitive open market selection process was completed by June 2001. Further, a rightsizing programme that entails reduction of the workforce by 2,000 before June 2002 has been under implementation since 30th June 2001. This will reduce staff costs by 25% and improve the customer to staff ratio to 100:1 from 75:1.

#### *Financial Management Study*

A financial consultant, Messrs. Pannell Kerr Foster (PKF), was appointed by the Government in May 2001 to review the financial management efficiency of the Company and to make recommendations for further improvement. The consultant's final report was expected to be submitted in November 2001.

these schemes and those identified for electrification under the French funded programme will commence within the current financial year.

An amount of Shs.783 million was collected from the Rural Electrification Levy.

The emergency generators installed last year were decommissioned after water at the main Seven Forks dams improved, enhancing hydro-power generation.

## SUPPORT SERVICES

### Information Technology

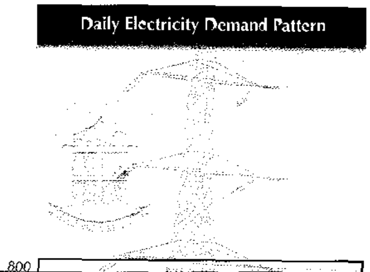
The Company has continued to utilise appropriate information technology for improvement of business and operational efficiency. Consistent with this, more commercial offices and business

compared to 75:1 the previous year.

### Public Relations

During the year, the Company continued to enhance relations with its publics through various customer outreach programmes. These included radio programmes, flyers and advertisements that addressed issues relevant to our business and the power sector, continuous participation in public education campaigns and in the Agricultural Society of Kenya shows countrywide.

The Company also sustained media campaigns to raise public awareness on diverse issues including energy conservation, safety, billing and fraud. Through its website, which has been re-designed, the Company increased interaction with its customers and other stakeholders through provision of pertinent information.






### Review of Bulk Tariffs

As part of short term measures to address the high cost of bulk power purchases which absorb about 92% of the total revenue, the Company is negotiating review of bulk tariffs with the electricity suppliers, to rationalise them with the retail tariff yield. Towards this end, the Government has appointed Messrs. PB Power Limited to update the tariff study carried out in 1998 and make recommendations for, inter alia, appropriate bulk power tariff levels between the Company and KenGen. The final report is expected to be submitted by January 2002 and a revised tariff should be in place by April 2002.

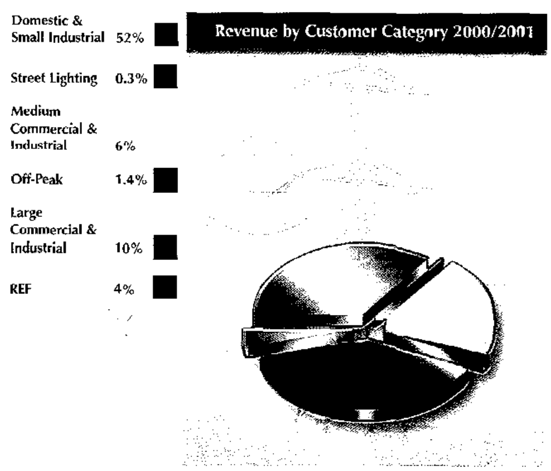
Meanwhile, your Company has also negotiated tariff reductions with the Uganda Electricity Board for power imported from Uganda and is in the process of negotiating similar reviews with Iberafrica Power E.A. Limited and Westmont Power Company Limited.

As a long term strategy, the Electricity Regulatory Board is undertaking a detailed policy study of bulk and retail electricity tariffs through a consultant, Messrs. National Economic Research Associates (NERA) Inc. This study is expected to be completed by January 2002.

### Privatisation of the Power Industry

To pave way for the privatisation process of the power sub-sector which commenced the previous year and aimed at improving efficiency, the Government is in the process of appointing a power consultant to review and recommend appropriate market models for electricity transmission and distribution. Any proposed changes requiring shareholders' approval will be presented to the Company's General Meeting.

Meanwhile, the Government is preparing a National Energy Policy to make the fiscal, regulatory and legal regime of the sector more investor friendly so as to attract private investors.




## CORE BUSINESS ACTIVITIES

### Transmission and Distribution

During the year under review, a number of system reinforcement projects valued at Shs.552 million and maintenance works of the transmission and distribution system were undertaken to enhance the quality and reliability of power supply. The system reinforcement projects involved upgrading of transformers and lines and construction of new feeders, while maintenance work included wayleaves trace clearance, replacement of old and rotten poles, corroded insulators, stolen braces and servicing of sub-station equipment.

### Transmission Developments

***Kipevu-Rabai line and associated sub-stations***

Construction of the 18 km Kipevu-Rabai 132 kV line was completed in July 2001 by Siemens AG of Germany under a contract with the Company at a cost of US$7.5 million. Upgrading of the sub-stations at Kipevu and Rabai by ABB Transmit of Finland commenced in January 2001 and is expected to be completed by December 2001. The project will improve the transmission of electricity generated from the power stations at Kipevu to upcountry.

Producers (EPPs) in August 2000 to supply 105 MW on a lease basis in order to ease the impact of power rationing. The supply from the three companies, Aggreko (45 MW), Deutz (30 MW) and Cummins (30 MW), together with an additional 12 MW from Iberafrica, 4 MW from OrPower 4 Inc., 30 MW from a steam turbine rehabilitated by KenGen at Kipevu, 2 MW from Mumias Sugar Company and about 20 MW from private auto-generators, enabled your Company to ease the power rationing, which was lifted in January 2001 following some good rains in December 2000. The leased plants were decommissioned in May-June 2001.

## Independent Power Producers (IPP) Projects

***55 MW Fast Track Project at Eldoret***

This project was shelved during the year due to the preferred developers' inability to secure financing without increase of the capacity charge as well as sufficiency of the planned capacity from other committed plant under implementation, taking into account the reduced demand for power.

***Kipevu II 75 MW Diesel Independent Power Plant***

Implementation of the project by Tsavo Power Company Limited was completed within the contractual programme and the

***Olkaria III 48 MW Geothermal Independent Power Producer Project***

The Project developer, Messrs. OrPower4 Inc., completed the reservoir appraisal work that commenced in 1999 whose numerical simulation results indicated that the field could support 48 MW. Design of the plant is in progress, while tenders for the 220 kV line to connect the plant to the Olkaria II sub-station have been invited. The plant is expected to be commissioned in July 2003.

KPLC and Uganda Electricity Board signed an agreement to cooperate in various areas.

## Increased Power Imports from Uganda

As part of its strategy to diversify sources of bulk power and realise benefits of competitive prices, the Company continued to explore procurement of power capacity from the regional markets. Towards this end, the Company has negotiated an agreement with the Uganda Electricity Transmission Company Limited for import of additional 50 MW of firm power from Uganda. Supply of the additional power is expected to commence from June 2005 following commissioning of the proposed 200 MW Bujagali project on the River Nile.

## Interconnection to the Southern Africa Power Pool (SAPP)

The governments of Tanzania and Kenya have commissioned a feasibility study for a 250 km 220 kV transmission line to interconnect Nairobi and Arusha. In a related development, Tanzania and Zambia plan to carry out feasibility study for the construction of a 670 km 330 kV transmission line from Mbeya in Tanzania to Pensulo in Zambia, as well as reinforcement of the Tanzanian transmission network to facilitate power transfer from the SAPP to Kenya. Meanwhile, Kenya has applied for membership to the SAPP.



US$14.3 million. The project will improve the transmission of power from the hydro stations.

Emergency generators were installed to bridge a power supply shortfall.

***Olkaria-Nairobi 220 kV line and associated sub-stations***

KenGen is constructing a 110-km double circuit line and associated sub-stations under the Olkaria II Geothermal Power Project on behalf of your Company. KEC of India is constructing the lines while Siemens AG of Germany is constructing the sub-stations. The project, which will enable transmission of power from Olkaria II and Olkaria III power plants to the national grid, is scheduled to be completed by mid-2002 at an estimated total cost of US$17.1 million.

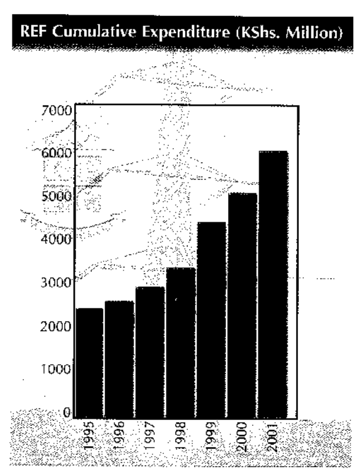
## Customer Service

In line with the core values in its Corporate Vision and Mission, the Company continued to enhance the quality of customer service through various measures including opening of new paying points, improvement of service delivery processes, customer education and system reinforcement.

## RURAL ELECTRIFICATION

The Company continued to implement the Rural Electrification Programme (REP) on behalf of the Government. During the year, Shs.952 million was spent including Shs.772 million spent on the Phase 1 of the Spanish funded projects, bringing the cumulative capital expenditure since inception of the programme in 1973 to Shs.6,001 million.

The number of customers under the programme increased by 9,518 from 67,542 the previous year to 77,060. Units sold decreased from 138 million to 121 million, while revenue realized increased from Shs.1,086 million the previous year to Shs.1,141 million. The reduction in unit sales was as a result of the power rationing programme, while the increase in revenue was due to increased fuel cost recoveries.




Following evaluation of Phase 1 of the Coffee Factories Rural Electrification Programme (COFREP), which is financed from the European Union's Stabilisation of Exports (STABEX) Fund, 53 factories have been approved for electrification. Design work has been completed and construction work will commence within the current financial year.

### Review of Bulk Tariffs

As part of short term measures to address the high cost of bulk power purchases which absorb about 92% of the total revenue, the Company is negotiating review of bulk tariffs with the electricity suppliers, to rationalise them with the retail tariff yield. Towards this end, the Government has appointed Messrs. PB Power Limited to update the tariff study carried out in 1998 and make recommendations for, inter alia, appropriate bulk power tariff levels between the Company and KenGen. The final report is expected to be submitted by January 2002 and a revised tariff should be in place by April 2002.

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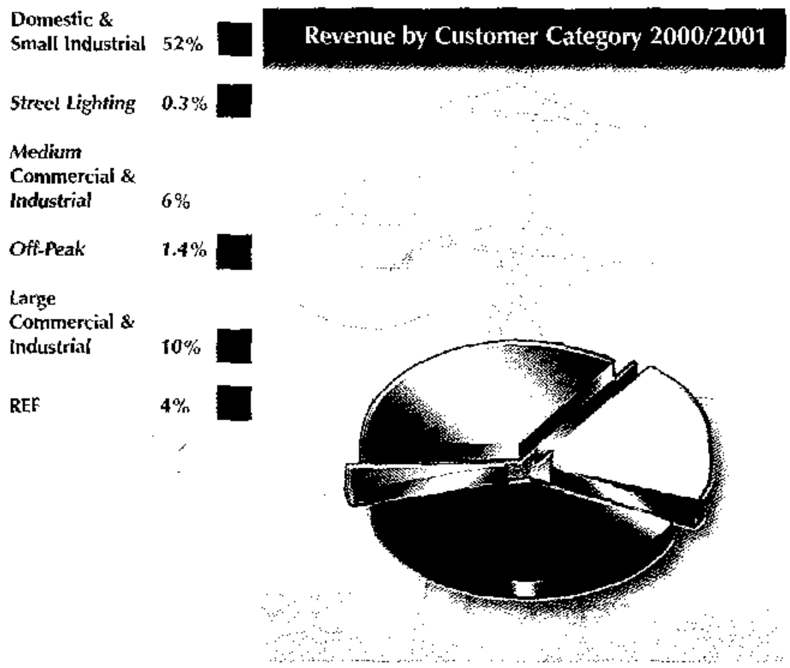


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***Kiambere-Nairobi 220 kV line and associated sub-stations***

Execution of works under the 140 km Kiambere-Nairobi 220 kV line and associated sub-stations by KEC International of India, commenced in February 2001 with financing from the East African Development Bank (EADB) amounting to US$14.3 million. The project will improve the transmission of power from the hydro stations.

Emergency generators were installed to bridge a power supply shortfall.

***Olkaria-Nairobi 220 kV line and associated sub-stations***

KenGen is constructing a 110-km double circuit line and associated sub-stations under the Olkaria II Geothermal Power Project on behalf of your Company. KEC of India is constructing the lines while Siemens AG of Germany is constructing the sub-stations. The project, which will enable transmission of power from Olkaria II and Olkaria III power plants to the national grid, is scheduled to be completed by mid-2002 at an estimated total cost of US$17.1 million.

## Customer Service

In line with the core values in its Corporate Vision and Mission, the Company continued to enhance the quality of customer service through various measures including opening of new paying points, improvement of service delivery processes, customer education and system reinforcement.

Further, an exercise to restructure the operations of the Company in order to take services closer to customers by focusing more on the newly created regions and zones, commenced during the year.

The countrywide meter inspection exercise which begun the previous year to curb electricity theft and reduce commercial losses, continued throughout the year with positive results. The exercise was carried out alongside a successful customer awareness programme, which yielded numerous tips from customers and members of the public about instances of pilferage of electricity.

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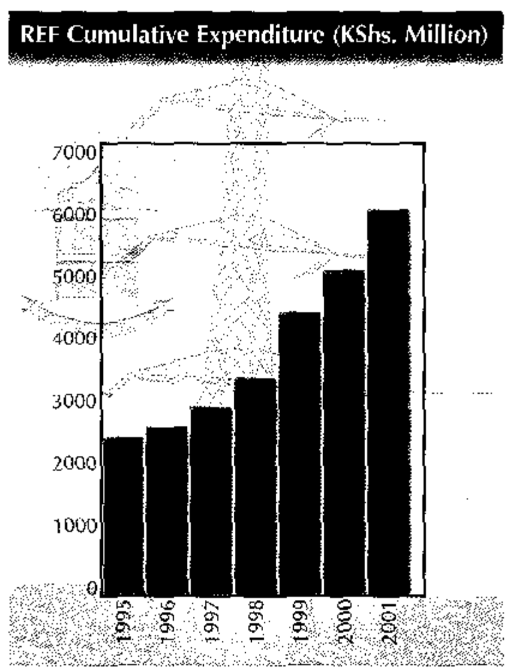
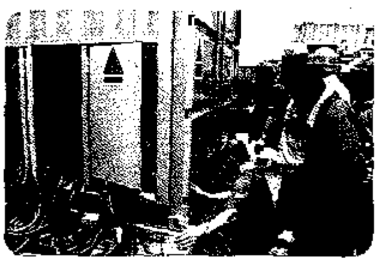



Following evaluation of Phase 1 of the Coffee Factories Rural Electrification Programme (COFREP), which is financed from the European Union's Stabilisation of Exports (STABEX) Fund, 53 factories have been approved for electrification. Design work has been completed and construction work will commence within the current financial year.

Implementation of 32 schemes covered under Phase 1 of the Spanish funded programme amounting to US$10.6 million is in progress. During the year, negotiations for US$10.255 million credit were completed between the Government of Kenya and the Government of Spain to finance Phase 2 of the programme. Implementation of these schemes and those identified for electrification under the French funded programme will commence within the current financial year.

An amount of Shs.783 million was collected from the Rural Electrification Levy.



The emergency generators installed last year were decommissioned after water at the main Seven Forks dams improved, enhancing hydro-power generation.

## SUPPORT SERVICES

### Information Technology

The Company has continued to utilise appropriate information technology for improvement of business and operational efficiency. Consistent with this, more commercial offices and business units were connected to the Company's Wide Area Network, while the Radio Trunking and Scada Systems facilitated efficient management of the load rationing programme.

### Human Resources

Despite the challenges experienced during the year, the Company maintained sound industrial relations and forged a strategic partnership with the Kenya Electrical Trade and Allied Workers Union (KETAWU) aimed at achieving corporate goals.

Effective communication was maintained with employees on the changes taking place in the Company's operating environment, an initiative which resulted in staff playing a significant role in assisting the Company to implement various cost management measures during the year.

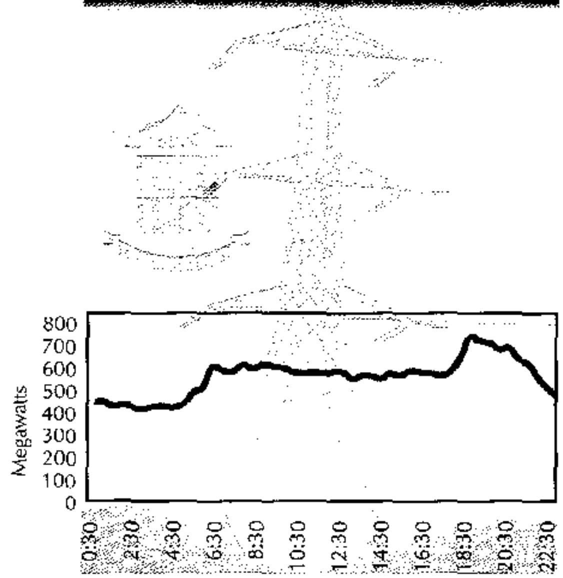
The Company had a workforce of 6,593 as at 30th June 2001, compared to 6,973 the previous year. A customer to staff ratio of 81:1 was achieved compared to 75:1 the previous year.

### Public Relations

During the year, the Company continued to enhance relations with its publics through various customer outreach programmes. These included radio programmes, flyers and advertisements that addressed issues relevant to our business and the power sector, continuous participation in public education campaigns and in the Agricultural Society of Kenya shows countrywide.

The Company also sustained media campaigns to raise public awareness on diverse issues including energy conservation, safety, billing and fraud. Through its website, which has been re-designed, the Company increased interaction with its customers and other stakeholders through provision of pertinent information.

**Daily Electricity Demand Pattern**



## GENERATION CAPACITY ENHANCEMENT

### Emergency Power Plants

As reported the previous year, the Government, with financial assistance from the World Bank, contracted three Emergency Power Producers (EPPs) in August 2000 to supply 105 MW on a lease basis in order to ease the impact of power rationing. The supply from the three companies, Aggreko (45 MW), Deutz (30 MW) and Cummins (30 MW), together with an additional 12 MW from Iberafrica, 4 MW from OrPower 4 Inc., 30 MW from a steam turbine rehabilitated by KenGen at Kipevu, 2 MW from Mumias Sugar Company and about 20 MW from private auto-generators, enabled your Company to ease the power rationing, which was lifted in January 2001 following some good rains in December 2000. The leased plants were decommissioned in May-June 2001.

### Independent Power Producers (IPP) Projects

***55 MW Fast Track Project at Eldoret***

This project was shelved during the year due to the preferred developers' inability to secure financing without increase of the capacity charge as well as sufficiency of the planned capacity from other committed plant under implementation, taking into account the reduced demand for power.

***Kipevu II 75 MW Diesel Independent Power Plant***

Implementation of the project by Tsavo Power Company Limited was completed within the contractual programme and the plant entered full commercial operation on 3rd September 2001. The commissioning of the plant added some 75 MW to the national grid. The project, implemented at a cost of US$86 million, was financed on a limited recourse basis by a syndicate of lenders comprising among others, International Finance Corporation, Deutsche Investitions-und Entwicklungsgellschaft mbH (DEG), CDC Capital Partners, Netherlands Development Finance Company, Merita Nordbanken, Leonia Corporate Bank and WD Power Fund.

***Olkaria III 48 MW Geothermal Independent Power Producer Project***

The Project developer, Messrs. OrPower4 Inc., completed the reservoir appraisal work that commenced in 1999 whose numerical simulation results indicated that the field could support 48 MW. Design of the plant is in progress, while tenders for the 220 kV line to connect the plant to the Olkaria II sub-station have been invited. The plant is expected to be commissioned in July 2003.

**KPLC and Uganda Electricity Board signed an agreement to cooperate in various areas.**

### Increased Power Imports from Uganda

As part of its strategy to diversify sources of bulk power and realise benefits of competitive prices, the Company continued to explore procurement of power capacity from the regional markets. Towards this end, the Company has negotiated an agreement with the Uganda Electricity Transmission Company Limited for import of additional 50 MW of firm power from Uganda. Supply of the additional power is expected to commence from June 2005 following commissioning of the proposed 200 MW Bujagali project on the River Nile.

### Interconnection to the Southern Africa Power Pool (SAPP)

The governments of Tanzania and Kenya have commissioned a feasibility study for a 250 km 220 kV transmission line to interconnect Nairobi and Arusha. In a related development, Tanzania and Zambia plan to carry out feasibility study for the construction of a 670 km 330 kV transmission line from Mbeya in Tanzania to Pensulo in Zambia, as well as reinforcement of the Tanzanian transmission network to facilitate power transfer from the SAPP to Kenya. Meanwhile, Kenya has applied for membership to the SAPP.

## KenGen Projects

***Olkaria II 64 MW Geothermal Power Project***

Construction of the Olkaria II 64 MW project progressed well during the year. The project is expected to be commissioned by the end of 2002.

***Sondu Miriu 60 MW Hydro Power Project***

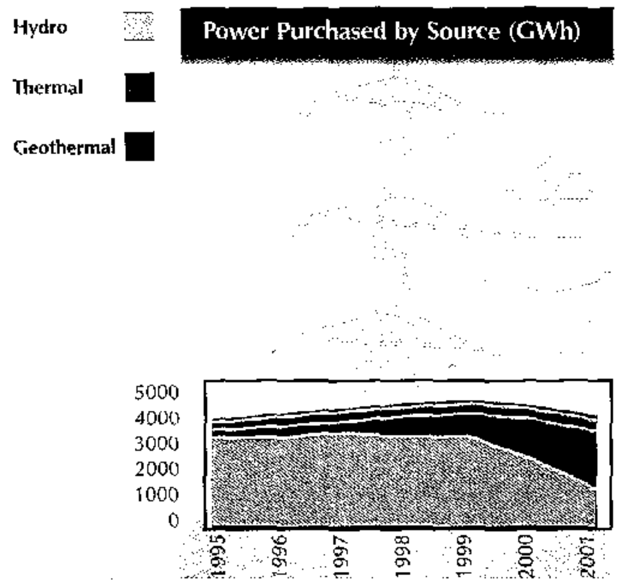
Construction work on the project continued but its progress was adversely affected by the suspension of funds by the project lenders. The project, which includes a 50 km 132 kV transmission line from the power station to the Company's Kisumu sub-station, is now expected to be commissioned in 2004.

## FUTURE OUTLOOK

With a view to turning around the business to profitability within the shortest time possible, the Company has put in place a number of performance improvement strategies. These have been developed with the assistance of the Government and external consultants and include:

***Enhancement of Power Capacity***

In order to overcome the power shortfall experienced in the recent past, the Company has secured adequate capacity to meet current and projected demand following commissioning of the 75 MW Kipevu II Project in August 2001. This has brought the total installed capacity to 1,132 MW against a peak demand of 745 MW. An additional 210 MW is expected with the commissioning of new plants between 2002 and 2005. In the short term, water storage levels at the hydro-generating power stations are satisfactory following the rains received during the period March to May 2001. However, to reduce over-dependence on hydro sources, the projects under implementation have been significantly diversified to include more geothermal and fuel based plant.




***Review of Power Purchase Bulk Tariffs***

The Company is undertaking a review of tariffs with the electricity suppliers in order to rationalise the cost of bulk power purchases (which absorb about 92% of the total revenue) with the retail tariff yield. Already, the Company has negotiated a tariff adjustment with the Uganda Electricity Transmission Company Limited for power imported from Uganda, which will result in an estimated annual saving of KShs.200 million. Similar reviews are in progress with Iberafrica Power (E.A.) Limited and Westmont Power (K) Limited and the revised tariffs are expected to be effective by January 2002. Meanwhile, a revised tariff with the Company's major electricity supplier, KenGen, is expected to be in place by April 2002. The revised tariff will be based on recommendations from an ongoing tariff study being undertaken by Messrs. PB Power Limited, an international consultant appointed by the Government to update the tariff study carried out in 1998.

***Reduction of Technical and Commercial Losses***

The Company has embarked on a strategic plan to gradually reduce technical and commercial losses from 20.5% to 17.5% in the next three years. This is projected to yield additional revenue of Shs.200 million per annum during the first year which will increase to Shs.600 million per annum in the third year. The measures under implementation include installation of loss reduction equipment on distribution lines, distribution system reinforcement and intensification of anti-fraud initiatives.

***Business and Organisation Restructuring***

A business and organisation restructuring exercise is being undertaken with the assistance of the Restructuring Task Force appointed by the Government in October 2000 and a management consultant, Messrs. PriceWaterhouseCoopers, aimed at improving operational efficiency and reducing staff costs by 25%. Already, the Company's functional divisions have been reduced from 15 to 7 and operational areas from 6 to 4 business regions which are structured into zones in order to bring the business activities closer to customers. Meanwhile, a programme aimed at reducing staff costs through optimisation of the establishment and multi-skilling has been operational since June 2001. This includes reduction of the workforce by 2,000 employees by June 2002. So far, about 300 employees have left under the programme which, when completed, will realise savings of Shs.1,100 million per annum.

***Improvement of Financial Management***

The Company is implementing measures to improve utilisation of its working capital. These include, among others, reduction of electricity debtors by at least Shs.1 billion within the current financial year. The Government is in the process of settling its Shs.2 billion electricity debt owed to the Company and has committed itself to be current with all its future electricity debt payments. In addition, it is facilitating payment of Shs.480 million owed by its strategic institutions, including local authorities, within the current financial year. Other measures instituted by the Company include renegotiating credit terms for loans and debts due to the Treasury and other major suppliers, including KenGen, optimisation of stockholding and disposal of non-core assets valued at over Shs.460 million. The Directors are also exploring other measures to improve the financial position of the Company and accelerate its recovery.

## CONCLUSION

At the macro-economic level, there are indications that the economy is on a recovery path, and is estimated to have registered a growth of 0.5% in the year to July 2001, according to the Central Bank of Kenya Monthly Economic Review - October 2001. These factors, together with the ongoing implementation of performance improvement measures, adequate generation capacity and improved water storage levels, give the Directors cause for optimism that the Company's trading performance is poised to commence recovery within the current financial year and return to profitability by financial year 2002/03.

## STAFF

On your behalf and that of the Board, I wish to thank all the staff for their continued commitment and hard work especially in managing the electricity system during the period of power rationing. Further, I wish to note with appreciation their support towards the cost management measures implemented during the year.

**D D Afande**
**Chairman**

## MTAZAMO WA JUMLA

Kama ilivyo tarajiwa, kipindi cha pesa cha 2000/2001 kilikuwa kigumu kwa sekta ya kawi, na hivyo, kwa mara nyingine kuathiri matokeo ya biashara ya Kampuni yenu.

Hatua ya kutoa umeme kwa vipimo iliyoanzishwa mwezi Septemba 1999 kutokana na upungufu wa nguvu za umeme unaotokana na msukumo wa maji kwa sababu ya ukame mbaya ambao uliikumba nchi hii tangu 1998, ulizidishwa mwezi Mei 2000 na kuendelea hadi Januari 2001. Kupungua kwa umeme unaotokana na msukumo wa maji kulibidi kuongezwa kwa umeme unaotokana na mitambo inayotumia mafuta wakati ambapo bei ya mafuta hayo ilikuwa ghali mno. Hali hii ilifanywa kuwa mbaya zaidi na kuzorota kwa uchumi, ambapo kiwango cha ukuaji wa uchumi wa taifa, GDP, kilipungua hadi asili mia -0.3 kutoka asili mia 1.4, kilichorekodiwa mwaka uliotangulia, na hivyo kupunguza uwezo wa kununua stima kwa wateja wa viwango mbali mbali. Hii ilileta upungufu wa mauzo ya stima kwa asili mia 8.1.

A technical team prepares a power pole during a rural electrification exercise in Thika.

Kwa upande mwingine, matumizi yaliongezeka sana kufuatia ongezeko la kutoa stima katika mitambo inayotumia mafuta. Hivyo basi, jumla ya pesa zilizopatikana zilikuwa Shs.28,188 milioni, dhidi ya matumizi ya jumla ya Shs.31,734 milioni. Baada ya gharama ya Shs.560 milioni na faida ya kodi ya Shs.1,229 milioni, Kampuni ilipata hasara ya Shs.2,877 milioni.

Ili kukabiliana na matatizo haya, Kampuni yenu inatekeleza hatua kabambe zenye lengo la kuifanya ianze kupata faida katika kipindi cha mda mfupi ujao iwezekanavyo. Hatua hizi ambazo zimeelezwa katika sehemu ya ripoti hii, ni pamoja na kuongeza kiasi cha umeme ili kutosheleza mahitaji ya sasa na ya wakati ujao, kuchunguza tena kodi ya ununuzi wa stima kwa wingi kutoka kwa wale wanaotupatia umeme, kupunguza hasara za kiufundi na kibiashara, marekebisho makubwa ya shughuli za kibiashara na kuimarisha usimamizi wa kifedha.

## HALI YA KIFEDHA

### Matokeo ya Biashara

Mauzo ya stima yalipungua hadi unit 3,091 milioni ikilinganishwa na unit 3,365 zilizouzwa mwaka uliotangulia, ambazo zilileta Shs.28,188 milioni ikilinganishwa na Shs.23,564 milioni mwaka uliotangulia. Kuongezeka kwa mapato hayo kumetokana na ongezeko la mapato ya mafuta kwa asili mia 76 kutoka Shs.6,894 milioni hadi Shs.12,080 milioni kwa sababu ya ongezeko la stima kutokana na mvuke pamoja na gharama ya juu ya mafuta. Hii inahusisha kiasi cha Shs.1,689 milioni, ambacho hakikupatikana kwa sababu ya hasara iliyotokana na matatizo ya kiufundi. Ingawa hivyo, pesa za mafuta zilizopatikana ni gharama ya kupita na hivyo sio pato kwa Kampuni.

Kupunguka kwa mauzo ya stima kulitokana na kiwango cha juu cha kutolewa stima kwa vipimo kati ya Mei 2000 na Januari 2001 na kiwango cha chini cha matumizi ya stima kuliko kile kilichotarajiwa tangu Januari 2001 kwa sababu ya kukua pole pole kwa uchumi. Mapato ambayo hayatokani na mafuta yalipungua kwa asili mia 3 kutoka Shs.16,670 milioni zilizopatikana mwaka uliotangulia hadi Shs.16,109 milioni.

Kununuliwa kwa stima kulipungua kwa Shs.583 milioni hadi Shs.12,139 milioni kutoka Shs.12,722 milioni mwaka uliotangulia, hasa kutokana na kupungua kwa stima ya kuuzwa na kupungua kwa matumizi tangu Januari 2001. Ingawa hivyo gharama ya mafuta iliongezeka kwa Shs.6,193 milioni hadi Shs.13,769 milioni kutoka shs.7,576 milioni mwaka uliotangulia. Kupungua kwa gharama za usambazaji stima kwa Shs.891 milioni hadi Shs.5,826 milioni kutoka Shs.6,717 milioni, kulitokana na hatua madhubuti za kupunguza matumizi katika shughuli za usambazaji na ugawaji. Gharama za kifedha za kugharamia shughuli za Kampuni pia zilipungua hadi Shs.560 milioni kutoka Shs.706 milioni.

### Kodi

Kwa sababu ya hasara iliyopatikana wakati wa kipindi hicho, kiasi cha Shs.1,229 milioni cha kodi kimetengwa kwenye taarifa ya mapato ya mwaka huu, ikilinganishwa na Shs.966 milioni mwaka uliotangulia.

Hivyo basi, hasara baada ya kodi kwa mwaka huo, ni Shs.2,877 milioni ikilinganishwa na Shs.1,610 mwaka uliotangulia.

## Mgao wa Faida

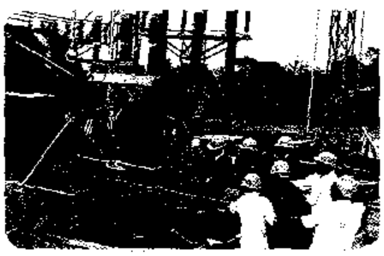
Mwaka uliotangulia, Kampuni ililipa mgao wa faida wa muda wa asili mia 10 ( Shs.2 kwa hisa), na kuwa Ksh.158 milioni na ikatangaza hakutakuwa na mgao mwingine. Kwa sababu ya hali mbaya ya biashara, Kampuni haijatangaza mgao wa faida kwa hisa za kawaida kwa mwaka huo.

## MAREKEBISHO YA SEKTA NDOGO YA NGUVU ZA UMEME

### Marekebisho ya Kampuni

***Marekebisho na Muundo wa Biashara***

Marekebisho ya Kampuni yenu yaliyokubaliwa na Halmashauri ya Wakurugenzi na Serikali mwaka uliotangulia, kwa lengo la kuboresha mapato ya kifedha na huduma, yaliendelea kutekelezwa wakati wa kipindi cha mwaka.

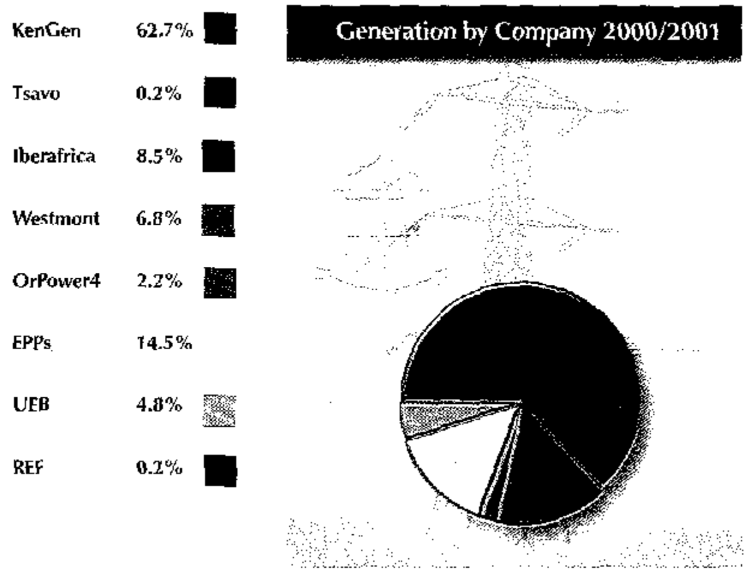


A system reinforcement exercise in Thika to enhance the quality and stability of power supply.

Shughuli hiyo ilitekelezwa kwa usaidizi wa Kamati ya Marekebisho iliyoteuliwa Oktoba 2000 na Washauri wa Usimamizi Messrs. PriceWaterhouseCoopers. Kama sehemu ya marekebisho, idara za shughuli za Kampuni zilipunguzwa kutoka 15 hadi 7 na zile za nyanjani zikapunguzwa kutoka 6 hadi 4. Kuchaguliwa kwa wasimamizi wa sehemu mbali mbali kulifanywa na kulikamilika Juni 2001. Zaidi ya hayo mpango wa kupunguza wafanyakazi 2000 kabla ya Juni 2002 umekuwa ukitekelezwa tangu tarehe 30 Juni 2001. Hii itapunguza wafanyakazi kwa asili mia 25 na kuimarisha uwiano wa wateja kwa wafanyikazi hadi 100:1 kutoka 75:1.

***Uchunguzi wa Usimamizi wa Fedha***

Wachunguzi wa kifedha Messrs. Pannell Kerr Foster (PKF), waliteuliwa na serikali mwezi Mei 2001 kuchunguza utaratibu wa usimamizi wa fedha za Kampuni na kutoa mapendekezo ya marekebisho zaidi. Ripoti ya mwisho ya wachunguzi hao ilitarajiwa kutolewa mwisho wa Novemba 2001.




### Kuchunguzwa kwa Malipo ya Stima Inayonunuliwa kwa Wingi

Kama sehemu ya hatua za muda mfupi za kushughulikia tatizo la gharama ya juu ya ununuzi wa kiasi kikubwa cha stima ambacho hutumia asili mia 92 ya mapato, Kampuni inafanya majadiliano ya kupunguziwa malipo ya umeme unaonunuliwa kwa wingi kutoka kwa makampuni yanayotoa umeme, ili kuziwianisha na mapato ya mauzo ya reja reja ya umeme. Kwa sababu hii, Serikali imeteua Messrs. PB Power Limited kuangalia upya uchunguzi wa malipo uliofanywa 1998 na kutoa mapendekezo ya viwango vya malipo vinavyofaa kwa umeme wa jumla kati ya Kampuni na KenGen. Ripoti ya mwisho inatarajiwa kuwasilishwa kufikia Januari 2002 na viwango vipya vya malipo vinatarajiwa April 2002.

Wakati huo huo, Kampuni yenu imefanya majadiliano na hatimae kupunguziwa bei ya stima na Uganda Electricity Board kwa stima inayoagizwa kutoka Uganda na pia imo katika harakati za kujadiliana kuchunguzwa upya kwa bei ya stima inayotolewa na Iberafrica Power E.A. Limited na Westmont Power Company Limited.

Kwa suluhisho la muda mrefu, Electricity Regulatory Board (ERB) inafanya uchunguzi mwafaka wa gharama ya stima inayonunuliwa kwa wingi na ile ya reja reja kupitia kwa washauri, Messrs. National Economic Research Associates (NERA) Inc. Uchunguzi huu unatarajiwa kukamilika kufikia Januari 2002.

## Kubinafsisha Sekta ya Kawi

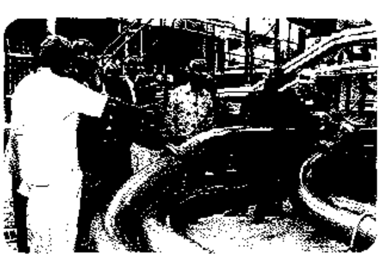
Ili kutoa nafasi ya kubinafsishwa kwa sekta ya kawi ambako kulianza mwaka uliotangulia kwa lengo la kuimarisha huduma, serikali imo katika harakati za kutafuta mshauri wa kawi kuchunguza na kupendekeza njia sahihi za kusambaza na kugawanya stima. Mapendekezo yoyote ambayo yatahitaji idhini ya wanahisa yatajadiliwa katika mkutano wa jumla wa wanachamai.

Wakati huo huo, serikali inatayarisha sera ya kitaifa ya kawi ili kuifanya kuweza kuvutia zaidi wawekaji rasilimali wa kibinafsi.

## HUDUMA MUHIMU ZA KIBIASHARA

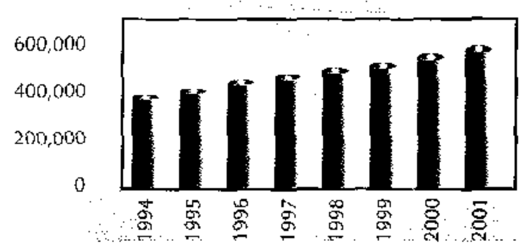
### Kupeleka na Kusambaza Umeme

Wakati wa kipindi cha mwaka, miradi kadhaa ya kuthibiti mfumo wa umeme ya thamani ya Shs.552 milioni na kazi za marekebisho katika waya za kusambaza na kugawanya stima zilitekelezwa ili kuboresha usambazaji wa stima. Kazi hizi zilihusisha kuboresha transfoma na uwekaji wa waya mpya, huku kazi ya marekebisho ikihusisha kufyeka maeneo zinakopita waya za umeme, kubadilisha vikingi vilivyooza na insuleta zilizoharibika, kurudisha vifaa vilivyoibwa na kutengeza vifaa katika vituo vya stima.



The Board of Directors toured 74 MW Kipevu II IPP power generating plant. The plant has now been commissioned.

**Number of Customers**




## Maendeleo ya Usambazaji

***Laini ya Kipevu-Rabai na vituo vidogo vinavyohusika***

Ujenzi wa laini ya Kipevu-Rabai 132 kV ya umbali wa kilomita 18 ulikamilishwa Julai 2001 na kampuni ya Siemens AG ya Ujerumani chini ya mkataba na Kampuni kwa gharama ya US$ 7.5 milioni. Kuimarishwa kwa vituo vidogo huko Kipevu na Rabai na kampuni ya ABB Transmit ya Finland kulianza Januari 2001 na kunatarajiwa kukamilika kufikia Disemba 2001. Mradi huo utaimarisha usambazaji wa umeme kutoka kwa vituo vya umeme vya Kipevu hadi sehemu za bara.

***Laini ya Kiambere-Nairobi 220 kV na vituo vidogo vinavyohusika***

Kutekelezwa kwa kazi ya Kiambere-Nairobi 220 kV yenye umbali wa kilomita 140 na vituo vidogo vinavyohusika ambako kunafanywa na kampuni ya KEC International ya India, kulianza Februari 2001 na ufadhili kutoka East African Development Bank (EADB) wa US$14.3. Mradi huo utaimarisha usambazaji wa umeme kutoka vituo vinavyotengeneza umeme kwa msukumo wa maji.

***Laini ya Olkaria-Nairobi 220 kV na vituo vinavyohusika***

KenGen inaweka waya za umeme zenye urefu wa kilomita 110 na vituo vinavyohusika chini ya mpango wa Okaria II Geothermal Project kwa niaba ya Kampuni yenu. KEC ya India inaweka laini nayo Siemens ya Ujerumani inajenga vituo vidogo vya umeme. Mradi huo ambao utawezesha kusambazwa kwa umeme kutoka vituo vya Olkaria II na Olkaria III kwenye grid ya taifa, umepangiwa kukamilika katikati ya 2002 kwa gharama ya takribani US$17.1 milioni.

## Huduma kwa Wateja

Kufungamana na malengo yake makuu, Kampuni iliendelea kuboresha huduma kwa wateja kupitia hatua mbali mbali, hii ikiwa ni pamoja na kufungua vituo vipya vya kupokea malipo, kuimarisha utaratibu wa

Katika hali kama hiyo, Tanzania na Zambia zina mipango ya *kuanzisha uchunguzi wa ujenzi* wa laini ya umeme yenye uwezo wa 330 kV ya umbali wa kilomita 670 kutoka Mbeya nchini Tanzania hadi Pensulo, Zambia, pamoja na kuimarishwa kwa mfumo wa usambazaji wa Tanzania kuwezesha kupelekwa kwa umeme kutoka SAPP hadi Kenya. Wakati huo huo, Kenya imeomba uanachama kwa SAPP.

## Miradi ya KenGen

### *Mradi wa Olkaria II 64 MW Unaotumia Mvuke wa Ardhini*

Ujenzi wa mradi wa Olkaria II 64 MW uliendelea vizuri wakati wa kipindi cha mwaka. Mradi huu unatarajiwa kuzinduliwa mwishoni mwa 2002.

### *Mradi wa Sondu Miriu 60 MW*

Ujenzi wa mradi huu uliendelea lakini maendeleo yake yakakwamishwa na kusimamishwa kwa fedha na wafadhili wa mradi huo. Mradi huo unahusisha laini ya umeme ya urefu wa kilomita 50 yenye uwezo wa 132 kV kutoka kituo hicho hadi kituo kidogo cha Kampuni cha Kisumu. Mradi huo kwa sasa unatarajiwa kuzinduliwa 2004.

## MATARAJIO YA BAADAYE

Kampuni imeandaa mipango kadhaa ili kuirudisha kwenye hali ya kupata faida katika mda mfupi iwezekanavyo. Mipango hii, ambayo imeratibiwa na serikali na washauri wengine inahusu:

### *Kuongeza Kiwango cha Umeme*

Ili kukabiliana na upungufu uliotokea katika kipindi kilichopita, Kampuni imepata kiasi cha kutosha cha umeme ambacho kitatosheleza mahitaji ya sasa na yale ya baadaye kufuatia kuanzishwa kwa mradi wa 75 MW Kipevu II mwezi wa Agosti. Hii

A technical team reinforces the system at Kipevu sub-station

imewezesha kuwa na kiasi cha umeme cha 1,132 MW dhidi ya matumizi ya 745 MW. Nyongeza ya 210 MW inatarajiwa baada ya kuanzishwa kwa matumizi ya mitambo mipya kati ya 2002 na 2005. Kwa wakati huu, viwango vya maji katika vituo vinavyotengeneza umeme kwa kutumia msukumo wa maji vinaridhisha kufuatia mvua iliyonyesha kuanzia Machi hadi Mei 2001. Ingawa hivyo, ili kupunguza kutegemea sana umeme unaotokana na msukumo wa maji, miradi ambayo inatekelezwa imeongezwa kuhusisha mvuke wa ardhini na mitambo inayotumia mafuta.

### *Kuchunguzwa kwa Bei ya Umeme Unaonunuliwa kwa Jumla*

Kampuni inafanya uchunguzi wa bei ya umeme unao nunuliwa kutoka kwa wauzaji ili kusawazisha bei ya umeme unaonunuliwa kwa jumla ambao unatumia asili mia 92 ya pato la jumla) na faida inayotokana na mauzo ya reja reja. Tayari Kampuni imeafikiana marekebisho ya bei ya umeme unaonunuliwa kutoka Uganda, ambako kutasaidia kuokoa KShs.200 milioni kwa mwaka. Majadiliano sawa na hayo yanafanywa na Iberafrica Power (E.A.) Limited na Westmont Power (K) Limited na marekebisho ya bei hizo yanatarajiwa kuanza kutekelezwa Januari 2002. Wakati huo huo, mabadiliko ya bei na mtoaji mkubwa wa umeme kwa Kampuni, KenGen, yanatarajiwa kuanza kutumika April 2002. Mabadiliko ya bei hizo yanatokana na uchunguzi wa bei uliofanywa na Messrs. PB Power Limited, washauri wa kimataifa ambao waliteuliwa na serikali kuendeleza uchunguzi wa bei uliofanywa 1998.

### *Kupunguza Hasara za Kiufundi na Kibiashara*

Kampuni imeanzisha mpango wa kupunguza hasara za kiufundi na kibiashara kutoka asili mia 20.5 hadi 17.5 katika kipindi cha miaka mitatu ijayo. Hii inatarajiwa kuongeza mapato ya Shs.200 milioni kwa mwaka, wakati wa mwaka wa kwanza ambacho kitaongezeka hadi Shs.600 milioni kwa mwaka katika mwaka wa tatu. Utekelezaji wa hatua hizi ni pamoja na kuweka vifaa vya kuzuia kupotea kwa nguvu za umeme katika waya za usambazaji na kuongeza juhudi dhidi ya visa vya udanganyifu.

***Marekebisho ya Kibiashara na Kampuni***

Marekebisho ya biashara pamoja na Kampuni yanafanywa kwa usaidizi na kamati ya marekebisho iliyoteuliwa na serikali Oktoba 2000 na washauri wasimamizi, Messrs. PriceWaterhouseCoopers, kwa lengo la kuimarisha utendaji kazi na kupunguza wafanyakazi kwa asili mia 25. Tayari idara za Kampuni zimepunguzwa kutoka 15 hadi 7 na maeneo ya shughuli za nyanjani kutoka 6 hadi 4 ambayo yamebuniwa kwa kanda ili kuleta shughuli za biashara karibu na wateja. Wakati huo huo, mpango wenye lengo la kupunguza gharama ya wafanyakazi kwa kuwaongeza ujuzi wa kazi mbali mbali ulianza kutekelezwa kuanzia Juni 2001. Hii ni pamoja na kupunguza wafanya kazi 2000 kufikia Juni 2002. Kufikia sasa takribani wafanyakazi 300 wameondoka chini ya mpango huu, ambao utakapokamilika, utaokoa Shs.1,100 milioni kwa mwaka.

***Kuimarisha Usimamizi wa Kifedha***

Kampuni inatekeleza mipango ya kuimarisha matumizi yake ya kifedha. Hatua hizi ni pamoja na kupunguza wadaiwa wa umeme kwa angalau Shs.1 bilioni kwa kipindi cha sasa cha matumizi ya fedha. Serikali imo katika harakati za kulipa deni lake la Shs.2 bilioni la stima inalodaiwa na Kampuni na imetoa hakikisho kwamba itakuwa ikilipa madeni yake kwa Kampuni kwa wakati ufaao. Zaidi ya hayo inafanya mpango wa kuwezesha kampuni kulipwa Shs.480 milioni inazodai washirika wake muhimu, wakiwa ni pamoja na serikali za wilaya, katika kipindi cha sasa cha matumizi ya pesa. Hatua zingine zilizochukuliwa na Kampuni ni pamoja na kujadiliana upya masharti ya mikopo na madeni inayodaiwa na Hazina Kuu na watoaji wakuu wa umeme, ikiwa ni pamoja na KenGen, na kuuza rasilimali zisizo muhimu za thamani ya Shs.460 milioni. Wakurugenzi wanachunguza hatua nyingine za kuimarisha hali ya kifedha ya Kampuni.

## KWA KUMALIZIA

Kuna dalili kwamba uchumi unaendelea kuimarika na kwamba ulikuwa na ukuaji wa asili mia 0.5 katika mwaka hadi Julai 2001, kulingana na jarida la Monthly Economic Review la Benki Kuu ya Kenya - Oktoba 2001. Sababu hizi, pamoja na mpango wa marekebisho, kiasi cha kutosha cha umeme na kuimarika kwa viwango vya maji, kunafanya Wakurugenzi wawe na matumaini kwamba hali ya kibiashara ya kampuni itaimarika katika kipindi cha sasa cha matumizi ya fedha na kuanza tena kujipatia faida kufikia kipindi cha matumizi ya fedha cha 2002/03.

## WAFANYAKAZI

Kwa niaba yenu na ile ya Halmashauri ya Wakurugenzi, ningependa kuwashukuru wafanyakazi wote kwa kuendelea kujitolea, kusaidia na kuwa wavumilifu wakati wa hali hii ngumu.

**D D Afande**
**Mwenyekiti**

FOR THE YEAR ENDED 30 JUNE 2001

| | Note | 2001 Sh'000 | 2000 Sh'000 |
|---|---|---|---|
| **REVENUE** | | | |
| Electricity sales | | 16,108,697 | 16,670,114 |
| Fuel cost recoveries | | 12,079,828 | 6,894,352 |
| | | 28,188,525 | 23,564,466 |
| **OPERATING EXPENSES** | | | |
| Fuel costs | | 13,769,003 | 7,576,817 |
| Other operating expenses | | 17,965,615 | 19,439,372 |
| | | 31,734,618 | 27,016,189 |
| **OPERATING LOSS** | 2 | (3,546,093) | (3,451,723) |
| **FINANCE COSTS - NET** | 3 | (559,822) | (706,070) |
| **LOSS BEFORE TAXATION AND EXCEPTIONAL ITEM** | | (4,105,915) | (4,157,793) |
| **EXCEPTIONAL ITEM** | | - | 1,581,594 |
| **LOSS BEFORE TAXATION** | | (4,105,915) | (2,576,199) |
| **TAXATION CREDIT** | 5 | 1,229,204 | 966,287 |
| **NET LOSS FOR THE YEAR** | | (2,876,711) | (1,609,912) |
| **LOSS PER ORDINARY STOCK UNIT** | 7 | (Sh 36.36) | (Sh 20.35) |

*Marekebisho ya Kibiashara na Kampuni*

Marekebisho ya biashara pamoja na Kampuni yanafanywa kwa usaidizi na kamati ya marekebisho iliyoteuliwa na serikali Oktoba 2000 na washauri wasimamizi, Messrs. PriceWaterhouseCoopers, kwa lengo la kuimarisha utendaji kazi na kupunguza wafanyakazi kwa asili mia 25. Tayari idara za Kampuni zimepunguzwa kutoka 15 hadi 7 na maeneo ya shughuli za nyanjani kutoka 6 hadi 4 ambayo yamebuniwa kwa kanda ili kuleta shughuli za biashara karibu na wateja. Wakati huo huo, mpango wenye lengo la kupunguza gharama ya wafanyakazi kwa kuwaongeza ujuzi wa kazi mbali mbali ulianza kutekelezwa kuanzia Juni 2001. Hii ni pamoja na kupunguza wafanya kazi 2000 kufikia Juni 2002. Kufikia sasa takribani wafanyakazi 300 wameondoka chini ya mpango huu, ambao utakapokamilika, utaokoa Shs.1,100 milioni kwa mwaka.

*Kuimarisha Usimamizi wa Kifedha*

Kampuni inatekeleza mipango ya kuimarisha matumizi yake ya kifedha. Hatua hizi ni pamoja na kupunguza wadaiwa wa umeme kwa angalau Shs.1 bilioni kwa kipindi cha sasa cha matumizi ya fedha. Serikali imo katika harakati za kulipa deni lake la Shs.2 bilioni la stima inalodaiwa na Kampuni na imetoa hakikisho kwamba itakuwa ikilipa madeni yake kwa Kampuni kwa wakati ufaao. Zaidi ya hayo inafanya mpango wa kuwezesha kampuni kulipwa Shs.480 milioni inazodai washirika wake muhimu, wakiwa ni pamoja na serikali za wilaya, katika kipindi cha sasa cha matumizi ya pesa. Hatua zingine zilizochukuliwa na Kampuni ni pamoja na kujadiliana upya masharti ya mikopo na madeni inayodaiwa na Hazina Kuu na watoaji wakuu wa umeme, ikiwa ni pamoja na KenGen, na kuuza rasilimali zisizo muhimu za thamani ya Shs.460 milioni. Wakurugenzi wanachunguza hatua nyingine za kuimarisha hali ya kifedha ya Kampuni.

## KWA KUMALIZIA

Kuna dalili kwamba uchumi unaendelea kuimarika na kwamba ulikuwa na ukuaji wa asili mia 0.5 katika mwaka hadi Julai 2001, kulingana na jarida la Monthly Economic Review la Benki Kuu ya Kenya - Oktoba 2001. Sababu hizi, pamoja na mpango wa marekebisho, kiasi cha kutosha cha umeme na kuimarika kwa viwango vya maji, kunafanya Wakurugenzi wawe na matumaini kwamba hali ya kibiashara ya kampuni itaimarika katika kipindi cha sasa cha matumizi ya fedha na kuanza tena kujipatia faida kufikia kipindi cha matumizi ya fedha cha 2002/03.

## WAFANYAKAZI

Kwa niaba yenu na ile ya Halmashauri ya Wakurugenzi, ningependa kuwashukuru wafanyakazi wote kwa kuendelea kujitolea, kusaidia na kuwa wavumilifu wakati wa hali hii ngumu.

**D D Afande**
**Mwenyekiti**

The Directors submit their report together with the audited financial statements for the year ended 30th June 2001.

## Activities

The core business of the Company continued to be the transmission, distribution and retail of electricity purchased in bulk from the Kenya Electricity Generating Company Limited (KenGen), Independent Power Producers (IPPs), Emergency Power Providers (EPPs) and the Uganda Electricity Board (UEB).

## Results

| | Sh'000 |
|---|---|
| Loss before taxation | 4,105,915 |
| Taxation Credit | (1,229,204) |
| Net Loss for the year transferred to revenue reserves | 2,876,711 |

## Dividends

A dividend of Shs.1,930,000 payable on the Cumulative Preference Stocks has been charged to the income statement as a finance cost. However, the Directors do not recommend payment of a dividend on Ordinary Stock due to the unfavourable trading results for the year.

## Capital Expenditure

During the year, a total of Shs.2,525 million was spent on fixed assets. Capital contributions received from customers amounted to Shs.932 million resulting in a net capital cost to the Company of Shs.1,593 million.

Net capital work-in-progress as at 30th June 2001, amounted to Shs.2,376 million compared to Shs.2,047 million the previous year.

## Directors

The present members of the Board of Directors are shown on page 2.

The following changes in the Board occurred during the year:

Ambassador D D Afande was appointed Chairman of the Board of Directors on 11th May 2001 replacing Mr. H H Awori who was appointed on 23rd February 2001 and retired on 4th May 2001. Mr. T T Naikuni retired on 23rd April 2001. Mr. M L Oduor-Otieno and Ambassador M Ngali retired on 4th April 2001 and were replaced by Mr. M Mwachofi and Professor W M Mwangi, respectively on the same date. Messrs. K Mbathi and A A Ali ceased to be alternate Directors to Mr. M Mwachofi and Professor W M Mwangi, respectively on 4th April 2001. They were replaced by Messrs. P Gakunu and M C Kigen, respectively. Mr. Z N Kahura ceased to be a Director on 5th June 2001.

In accordance with Article 128 of the Memorandum and Articles of Association of the Company, Ambassador D D Afande, Mr. M Mwachofi and Professor W M Mwangi retire and, being eligible, offer themselves for election.

In accordance with Regulation 120 of the Articles of Association of the Company, Messrs. T D Owuor and F M Nyaga retire by rotation and, being eligible, offer themselves for re-election.

## Company Secretary

L K Njagi was appointed Company Secretary with effect from 1st July 2001.

## Auditors

The auditors, Deloitte & Touche, having indicated their willingness, continue in office in accordance with Section 159 (2) of the Companies Act.

**By Order of the Board**

**L K Njagi**
**Secretary**
**Nairobi**

**2nd November 2001**

Wakurugenzi wanatoa ripoti yao pamoja na taarifa ya hesabu zilizokaguliwa kufikia mwisho wa mwaka uliomalizika Juni 30 2001.

## Shughuli

Shughuli kuu ya Kampuni iliendelea kuwa usambazaji, ugawaji na uuzaji reja reja wa stima iliyonunuliwa kwa wingi kutoka kwa Kenya Electricity Generating Company Limited (KenGen), Independent Power Producers (IPPs), Emergency Power Providers (EPPs) na Uganda Electricity Board (UEB).

## Matokeo

| | Sh`000 |
|---|---|
| Hasara kabla ya kodi | 4,105,915 |
| Faida ya kodi | (1,229,204) |
| Hasara ya mwaka iliyowekwa kwenye hifadhi | 2,876,711 |

## Mgao wa faida

Mgao wa Shs.1,930,000 wa hisa za jumla umewekwa kwenye taarifa ya mapato kama gharama. Hata hivyo Wakurugenzi hawapendekezi malipo ya mgao wa faida kwa hisa za kawaida kwa sababu ya matokeo mabaya kwa kipindi cha mwaka huo.

## Matumizi ya fedha

Wakati wa kipindi cha mwaka, jumla ya Shs.2,525 milioni kilitumika kwa rasilimali pevu. Pesa zilizopokelewa kutoka kwa wateja zilikuwa Shs.932 milioni na hivyo kuiingizia Kampuni jumla ya Shs.1,593 milioni.

Fedha za jumla zilizokuwa zikiendelea kutumika kufikia tarehe 30 Juni 2001 zilikuwa Shs.2,376 milioni ikilinganishwa na Shs.2,047 mwaka uliotangulia.

## Wakurugenzi

Wanachama wa sasa wa Kamati ya Wakurugenzi wameonyeshwa katika ukurasa wa 2.

Mabadiliko yafuatayo yalifanyika kwenye Halmashauri ya Wakurugenzi wakati wa kipindi hicho cha mwaka:

Balozi D D Afande aliteuliwa Mwenyekiti wa Halamshauri ya Wakurugenzi tarehe 11 Mei 2001 kuchukua mahala pa Bw. H H Awori ambaye aliteuliwa tarehe 23 Februari na akastaafu tarehe 4 Mei 2001. Bw. T T Naikuni alistaafu tarehe 23 April 2001. Bw. M L Oduor-Otieno na Balozi M Ngali walistaafu tarehe 4 April 2001 na mahali pao kuchukuliwa na Bw. M Mwachofi na Prof. W M Mwangi tarehe hiyo hiyo. Mabwana K Mbathi na A A Ali waliacha kuwa Wakurugenzi wa zamu wa Bw. M Mwachofi na Prof. W M Mwangi tarehe 4 April 2001. Mahali pao palichukuliwa na Mabwana P Gakunu na M C Kigen. Bw. Z N Kahura aliacha kuwa Mkurugenzi tarehe 5 Juni 2001.

Kwa mujibu wa kifungu 128 cha Sheria za Kampuni, Balozi D D Afande, Bw. M Mwachofi na Prof. W M Mwangi wanastaafu, na kwa vile wanastahili, wanajitolea kuchaguliwa.

Kwa mujibu wa kifungu 120 cha Sheria za Kampuni Mabwana T D Owuor na F M Nyaga wanastaafu kwa zamu, na kwa vile wanastahili, wanajitolea kuchaguliwa tena.

## Katibu wa Kampuni

L K Njagi aliteuliwa kuwa Katibu wa Kampuni kuanzia tarehe 1 Julai 2001.

## Wakaguzi wa hesabu

Wahasibu, Delloite & Touche, wataendelea na shughuli za uhasibu kwa kuwa wameelezea nia ya kufanya hivyo kulingana na sehemu 159(2) ya Sheria za Makampuni.

**Kwa Agizo la Wakurugenzi**

**L K Njagi**
**Katibu**
**Nairobi**
**Tarehe 2 Novemba 2001**

## Taarifa ya Wajibu wa Wakurugenzi

Sheria za kampuni zinawataka Wakurugenzi kutayarisha taarifa za maswala ya kifedha kwa kila kipindi cha matumizi ya pesa zinazofafanua hali halisi ya mambo ya kampuni kufikia mwisho wa kipindi cha matumizi ya pesa na kuonyesha faida na hasara kwa kipindi kinachohusika. Wakati wa kutayarisha taarifa hizo za maswala ya kifedha wakurugenzi wanahitajika kuzingatia yafuatayo:

- Kuchagua maongozi bora ya uhasibu na kuyatumia kwa njia ifaayo;
- Kutoa maamuzi na makisio ya busara na haki;
- Kubainisha iwapo viwango vinavyohitajika vya uhasibu vimezingatiwa;
- Kutayarisha taarifa za maswala ya pesa kuambatana na hali ilivyo kama hakuna sababu yoyote ya kutoamini kwamba kampuni itaendelea na shughuli zake

Wakurugenzi wana jukumu la kuweka vitabu sahihi vya hesabu vinavyobainisha wakati wowote hali ya kifedha ya kampuni na kuwawezesha kuhakikisha kwamba taarifa hizo za maswala ya kifedha zinaambatana na sheria za makampuni. Pia wanawajibika kulinda mali ya kampuni na hivyo kuchukua hatua zifaazo za kuzuia na kutambua kashfa na makosa mengineyo.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the results of operations for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## REPORT OF THE AUDITORS TO MEMBERS OF THE KENYA POWER & LIGHTING COMPANY LIMITED

We have audited the financial statements on pages 26 to 40 and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

### Respective Responsibilities of Directors and Auditors

As described on page 24, the Directors are responsible for the preparation of the financial statements. Our responsibility is to express an opinion on those financial statements based on our audit.

### Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. 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. We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion, proper books of account have been kept by the Company and the financial statements, which are in agreement therewith, give a true and fair view of the state of affairs of the company at 30 June 2001 and of its loss and cash flows for the year then ended in accordance with International Accounting Standards and comply with the Companies Act.

**Deloitte & Touche**
**Certified Public Accountants**
**Nairobi**
**2nd November 2001**

## RIPOTI YA WAKAGUZI WA HESABU

Tumekagua taarifa ya maswala ya fedha iliyoko ukrasa wa 26 hadi 40 na kupata habari zote na maelezo ambayo, jinsi tunavyofahamu na kuamini, yalihitajika kuambatana na lengo la kazi yetu ya uhasibu.

### Wajibu wa Wakurugenzi na Wahasibu

Kama ilivyotajwa katika ukrasa wa 24, Wakurugenzi wana jukumu la kutayarisha taarifa ya shughuli za kifedha. Wajibu wetu ni kutoa maoni kuhusu taarifa hizo kuambatana na shughuli zetu za uhasibu.

### Msingi wa maoni

Tuliendesha kazi yetu ya uhasibu kuambatana na masharti ya kimataifa ya uhasibu. Chini ya masharti hayo tunahitajika kupanga na kuendesha vyema kazi ya uhasibu ili kupata hakikisho la iwapo kuna kasoro zozote katika taarifa za maswala ya kifedha. Kazi ya uhasibu inajumuisha uchunguzi, kwa misingi ya majaribio, ushahidi wa kudhibitisha hesabu na maelezo yaliyotajwa katika taarifa za kifedha, kutathamini kanuni za uhasibu zilizotumiwa na makisio muhimu yaliyotajwa na wakurugenzi, na kukadiria kwa ujumla utaratibu wa kuwasilisha taarifa ya maswala ya kifedha. Tunaamini kwamba uhasibu huo unatoa msingi imara wa kutoa maoni yetu.

### Maoni

Kuambatana na maoni yetu, vitabu muhimu vya hesabu vimehifadhiwa na kampuni na taarifa za maswala ya kifedha, inayopatikana kwenye vitabu hivyo inafafanua hali ilivyo na ukweli halisi wa mambo katika kampuni kufikia tarehe 30, Juni, 2001 na pia kuhusu hasara na shughuli za kifedha kwa kipindi hicho cha matumizi ya pesa, kuambatana na viwango vya kimataifa vya uhasibu na sheria za makampuni.

**FOR THE YEAR ENDED 30 JUNE 2001**

| | Note | 2001 Sh'000 | 2000 Sh'000 |
|---|---|---|---|
| **REVENUE** | | | |
| Electricity sales | | 16,108,697 | 16,670,114 |
| Fuel cost recoveries | | 12,079,828 | 6,894,352 |
| | | 28,188,525 | 23,564,466 |
| **OPERATING EXPENSES** | | | |
| Fuel costs | | 13,769,003 | 7,576,817 |
| Other operating expenses | | 17,965,615 | 19,439,372 |
| | | 31,734,618 | 27,016,189 |
| **OPERATING LOSS** | 2 | (3,546,093) | (3,451,723) |
| **FINANCE COSTS - NET** | 3 | (559,822) | (706,070) |
| **LOSS BEFORE TAXATION AND EXCEPTIONAL ITEM** | | (4,105,915) | (4,157,793) |
| **EXCEPTIONAL ITEM** | | - | 1,581,594 |
| **LOSS BEFORE TAXATION** | | (4,105,915) | (2,576,199) |
| **TAXATION CREDIT** | 5 | 1,229,204 | 966,287 |
| **NET LOSS FOR THE YEAR** | | (2,876,711) | (1,609,912) |
| **LOSS PER ORDINARY STOCK UNIT** | 7 | (Sh 36.36) | (Sh 20.35) |

**30 JUNE 2001**

| | Note | 2001 Sh'000 | 2000 Sh'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non current assets** | | | |
| Property, plant and equipment | 8 | 12,476,132 | 12,022,675 |
| Deferred taxation | 9 | 987,941 | - |
| Unquoted investment | 10 | 4,300 | 4,300 |
| | | 13,468,373 | 12,026,975 |
| **Current assets** | | | |
| Inventories | 11 | 3,017,071 | 2,985,548 |
| Trade and other receivables | 12 | 11,317,952 | 9,812,372 |
| Taxation recoverable | | 135,422 | 123,186 |
| Short term deposits | | 232,605 | 277,495 |
| Bank and cash balances | | 640,937 | 275,839 |
| | | 15,343,987 | 13,474,440 |
| **Total assets** | | 28,812,360 | 25,501,415 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Share capital | 13 | 1,582,560 | 1,582,560 |
| Reserves | | (496,774) | 2,379,937 |
| Shareholders' funds | | 1,085,786 | 3,962,497 |
| **Non current liabilities** | | | |
| Due to KenGen | 14 | 961,808 | 2,216,413 |
| Trade and other payables | 15 | 2,010,956 | 1,849,502 |
| Loans | 16 | 2,258,632 | 1,268,999 |
| Preference shares | 17 | 43,000 | 43,000 |
| Deferred taxation | 9 | - | 241,263 |
| | | 5,274,396 | 5,619,177 |
| **Current liabilities** | | | |
| Trade and other payables | 15 | 16,559,369 | 9,802,235 |
| Due to Government of Kenya | 18 | 2,194,845 | 2,194,845 |
| Loans repayable within one year | 16 | 1,000,858 | 994,350 |
| Commercial paper | 19 | 653,000 | 1,473,108 |
| Dividends payable | | 386,430 | 396,294 |
| Bank overdrafts | 20 | 1,657,676 | 1,058,909 |
| | | 22,452,178 | 15,919,741 |
| Total equity and liabilities | | 28,812,360 | 25,501,415 |

The financial statements on pages 26 to 40 were approved by the Board of Directors on 2 nd November 2001 and were signed on its behalf by:

D D Afande )
S K Gichuru ) Directors

**FOR THE YEAR ENDED 30 JUNE 2001**

| | Share capital Sh'000 | Capital reserve Sh'000 | General reserve Sh'000 | Revenue Reserve Sh'000 | Total Sh'000 |
|---|---|---|---|---|---|
| At 1 July 1999 | 1,582,560 | 12,304 | 147,480 | 3,988,321 | 5,730,665 |
| Net loss for the year | - | - | - | (1,609,912) | (1,609,912) |
| Dividends (note 6) | - | - | - | (158,256) | (158,256) |
| At 30 June 2000 | 1,582,560 | 12,304 | 147,480 | 2,220,153 | 3,962,497 |
| At 1 July 2000 | 1,582,560 | 12,304 | 147,480 | 2,220,153 | 3,962,497 |
| Net loss for the year | - | - | - | (2,876,711) | (2,876,711) |
| At 30 June 2001 | 1,582,560 | 12,304 | 147,480 | (656,558) | 1,085,786 |

**FOR THE YEAR ENDED 30 JUNE 2001**

| | Note | 2001 Sh'000 | 2000 Sh'000 |
|---|---|---|---|
| Cash generated from operations | 21(a) | 1,575,329 | 1,318,136 |
| Interest received | | 19,980 | 23,838 |
| Interest paid | | (640,779) | (716,856) |
| Taxation paid | | (12,236) | (23,477) |
| Net cash generated from operating activities | | 942,294 | 601,641 |
| INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment, net of capital contributions | | (1,593,319) | (1,323,865) |
| Proceeds of disposal of property, plant and equipment | | 171,613 | 224,711 |
| Net cash used in investing activities | | (1,421,706) | (1,099,154) |
| FINANCING ACTIVITIES | | | |
| Proceeds from Commercial paper | | - | 1,473,108 |
| Repayment of Commercial paper | | (820,108) | - |
| Loans received | 21(b) | 1,800,020 | 1,101,254 |
| Repayment of amounts borrowed | 21(b) | (769,195) | (1,103,134) |
| Receipt of amount on - lent to The Kenya Electricity Generating Company Limited | | - | 99,040 |
| Dividends paid | | (9,864) | (323,402) |
| Net cash generated from financing activities | | 200,853 | 1,246,866 |
| (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS | | (278,559) | 749,353 |
| CASH AND CASH EQUIVALENTS AT 1 JULY | | (505,575) | (1,254,928) |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | 21(c) | (784,134) | (505,575) |

**FOR THE YEAR ENDED 30 JUNE 2001**

# 1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Accounting Standards.

The principal accounting policies adopted remain unchanged from the previous year and are set out below:

**BASIS OF ACCOUNTING**

The financial statements are prepared under the historical cost convention.

**REVENUE**

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

**INTEREST**

Interest payable and receivable are recognised on the accruals basis. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

**INVENTORIES**

Inventories are stated at average cost less provision for obsolescence.

**PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION**

Property, plant and equipment are stated at cost less depreciation.

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

Depreciation is provided in accordance with the requirements of the Electric Power Act which provides for the write down of the cost of property, plant and equipment to residual values by equal annual instalments over their expected useful lives.

The depreciation rates used are:

| | |
|---|---|
| Leasehold land | Over the unexpired period of the lease |
| Transmission lines | 2.5 - 20% |
| Plant and machinery | 2.85 – 6.66% |
| Motor vehicles | 25% |
| Furniture, equipment and fittings | 6.66 - 20% |
| Computers | 30% |

**TAXATION**

Current taxation is provided on the basis of the results for the year as shown in the financial statements, adjusted in accordance with tax legislation.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

**FOREIGN CURRENCIES**

Assets and liabilities denominated in foreign currencies are translated into Kenya shillings at the rates of exchange ruling at the balance sheet date. Transactions during the year are translated at the rates of exchange 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 income statement.

## 1 ACCOUNTING POLICIES

(Continued)

### COMMERCIAL PAPER

Commercial paper is a short term finance instrument issued at a discount. Commercial paper balances are shown in the balance sheet at face values less deferred charges. The deferred charges are recognised over the period of the issue.

### RETIREMENT BENEFIT OBLIGATIONS

The Company operates a defined retirement benefits scheme for all employees and also makes contributions to the statutory fund, the National Social Security Fund. The Company's obligations to staff retirement benefits scheme are charged to the income statement as they fall due.

### LEAVE PAY PROVISION

Employees' entitlements to annual leave are recognised when they accrue to employees.

## 2 OPERATING LOSS

| | | 2001 | 2000 |
|---|---|---|---|
| The operating loss is arrived at after charging / (crediting): | | Sh'000 | Sh'000 |
| Cost of bulk power purchases: | | | |
| KenGen | - Non fuel | 7,290,540 | 9,414,613 |
| | - Fuel | 6,541,693 | 5,210,973 |
| Independent Power Producers | - Non fuel | 2,851,804 | 1,751,344 |
| | - Fuel | 4,154,598 | 2,365,844 |
| Emergency Power Plants | - Non Fuel | 2,222,203 | - |
| | - Fuel | 3,072,712 | - |
| Uganda Electricity Board | | 1,086,706 | 810,099 |
| Staff costs (Note 4) | | 4,046,250 | 4,537,659 |
| Provision for bad and doubtful debts | | 319,155 | 274,804 |
| Directors' emoluments | - fees | 935 | 930 |
| | - other | 6,341 | 6,341 |
| Auditors' remuneration | | 6,655 | 6,655 |
| Depreciation | | 1,138,686 | 926,201 |
| Profit on disposal of property, plant and equipment | | (170,437) | (221,462) |
| Charges to Emergency Power Plants | | (1,311,954) | - |

## 3 FINANCE COSTS

| | 2001 | 2000 |
|---|---|---|
| | Sh'000 | Sh'000 |
| Interest income: | | |
| On bank and other deposits | (26,245) | (22,470) |
| On deferred capital contributions | (138) | (474) |
| | (26,383) | (22,944) |
| Net foreign exchange (gains)/losses | (57,050) | 2,468 |
| Interest expense: | | |
| On loans | 279,702 | 309,821 |
| On bank overdrafts | 303,822 | 287,115 |
| On commercial paper | 57,801 | 127,680 |
| On preference stock units | 1,930 | 1,930 |
| | 643,255 | 726,546 |
| | 559,822 | 706,070 |

## 4 STAFF COSTS

| | | |
|---|---|---|
| Salaries and wages | 3,732,994 | 4,246,850 |
| National Social Security Fund contributions | 6,179 | 6,000 |
| Pension costs – defined contribution plan | 262,554 | 279,000 |
| Retrenchment costs | 44,523 | 5,809 |
| | 4,046,250 | 4,537,659 |

The average number of employees during the year was 6,593 (2000 – 7,095).

## 5 TAXATION

| | 2001 Sh'000 | 2000 Sh'000 |
|---|---|---|
| (a) Current taxation | | |
| Based on the adjusted loss for the year | - | - |
| Deferred taxation credit | (1,229,204) | (966,287) |
| | (1,229,204) | (966,287) |
| (b) Reconciliation of tax credit to the expected tax based on accounting loss: | | |
| Loss before taxation | (4,105,915) | (2,576,199) |
| Tax at the applicable rate of 30% | (1,231,775) | (772,860) |
| Tax effect of expenses not deductible for tax purposes | 4,802 | 46,430 |
| Tax effect of revenues that are not taxable | (2,231) | (120,628) |
| Other | - | (119,229) |
| | (1,229,204) | (966,287) |

## 6 DIVIDENDS - GROSS

| | | |
|---|---|---|
| Ordinary stock units | - | 158,256 |

## 7 LOSS PER ORDINARY STOCK UNIT

The loss per ordinary stock unit is calculated on the loss after taxation of Shs.2,876,711,000 (2000 - Shs.1,609,912,000) and the number of ordinary stock units in issue during the year of 79,128,000.

The diluted loss per ordinary stock unit is similar to the basic loss per ordinary stock unit.

## 8 PROPERTY, PLANT AND EQUIPMENT

| | Land and buildings Sh'000 | Transmission lines Sh'000 | Plant and machinery Sh'000 | Motor vehicles Sh'000 | Computers, furniture equipment and fittings Sh'000 | Total Sh'000 |
|---|---|---|---|---|---|---|
| **COST** | | | | | | |
| At 1 July 2000 | 1,182,809 | 8,420,302 | 12,736 | 1,297,088 | 3,585,290 | 14,498,225 |
| Additions | 9,783 | 1,080,402 | - | 12,676 | 161,226 | 1,264,087 |
| Disposals | (1,850) | (4,195) | - | (8,914) | (555) | (15,514) |
| At 30 June 2001 | 1,190,742 | 9,496,509 | 12,736 | 1,300,850 | 3,745,961 | 15,746,798 |
| **DEPRECIATION** | | | | | | |
| At 1 July 2000 | 323,972 | 1,623,137 | 2,559 | 957,613 | 1,615,764 | 4,523,045 |
| Charge for the year | 31,553 | 436,917 | 94 | 139,059 | 531,063 | 1,138,686 |
| Reclassification | (23,668) | 18,524 | 7,935 | 1,413 | (4,204) | - |
| Eliminated on disposals | (1,087) | (5,229) | - | (8,022) | - | (14,338) |
| At 30 June 2001 | 330,770 | 2,073,349 | 10,588 | 1,090,063 | 2,142,623 | 5,647,393 |
| **NET BOOK VALUE** | | | | | | |
| At 30 June 2001 | 859,972 | 7,423,160 | 2,148 | 210,787 | 1,603,338 | 10,099,405 |
| Work in progress | | | | | | 2,376,727 |
| | | | | | | 12,476,132 |
| At 30 June 2000 | 858,837 | 6,797,165 | 10,177 | 339,475 | 1,969,526 | 9,975,180 |
| Work in progress | | | | | | 2,047,495 |
| | | | | | | 12,022,675 |

Included in property, plant and equipment are fully depreciated assets with a value of Shs.1,412,895,665 (2000 – Shs.1,182,933,608) whose normal annual depreciation charge would have been Shs.264,436,686 (2000 – Shs.219,307,952).

## 9 DEFERRED TAXATION

Deferred taxation is calculated on all temporary differences under the liability method using the effective rate of 30%.

| | 2001 Sh'000 | 2000 Sh'000 |
|---|---|---|
| The net deferred taxation (asset)/liability at 30 June is attributable to the following items: | | |
| Accelerated capital allowances | 2,420,072 | 2,237,034 |
| Tax losses | (3,205,206) | (1,886,964) |
| Provisions | (217,252) | (104,002) |
| Unrealised exchange differences | 14,445 | (4,805) |
| | (987,941) | 241,263 |
| Movement on the deferred tax account is as follows: | | |
| Net liability at 1 July | 241,263 | 1,207,550 |
| Income statement credit | (1,229,204) | (966,287) |
| Net (asset)/liability at 30 June | (987,941) | 241,263 |

Deferred tax assets are recognised for tax losses carried forward only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

## 10 UNQUOTED INVESTMENT

The investment is stated at Directors valuation, which is equivalent to cost. The investment represents equity 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.

## 11 INVENTORIES

| | 2001 Sh'000 | 2000 Sh'000 |
|---|---|---|
| General stores | 2,064,700 | 2,246,372 |
| Engineering spares | 80,248 | 84,092 |
| Fuel and fuel oil | 104,602 | 108,111 |
| Transformers | 705,365 | 464,962 |
| Motor vehicle spares | 30,107 | 34,997 |
| Goods in transit | 32,049 | 47,014 |
| | 3,017,071 | 2,985,548 |

## 12 TRADE AND OTHER RECEIVABLES

| | 2001 Sh'000 | 2000 Sh'000 |
|---|---|---|
| Electricity customers | 6,020,654 | 5,222,818 |
| Rural Electrification Schemes | 1,980,393 | 2,221,442 |
| Prepayments | 1,142,561 | 656,286 |
| Recoverable fuel costs | 957,915 | 653,000 |
| Others | 1,216,429 | 1,058,826 |
| | 11,317,952 | 9,812,372 |

## 13 SHARE CAPITAL

| | 2001 | | 2000 | |
|---|---|---|---|---|
| | Authorised Sh'000 | Issued and fully paid Sh'000 | Authorised Sh'000 | Issued and fully paid Sh'000 |
| Ordinary stock units of Sh 20 each | 1,957,000 | 1,582,560 | 1,957,000 | 1,582,560 |

## 14 DUE TO KENGEN

Amounts due to the Kenya Electricity Generating Company Limited (KenGen), relating to the net assets transferred to KPLC from KenGen in 1999, together with the outstanding development surcharge, are repayable over a period of four years with effect from 1 July 2001 and are interest free.

## 15 TRADE AND OTHER PAYABLES

| | 2001 Sh'000 | 2000 Sh'000 |
|---|---|---|
| The Kenya Electricity Generating Company Limited (KenGen) | 10,433,219 | 7,052,196 |
| Customers' deposits | 1,351,671 | 1,098,999 |
| Capital contributions | 659,285 | 750,503 |
| Suppliers' accounts | 3,281,199 | 1,096,528 |
| Rural Electrification Programme Levy | 565,492 | 588,817 |
| Electricity Regulatory Board Levy | 23,662 | 18,366 |
| Staff Retirement Benefits Scheme | 536,043 | 267,732 |
| Leave pay provision | 142,317 | 78,943 |
| Other payables | 1,577,437 | 699,653 |
| | 18,570,325 | 11,651,737 |
| Less: Amounts payable after one year | (2,010,956) | (1,849,502) |
| | 16,559,369 | 9,802,235 |

The amounts payable after one year relate to customer deposits and capital contributions.

## 16 LOANS

| | 2001 Sh'000 | 2000 Sh'000 |
|---|---|---|
| **UNSECURED** | | |
| 5.0% Kenya Government/Canadian loan 1990-2020 | 679,994 | 667,558 |
| 6.125% Kenya Government/Swiss mixed credit 1996-2005 (CHF 4,291,690) | 189,820 | 221,249 |
| 2.6% Indosuez Bank, Belgium 1991-2004 (BEF 67,111,840) | 111,809 | 138,885 |
| 1.5% Finnish Export Credit 1990-2001 | - | 7,365 |
| 10.0% Kenya Government/Finnish loan 1988-2002 | 11,206 | 11,206 |
| East Africa Development Bank 2001 – 2002 | 300,000 | 450,000 |
| Standard Chartered Bank Kenya Limited - Siemens loan 2 (2000 – 2001) | - | 115,419 |
| Triple Advantage Cards Ltd Loan (2000 – 2001) | 10,000 | 41,667 |
| ABN AMRO Bank Loan (2000 – 2001) | 610,000 | 610,000 |
| Kenya Government/European Investment Bank Olkaria loan (Euro 4,304,489) | 289,291 | - |
| Kenya Government/Escrow loan (USD 3,000,000) | 237,075 | - |
| East Africa Development Bank (Kiambere – Nairobi 220Kva line – Euro USD 1,543,949) | 122,011 | - |
| FMO (Kipevu – Rabai line – USD 7,500,000) | 592,687 | - |
| Stanbic Bank loan | 99,926 | - |
| Kenya Government/IDA 2966 KE loan | 5,671 | - |
| | 3,259,490 | 2,263,349 |
| Less: amounts repayable within one year | 1,000,858 | 994,350 |
| | 2,258,632 | 1,268,999 |

## 17 PREFERENCE SHARES

| | | |
|---|---|---|
| 350,000 - 7% cumulative preference stock units of Sh 20 each | 7,000 | 7,000 |
| 1,800,000 – 4% cumulative preference stock units of Sh 20 each | 36,000 | 36,000 |
| | 43,000 | 43,000 |

The preference shares have been classified as financial liabilities because the Company has a contractual obligation to pay interest on the shares.

## 18 DUE TO GOVERNMENT OF KENYA

This represents various loan instalments due and payable to the Government of Kenya which were taken over by the Company from KenGen as a result of the asset transfers between KenGen and KPLC during the financial year ended 30 June 2000 under the Kenya Power Sub-Sector Reform Programme. The amounts due are payable on demand and do not attract interest.

## 19 COMMERCIAL PAPER

| | 2001 | 2000 |
|---|---|---|
| | Sh'000 | Sh'000 |
| Face value | 653,000 | 1,500,000 |
| Deferred charges | - | (26,892) |
| | 653,000 | 1,473,108 |

## 20 BANK OVERDRAFTS

The overdrafts are from local banks and attract interest at market rates. All the facilities are secured by corporate guarantees.

## 21 NOTES TO THE CASH FLOW STATEMENT

### (a) RECONCILIATION OF OPERATING LOSS TO CASH GENERATED FROM OPERATIONS

| | 2001 | 2000 |
|---|---|---|
| | Sh'000 | Sh'000 |
| Operating loss | (3,546,093) | (3,451,723) |
| Adjustments for: | | |
| Depreciation | 1,138,686 | 926,201 |
| Profit on disposal of property, plant and equipment | (170,437) | (221,462) |
| Exchange differences | 22,366 | 5,051 |
| Operating loss before working capital changes | (2,555,478) | (2,741,933) |
| (Increase)/decrease in inventories | (31,523) | 260,401 |
| Increase in trade and other receivables | (1,499,177) | (1,477,324) |
| Increase in trade and other payables | 6,916,112 | 1,776,034 |
| Increase in amounts due to Government of Kenya | - | 2,194,845 |
| (Decrease)/increase in amounts due to KenGen | (1,254,605) | 1,306,113 |
| Cash generated from operations | 1,575,329 | 1,318,136 |

## 21 NOTES TO THE CASH FLOW STATEMENT (Continued)

| | 2001<br>Sh'000 | 2000<br>Sh'000 |
|---|---|---|
| **(b) ANALYSIS OF CHANGES IN LOANS** | | |
| At 1 July | 2,263,349 | 2,257,710 |
| Received | 1,800,020 | 1,101,254 |
| Repaid | (769,195) | (1,103,134) |
| Exchange (gains)/losses | (34,684) | 7,519 |
| At 30 June | 3,259,490 | 2,263,349 |
| **(c) ANALYSIS OF CASH AND CASH EQUIVALENTS** | | |
| Short term deposits | 232,605 | 277,495 |
| Bank and cash balances | 640,937 | 275,839 |
| Bank overdrafts | (1,657,676) | (1,058,909) |
| | (784,134) | (505,575) |

## 22 RETIREMENT BENEFITS OBLIGATIONS

The Company operates a defined retirement benefits scheme for all employees. The Scheme currently covers employees of both The Kenya Power & Lighting Company Limited and Kenya Electricity Generating Company Limited. However a split of the Scheme's assets and liabilities is expected in the near future as part of the separation of the activities of the two companies which is being undertaken under the Kenya Power Sub-Sector Reform Programme. The scheme is administered independently, by Aon Minet Insurance Brokers Limited, and is funded by contributions from both the companies and employees. The scheme's funds are jointly managed by Barclaytrust Investment Services Limited and Co-op Merchant Bank Limited.

The scheme is subjected to valuations by independent actuaries once every three years to fulfill requirements under the scheme's rules, the income tax (Retirement Benefits) rules 1994 and the Retirement Benefits Act 1997. The last actuarial valuation was carried out as at 1 August 1999 by Hymans Robertson, Consulting Actuaries. The actuarial valuation method adopted entailed the comparison of the value of the scheme's assets at the valuation date with its liabilities and an assessment of the ability of the scheme to meet its obligations to members. The principal actuarial assumptions used in the valuation were:

- Investment return - 10% per annum
- Rate of salary escalation - 8% per annum
- Rate of pension increases - 3%

## 22 RETIREMENT BENEFITS OBLIGATIONS

(Continued)

The actuarial valuation revealed that there was a past service actuarial deficit of Shs.1,666,800,000. KPLC's estimated share is 80.4% of the actuarial deficit and is being recognised over a period of five years with effect from the 1999/2000 financial year, in line with the transitional provisions of International Accounting Standard No. 19 on staff benefits. Consequently, an amount of Shs.268,310,880 (2000 – Shs.267,732,000) has been charged to the income statement in the current year leaving a liability of Shs.804,064,320 which will be recognised over the next three years.

The Company also contributes to the statutory National Social Security fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Company's obligations under the Scheme are limited to specific contributions legislated from time to time and are currently at Shs.80 per employee per month.

## 23 PROVISIONS FOR LIABILITIES AND CHARGES

The outstanding liability in respect of accrued annual leave as at 30 June 2001, arising from adoption of International Accounting Standard No 19, is being recognised over a period of five years with effect from the 1999/2000 financial year, in line with the transitional provisions of International Accounting Standard No. 19. The liability not recognised as at 30 June 2001 was Shs.213,475,862 while Shs.63,373,762 (2000 – Shs.78,943,000) has been charged to the income statement in the current year.

## 24 CAPITAL COMMITMENTS

| | 2001<br>Sh'000 | 2000<br>Sh'000 |
|---|---|---|
| Authorised but not contracted for | - | 3,108,684 |
| Authorised and contracted for | 3,078,504 | 2,599,165 |
| Less: Amount incurred and included in work in progress | (1,494,516) | (1,388,368) |
| | 1,583,988 | 1,210,797 |
| Less: Capital contributions received | (755,017) | (423,976) |
| | 828,971 | 786,821 |

## 25 CONTINGENT LIABILITIES

| | 2001<br>Sh'000 | 2000<br>Sh'000 |
|---|---|---|
| Bank guarantees | 275,779 | 366,329 |
| Claims on the Company | 1,371,998 | 1,358,822 |
| | 1,647,777 | 1,725,151 |

The claims relate to civil suits lodged against the Company by various parties in the normal course of business. The likely outcome of the suits cannot be determined as at the date of signing these financial statements but the Directors do not expect that any liabilities will accrue from the suits.

## 26 INCORPORATION

The Company is incorporated in Kenya under the Companies Act.

## 27 CURRENCY

These financial statements are prepared in Kenya Shillings (Shs).

| FOR YEAR ENDED | 30th June 1992 | 30th June 1993 | 30th June 1994 | 30th June 1995 | 30th June 1996 |
|---|---|---|---|---|---|
| UNITS SOLD (Millions) | 2,719 | 2,859 | 2,997 | 3,017 | 3,269 |
| Average yield of units sold (cents) | 167.60 | 175.00 | 309.63 | 429.49 | 456.58 |
| | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 |
| Revenue from sale of electricity | 4,556,374 | 5,001,004 | 9,279,744 | 12,957,798 | 14,925,761 |
| PROFIT/(LOSS) for the Year before exceptional item | 162,191 | (261,178) | 763,136 | 1,499,803 | 1,512,042 |
| Exceptional item | - | - | - | - | - |
| PROFIT/(LOSS) for the Year before tax | 162,191 | (261,178) | 763,136 | 1,499,803 | 1,512,042 |
| TAXATION CHARGE (CREDIT) | 81,000 | 60,000 | 151,000 | 416,872 | 395,752 |
| NET PROFIT/(LOSS) AFTER TAX | 81,191 | (321,178) | 612,136 | 1,082,931 | 1,116,290 |
| Preference dividends (gross) | (1,930) | (1,930) | (1,930) | (1,930) | (1,930) |
| NET PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS | 79,261 | (323,108) | 610,206 | 1,081,001 | 1,114,360 |
| ORDINARY DIVIDENDS (gross) | (28,134) | (28,134) | (31,651) | (35,168) | (140,672) |
| RETAINED PROFIT/(LOSS) FOR THE YEAR | 51,127 | (351,242) | 578,555 | 1,045,833 | 973,688 |
| FUNDS GENERATED FROM OPERATIONS | | | | | |
| Profit/(Loss) for the year | 51,127 | (351,242) | 578,555 | 1,045,833 | 973,688 |
| Depreciation | 246,602 | 246,562 | 239,858 | 203,058 | 335,430 |
| | 297,729 | (104,680) | 818,413 | 1,248,891 | 1,309,118 |
| CAPITAL EMPLOYED | | | | | |
| Fixed Assets less depreciation | 3,475,186 | 3,577,085 | 3,747,281 | 4,523,340 | 4,770,730 |
| Loan to KenGen | 307,229 | 530,979 | 378,683 | 298,056 | 233,731 |
| Investment | - | 4,300 | 4,300 | 4,300 | 4,300 |
| Net current assets/(liabilities) | (54,651) | (148,818) | (129,539) | (107,367) | 354,322 |
| | 3,727,764 | 3,963,546 | 4,000,725 | 4,718,329 | 5,363,083 |
| FINANCED BY: | | | | | |
| Ordinary shareholders' equity | 1,630,280 | 1,279,038 | 1,857,593 | 2,903,426 | 3,877,114 |
| Preference capital | 43,000 | 43,000 | 43,000 | 43,000 | 43,000 |
| Loan capital (secured) | 7,600 | 6,800 | 6,000 | 5,200 | 4,400 |
| Loan capital (unsecured) | 2,042,066 | 2,633,103 | 2,094,132 | 1,766,703 | 1,438,569 |
| Deferred taxation | 4,818 | 1,605 | - | - | - |
| Non current liability | - | - | - | - | - |
| | 3,727,764 | 3,963,546 | 4,000,725 | 4,718,329 | 5,363,083 |
| CAPITAL EXPENDITURE | 98,690 | 352,819 | 410,642 | 979,782 | 588,611 |
| Average cost of units sold(cents) | 149 | 158 | 284 | 386 | 427 |
| PROFIT/(LOSS) for the year before tax as a percentage of average capital employed | 4.36 | (6.79) | 19.16 | 34.40 | 30.00 |
| ORDINARY DIVIDEND RATES | 16% | 16% | 18% | 20% | 40% |
| Earnings/(Loss) per share (Shs) | 9.02 | (36.75) | 69.40 | 122.95 | 21.12 |
| Customer/employee ratio | 28.20 | 31.20 | 34.62 | 41.79 | 49.62 |
| Sales (KWHr) per employee | 249,610 | 274,067 | 294,227 | 348,488 | 398,999 |

| FOR YEAR ENDED | 30th June 1997 | 30th June 1998 | 30th June 1999 | 30th June 2000 | 30th June 2001 |
|---|---|---|---|---|---|
| UNITS SOLD (Millions) | 3,406 | 3,498 | 3,564 | 3,365 | 3,091 |
| Average yield of units sold (cents) | 495.98 | 516.67 | 516.9 | 700.28 | 911.95 |
| | Shs'000 | Shs'000 | Shs'000 | Shs'000 | Shs'000 |
| Revenue from sale of electricity | 16,893,149 | 18,073,232 | 18,422,731 | 23,564,466 | 28,188,525 |
| PROFIT/(LOSS) for the Year before exceptional item | 2,160,099 | 2,005,343 | 1,721,924 | (4,155,863) | (4,103,984) |
| Exceptional item | - | - | - | 1,581,594 | - |
| PROFIT/(LOSS) for the Year before tax | 2,160,099 | 2,005,343 | 1,721,924 | (2,574,269) | (4,103,984) |
| TAXATION CHARGE (CREDIT) | 606,071 | 658,612 | 416,662 | (966,287) | (1,229,203) |
| NET PROFIT/(LOSS) AFTER TAX | 1,554,028 | 1,346,731 | 1,305,262 | (1,607,982) | (2,874,781) |
| Preference dividends (gross) | (1,930) | (1,930) | (1,930) | (1,930) | (1,930) |
| NET PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS | 1,552,098 | 1,344,801 | 1,303,332 | (1,609,912) | 2,876,711) |
| ORDINARY DIVIDENDS (gross) | (422,016) | (422,016) | (633,024) | (158,256) | - |
| RETAINED PROFIT/(LOSS) FOR THE YEAR | 1,130,082 | 922,785 | 670,308 | (1,768,168) | (2,876,711) |
| FUNDS GENERATED FROM OPERATIONS | | | | | |
| Profit/(Loss) for the year | 1,130,082 | 922,785 | 670,308 | (1,768,168) | (2,876,711) |
| Depreciation | 406,484 | 579,494 | 748,424 | 926,201 | 1,138,686 |
| | 1,536,566 | 1,502,279 | 1,418,732 | (841,967) | (1,738,025) |
| CAPITAL EMPLOYED | | | | | |
| Fixed Assets less depreciation | 6,587,490 | 7,548,159 | 9,136,366 | 12,022,675 | 12,476,132 |
| Loan to KenGen | 146,242 | 80,871 | - | - | - |
| Investment | 4,300 | 4,300 | 4,300 | 4,300 | 4,300 |
| Net current assets/(liabilities) | (340,480) | (389,532) | 694,474 | (2,445,301) | (7,108211) |
| | 6,397,552 | 7,243,798 | 9,835,140 | 9,581,674 | 5,372,221 |
| FINANCED BY: | | | | | |
| Ordinary shareholders' equity | 5,007,196 | 5,060,357 | 5,730,665 | 3,962,497 | 1,085,785 |
| Preference capital | 43,000 | 43,000 | 43,000 | 43,000 | 43,000 |
| Loan capital (secured) | - | - | - | - | - |
| Loan capital (unsecured) | 1,347,356 | 1,153,273 | 1,239,483 | 1,268,999 | 2,258,632 |
| Deferred taxation | - | 987,168 | 1,207,550 | 241,263 | (987,940) |
| Non current liability | - | - | 1,614,442 | 4,065,915 | 2,972,744 |
| | 6,397,552 | 7,243,798 | 9,835,140 | 9,581,674 | 5,372,221 |
| CAPITAL EXPENDITURE | 2,223,312 | 1,542,191 | 2,351,083 | 4,669,768 | 1,593,319 |
| Average cost of units sold(cents) | 459 | 471 | 464 | 803 | 1,027 |
| PROFIT/(LOSS) for the year before tax as a percentage of average capital employed | 36.73 | 29.40 | 20.16 | (26.52) | (54.89) |
| ORDINARY DIVIDEND RATES | 40% | 40% | 40% | 10% | 0.00% |
| Earnings/(Loss) per share (Shs) | 29.42 | 17 | 16.47 | (20.35) | (36.35) |
| Customer/employee ratio | 51.52 | 63.20 | 66.57 | 71.31 | 71.22 |
| Sales (KWHr) per employee | 411,402 | 488,070 | 501,972 | 474,278 | 473,064 |

## TABLE 1: GROSS GENERATION AND CONSUMPTION OF ELECTRICITY FOR INTERCONNECTED AND ISOLATED SYSTEMS

| Company | Capacity (MW) | | Energy (GWh) | | | | | | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|---|---|
| | Installed | Effective[1] | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00[2] | 2000/01[2] | |
| **KenGen Hydro** | | | | | | | | | |
| Tana | 14.4 | 12.4 | 97 | 84 | 76 | 82 | 63 | 71 | |
| Wanjii | 7.4 | 7.4 | 51 | 48 | 51 | 35 | 46 | 47 | |
| Kamburu | 94.2 | 84.0 | 491 | 446 | 480 | 410 | 247 | 181 | |
| Gitaru | 225.0 | 145.0 | 701 | 926 | 818 | 789 | 734 | 364 | |
| Kindaruma | 40.0 | 40.0 | 239 | 230 | 198 | 240 | 157 | 81 | |
| Small Stations | 6.2 | 5.4 | 29 | 24 | 26 | 21 | 19 | 20 | |
| Masinga | 40.0 | 40.0 | 225 | 215 | 204 | 223 | 142 | 28 | |
| Kiambere | 144.0 | 144.0 | 1031 | 1028 | 1023 | 1037 | 813 | 292 | |
| Turkwel | 106.0 | 106.0 | 299 | 353 | 384 | 436 | 214 | 240 | |
| **Total** | **677.2** | **584.2** | **3163** | **3354** | **3259** | **3274** | **2435** | **1325** | **-16.0%** |
| **KenGen Thermal** | | | | | | | | | |
| Kipevu Steam | 75.5 | 23.0 | 224 | 200 | 201 | 141 | 199 | 126 | |
| Kipevu I (75MW Diesel) | 75.0 | 70.0 | 0 | 0 | 0 | 0 | 393 | 449 | |
| Fiat - Nairobi South | 13.5 | 10.0 | 59 | 6 | 0 | 15 | 30 | 35 | |
| Kipevu GTs | 60.0 | 60.0 | 112 | 168 | 139 | 191 | 384 | 274 | |
| Garissa & Lamu | 3.9 | 3.5 | 11 | 11 | 11 | 11 | 10 | 10 | |
| Ruiru [3] | R | R | 2 | 3 | 0 | 0 | 0 | 0 | |
| **Total** | **227.9** | **166.5** | **409** | **387** | **351** | **358** | **1015** | **894** | **16.9%** |
| **KenGen Geothermal** | | | | | | | | | |
| Olkaria I | 45.0 | 45.0 | 390 | 393 | 366 | 390 | 381 | 340 | **-2.7%** |
| **KenGen Wind** | | | | | | | | | |
| Ngong | 0.4 | 0.4 | 1 | 1 | 1 | 0 | 0 | 0 | **-33.0%** |
| **Government of Kenya Thermal** | | | | | | | | | |
| REF Stations | 5.1 | 4.6 | 8 | 11 | 10 | 11 | 10 | 10 | **4.1%** |
| **Independent Power Producers Thermal** | | | | | | | | | |
| Iberafrica | 56.0 | 56.0 | | 7 | 213 | 275 | 294 | 348 | |
| Westmont | 43.5 | 43.5 | | 0 | 170 | 188 | 169 | 277 | |
| Tsavo[4] | 74.0 | 74.0 | | 0 | 0 | 0 | 0 | 7 | |
| Mumias | 2.0 | 2.0 | | | | | | 6 | |
| **Total** | **175.5** | **175.5** | **0** | **7** | **383** | **463** | **463** | **638m** | **13.6%** |
| **Independent Power Producers Geothermal** | | | | | | | | | |
| OrPower4 | 12.0 | 12.0 | | | | | 2 | 89 | |
| **Emergency Power Producers Thermal** | | | | | | | | | |
| Aggreko | 45.0 | 45.0 | | | | | | 303 | |
| Cummins | 30.0 | 30.0 | | | | | | 174 | |
| Deutz | 24.0 | 24.0 | | | | | | 111 | |
| **Total** | **99.0** | **99.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **587.4** | |
| **Uganda (Imports)** | **30.0** | **0.0** | **149** | **144** | **146** | **140** | **155** | **198** | **5.9%** |
| **GROSS GENERATION[5]** | **1173.1** | **988.1** | **4119** | **4296** | **4516** | **4637** | **4461** | **4081** | **-0.2%** |
| AUXILIARY CONSUMPTION [6] | | | 52 | 44 | 41 | 35 | 0 | 0 | **-100%** |
| SYSTEM LOSSES | | | 660 | 695 | 831 | 884 | 957 | 869 | **6%** |
| SALES - KPLC SYSTEM | | | 3269 | 3406 | 3498 | 3564 | 3366 | 3091 | **-1%** |
| - REF SYSTEM | | | 138 | 150 | 146 | 153 | 138 | 121 | **-3%** |
| **TOTAL SALES** | | | **3407** | **3557** | **3644** | **3717** | **3504** | **3212** | **-1%** |
| SYSTEM PEAK DEMAND MW | | | 648 | 680 | 721 | 734 | 708 | 724 | **2%** |
| System Load Factor | | | 72.3% | 72.1% | 71.5% | 72.2% | 71.9% | 64.4% | |
| Sales as % of Net Generation | | | 83.8% | 83.6% | 81.4% | 80.8% | 78.5% | 78.7% | |
| Losses as % of Net Generation [7] | | | 16.2% | 16.4% | 18.6% | 19.2% | 21.5% | 21.3% | |
| Annual growth - GENERATION | | | 6.6% | 4.3% | 5.1% | 2.7% | -3.8% | -8.5% | |
| - SALES KPLC | | | 5.8% | 4.2% | 2.7% | 1.9% | -5.6% | -8.2% | |
| - SALES REF | | | 3.1% | 9.1% | -2.8% | 4.6% | -9.8% | -12.7% | |

**Notes:**

1) Maximum output from the station under normal operating conditions.
2) The 1999/00 and 2000/01 power station statistics are units purchased.
3) Ruiru power station was retired in 1994.
4) Tsavo Power commenced testing in June 2001.
5) Total installed and effective capacity excludes the Emergency Generators capacity whose contracts ended in June 2001.
6) Auxilliary units are equivalent to zero due to the transfer of ownership of the power stations to KenGen.
7) Comprises technical and non-technical losses.

**Please note that the 5 year growth rates for the energy purchased, demand and sales are not entirely representative of the actual situation due to intense power rationing for the years 1999/00 and 2000/01.**

TABLE 2: AREA MAXIMUM DEMAND(MW)

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| Nairobi | 345 | 372 | 399 | 400 | 408 | 401 | 3.1% |
| Coast | 135 | 146 | 141 | 134 | 147 | 140 | 0.7% |
| Central Rift | 47 | 45 | 45 | 52 | 51 | 50 | 1.4% |
| West Kenya | 67 | 72 | 77 | 79 | 77 | 75 | 2.2% |
| Mt. Kenya | 38 | 40 | 44 | 45 | 43 | 47 | 4.6% |
| North Rift | 31 | 35 | 35 | 33 | 31 | 35 | 2.3% |
| **TOTAL SYSTEM(SIMULTANEOUS)** | **648** | **680** | **721** | **734** | **708** | **724** | **2.2%** |
| **% INCREASE P.A.** | 7.2% | 4.9% | 5.9% | 1.8% | -3.5% | 2.2% | |

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

| TARIFF | TYPES OF CUSTOMERS COVERED BY THIS TARIFF | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|---|
| A | Domestic, small Commercial and Industrial | 1,049 | 1,116 | 1,207 | 1,270 | 1,158 | 1,064 | 0% |
| B | Commercial (Medium) and Industrial(Medium) | 618 | 657 | 665 | 680 | 724 | 609 | 0% |
| C | Commercial (large) and Industrial (large) | 1,491 | 1,536 | 1,526 | 1,513 | 1,398 | 1,361 | -2% |
| D | Off-peak | 100 | 86 | 89 | 92 | 74 | 51 | -13% |
| E | Street lighting | 12 | 10 | 11 | 9 | 11 | 7 | -12% |
| | **TOTAL** | **3,269** | **3,406** | **3,498** | **3,564** | **3,366** | **3,091** | **-1%** |
| | **% INCREASE P.A.** | 5.8% | 4.2% | 2.7% | 1.9% | -5.6% | -8.2% | |

TABLE 4: AREA TOTAL UNIT SALES(GWh)

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| Nairobi | 1,785 | 1,896 | 1,867 | 1,981 | 1,884 | 1,684 | -1% |
| Coast | 718 | 700 | 730 | 696 | 638 | 648 | -2% |
| Central Rift | 185 | 202 | 223 | 205 | 202 | 183 | 0% |
| West Kenya | 311 | 325 | 382 | 386 | 375 | 318 | 0% |
| Mt. Kenya | 130 | 135 | 151 | 159 | 143 | 141 | 2% |
| North Rift | 139 | 149 | 145 | 137 | 124 | 117 | -3% |
| KPLC Sales | 3,269 | 3,406 | 3,498 | 3,564 | 3,366 | 3,091 | -1% |
| R.E.F. Schemes | 138 | 150 | 146 | 153 | 138 | 121 | -3% |
| **TOTAL** | **3,407** | **3,557** | **3,644** | **3,717** | **3,504** | **3,212** | **-1%** |
| **%INCREASE P.A** | 5.7% | 4.4% | 2.5% | 2.0% | -5.7% | -8.3% | |

## TABLE 5: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "A0" DOMESTIC LOAD

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| Nairobi | 432 | 438 | 489 | 542 | 497 | 442 | 0% |
| Coast | 134 | 144 | 153 | 131 | 131 | 127 | -1% |
| Central Rift | 31 | 38 | 39 | 39 | 37 | 34 | 2% |
| West Kenya | 32 | 34 | 33 | 35 | 33 | 31 | 0% |
| Mt. Kenya | 28 | 26 | 29 | 39 | 28 | 27 | -1% |
| North Rift | 17 | 18 | 18 | 18 | 20 | 18 | 1% |
| **TOTAL** | **674** | **697** | **761** | **804** | **748** | **679** | **0%** |
| **% INCREASE P.A.** | **6.0%** | **3.4%** | **9.2%** | **5.6%** | **-6.9%** | **-9.3%** | |

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

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| Nairobi | 184 | 213 | 213 | 266 | 229 | 203 | 2% |
| Coast | 68 | 71 | 70 | 65 | 57 | 59 | -3% |
| Central Rift | 36 | 39 | 39 | 37 | 37 | 34 | -1% |
| West Kenya | 39 | 40 | 40 | 43 | 39 | 40 | 0% |
| Mt. Kenya | 31 | 39 | 35 | 36 | 32 | 33 | 2% |
| North Rift | 17 | 17 | 16 | 19 | 16 | 15 | -2% |
| **TOTAL** | **375** | **418** | **414** | **466** | **410** | **385** | **1%** |
| **% INCREASE P.A.** | **2.9%** | **11.7%** | **-1.1%** | **12.6%** | **-12.1%** | **-6.1%** | |

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

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| Nairobi | 32.8 | 35.3 | 17.2 | 30.2 | 39.1 | 21.5 | -8% |
| Coast | 0.4 | 0.6 | 0.4 | 0.7 | 0.7 | 0.6 | 5% |
| Central Rift | 8.7 | 8.2 | 7.3 | 10.6 | 11.0 | 9.0 | 0% |
| West Kenya | 1.1 | 1.0 | 0.9 | 1.4 | 1.6 | 0.5 | -15% |
| Mt. Kenya | 1.0 | 1.7 | 1.3 | 2.1 | 2.1 | 1.2 | 4% |
| North Rift | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0% |
| **TOTAL** | **44** | **47** | **27** | **45** | **54** | **33** | **-6%** |
| **% INCREASE P.A.** | **10.4%** | **6.8%** | **-42.4%** | **66.1%** | **21.0%** | **-40.0%** | |

## TABLE 8: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "B1" MEDIUM COMMERCIAL AND INDUSTRIAL LOAD (240V or 415V)

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| Nairobi | 326 | 347 | 359 | 371 | 398 | 321 | 0% |
| Coast | 103 | 103 | 112 | 104 | 104 | 93 | -2% |
| Central Rift | 50 | 56 | 59 | 52 | 55 | 52 | 1% |
| West Kenya | 38 | 38 | 45 | 43 | 41 | 36 | -1% |
| Mt. Kenya | 22 | 25 | 27 | 28 | 28 | 28 | 5% |
| North Rift | 25 | 27 | 29 | 29 | 28 | 26 | 1% |
| **TOTAL** | **564** | **597** | **629** | **627** | **654** | **556** | **0%** |
| **% INCREASE P.A.** | **13.0%** | **5.8%** | **5.5%** | **-0.3%** | **4.4%** | **-15.0%** | |

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

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| Nairobi | 6.5 | 7.0 | 3.5 | 3.2 | 9.0 | 7.8 | 4% |
| Coast | 1.9 | 5.4 | 2.1 | 2.3 | 2.5 | 3.1 | 11% |
| Central Rift | 0.6 | 0.5 | 0.8 | 0.8 | 0.7 | 1.7 | 22% |
| West Kenya | 0.8 | 0.7 | 0.6 | 0.6 | 0.9 | 0.7 | -3% |
| Mt. Kenya | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 | 0% |
| North Rift | 0.1 | 0.3 | 2.2 | 1.3 | 1.3 | 1.3 | 64% |
| **TOTAL** | **10.0** | **13.9** | **9.1** | **8.2** | **14.3** | **14.9** | **8%** |
| **% INCREASE P.A.** | **-67.0%** | **39.0%** | **-34.1%** | **-10.4%** | **74.9%** | **3.8%** | |

## TABLE 10: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "B3" MEDIUM COMMERCIAL AND INDUSTRIAL LOAD (66KV or 132KV)

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth |
|---|---|---|---|---|---|---|---|
| Nairobi | 0.0 | 0.0 | 0.0 | 0.0 | 0.8 | 4.9 | 512.1% |
| Coast | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0% |
| Central Rift | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0% |
| West Kenya | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0% |
| Mt. Kenya | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0% |
| North Rift | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0% |
| **TOTAL** | **0.0** | **0.0** | **0.0** | **0.0** | **0.8** | **4.9** | **0%** |
| **% INCREASE P.A.** | **0.0%** | **0.0%** | **0.0%** | **0.0%** | **0.0%** | **512.1%** | |

TABLE 11: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "C1" LARGE COMMERCIAL AND INDUSTRIAL LOAD (240V or 415V)

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| Nairobi | 249 | 292 | 232 | 204 | 173 | 190 | -5% |
| Coast | 108 | 109 | 91 | 92 | 95 | 104 | -1% |
| Central Rift | 35 | 40 | 46 | 40 | 39 | 32 | -2% |
| West Kenya | 53 | 57 | 72 | 68 | 69 | 62 | 3% |
| Mt. Kenya | 37 | 32 | 44 | 40 | 44 | 44 | 3% |
| North Rift | 18 | 17 | 17 | 14 | 12 | 12 | -7% |
| **TOTAL** | **502** | **547** | **503** | **458** | **431** | **444** | -2% |
| % INCREASE P.A. | 8.4% | 9.0% | -8.0% | -8.9% | -5.8% | 2.9% | |

TABLE 12: AREA SALE OF ELECTRICITY IN GWhr CATEGORY "C2" LARGE COMMERCIAL AND INDUSTRIAL LOAD (11 OR 33KV)

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| Nairobi | 359 | 357 | 334 | 362 | 327 | 303 | -3% |
| Coast | 261 | 218 | 254 | 245 | 203 | 210 | -4% |
| Central Rift | 23 | 20 | 26 | 21 | 20 | 19 | -4% |
| West Kenya | 58 | 58 | 44 | 44 | 40 | 26 | -14% |
| Mt. Kenya | 8 | 8 | 8 | 9 | 8 | 6 | -4% |
| North Rift | 61 | 66 | 61 | 54 | 46 | 44 | -6% |
| **TOTAL** | **769** | **728** | **727** | **735** | **643** | **608** | -5% |
| % INCREASE P.A | 8.2% | -5.3% | -0.1% | 1.0% | -12.6% | -5.4% | |

TABLE 13: AREA SALE OF ELECTRICITY IN GWhr CATEGORY "C3" LARGE COMMERCIAL AND INDUSTRIAL LOAD (66KV OR 132KV)

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| Nairobi | 93 | 122 | 115 | 133 | 133 | 140 | 8% |
| Coast | 39 | 44 | 38 | 40 | 42 | 50 | 5% |
| Central Rift | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| West Kenya | 87 | 95 | 143 | 147 | 138 | 0 | 0% |
| Mt. Kenya | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| North Rift | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| **TOTAL** | **220** | **261** | **296** | **320** | **313** | **191** | -3% |
| % INCREASE P.A. | 20.7% | 18.8% | 13.4% | 8.1% | -2.1% | -39.2% | |

Note: The customer was transferred to category C5 on 29th May 2000.

### TABLE 14: AREA SALE OF ELECTRICITY IN GWhr CATEGORY "C5" LARGE COMMERCIAL AND INDUSTRIAL LOAD (66KV OR 132KV)

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth |
|---|---|---|---|---|---|---|---|
| Nairobi | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| Coast | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| Central Rift | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| West Kenya | 0 | 0 | 0 | 0 | 11 | 119 | 988% |
| Mt. Kenya | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| North Rift | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| **TOTAL** | **0** | **0** | **0** | **0** | 11 | **119** | 0% |
| **% INCREASE P.A.** | **0.0%** | **0.0%** | **0.0%** | **0.0%** | **0.0%** | 987.8% | |

**Note: Category C5 was introduced into the customer categories on 29th May 2000.**

### TABLE 15: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "D0" OFF- PEAK LOAD

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| Nairobi | 92.4 | 76.9 | 80.9 | 62.4 | 69.0 | 46.6 | -13% |
| Coast | 2.6 | 3.6 | 2.7 | 15.3 | 1.6 | 1.1 | -16% |
| Central Rift | 1.0 | 1.0 | 1.5 | 3.5 | 1.0 | 0.9 | -3% |
| West Kenya | 1.3 | 1.5 | 1.3 | 4.2 | 0.8 | 0.8 | -10% |
| Mt. Kenya | 1.6 | 1.9 | 1.4 | 4.6 | 0.9 | 0.9 | -10% |
| North Rift | 0.8 | 1.1 | 0.8 | 2.3 | 0.5 | 0.5 | -10% |
| **TOTAL** | **100** | **86** | **89** | **92** | **74** | **51** | **-13%** |
| **% INCREASE P.A.** | **-16.3%** | **-13.8%** | **3.0%** | **4.3%** | **-20.2%** | **-31.1%** | |

### TABLE 16: AREA SALE OF ELECTRICITY IN GWhr FOR CATEGORY "E0" STREET LIGHTING

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| Nairobi | 9.5 | 8.3 | 9.6 | 7.5 | 8.8 | 4.9 | -12% |
| Coast | 0.9 | 0.9 | 0.1 | 0.7 | 1.8 | 1.0 | 2% |
| Central Rift | 0.3 | -0.8 | 0.4 | 0.4 | 0.4 | 0.3 | -1% |
| West Kenya | 0.5 | 0.4 | 0.1 | 0.2 | 0.0 | 0.1 | -21% |
| Mt. Kenya | 0.7 | 0.7 | 0.3 | 0.2 | 0.2 | 0.2 | -21% |
| North Rift | 0.6 | 0.7 | 0.2 | 0.3 | 0.2 | 0.1 | -35% |
| **TOTAL** | **12.4** | **10.2** | **10.8** | **9.3** | **11.3** | **6.6** | -12% |
| **% INCREASE P.A.** | **-33.0%** | **-17.9%** | **5.9%** | **-13.5%** | **21.7%** | **-41.6%** | |

TABLE 17: AREA REF UNIT SALES (GWhr)

| AREA | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| Nairobi | 34 | 36 | 32 | 41 | 40 | 35 | 1% |
| Coast | 6 | 17 | 13 | 15 | 14 | 11 | 13% |
| Central Rift | 21 | 22 | 23 | 20 | 19 | 16 | -5% |
| West Kenya | 36 | 35 | 32 | 35 | 28 | 20 | -11% |
| Mt. Kenya | 22 | 17 | 24 | 19 | 17 | 17 | -5% |
| North Rift | 18 | 24 | 23 | 23 | 20 | 20 | 2% |
| **TOTAL** | **138** | **150** | **146** | **153** | **138** | **121** | -3% |
| **% INCREASE P.A.** | **3.1%** | **9.0%** | **-2.7%** | **4.6%** | **-9.8%** | **-12.7%** | |

TABLE 18: AREA TOTAL NUMBER OF CUSTOMERS

| AREA | AS AT 30TH JUNE | | | | | | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | |
| Nairobi | 196,414 | 206,891 | 221,603 | 230,074 | 250,553 | 270,580 | 7% |
| Coast | 61,933 | 63,656 | 66,678 | 67,815 | 68,230 | 71,153 | 3% |
| Central Rift | 26,813 | 27,796 | 29,733 | 32,059 | 35,048 | 37,066 | 7% |
| West Kenya | 29,772 | 30,986 | 32,399 | 33,268 | 34,667 | 35,858 | 4% |
| Mt. Kenya | 27,145 | 28,256 | 29,665 | 31,470 | 33,076 | 33,454 | 4% |
| North Rift | 13,295 | 13,673 | 14,907 | 16,549 | 17,707 | 17,250 | 5% |
| KPLC Customers | **355,372** | **371,258** | **394,985** | **411,235** | **439,281** | **465,361** | 6% |
| R.E.F. Customers | 51,151 | 55,242 | 57,978 | 61,436 | 66,670 | 71,718 | 7% |
| **TOTAL** | **406,523** | **426,500** | **452,963** | **472,671** | **505,951** | **537,079** | 6% |
| **%INCREASE P.A.** | **9.7%** | **4.9%** | **6.2%** | **4.4%** | **7.0%** | **6.2%** | |

### TABLE 19: 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 |
|---|---|---|---|---|---|---|---|---|
| | | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | |
| A0 only | Domestic | | | | | | | |
| | KPLC | 244,708 | 256,535 | 273,532 | 290,687 | 315,327 | 334,381 | 6.4% |
| | REF | 29,151 | 31,715 | 33,499 | 36,737 | 41,214 | 44,370 | 8.8% |
| A0 & D0 | Domestic | | | | | | | |
| | KPLC | 35,264 | 35,991 | 41,787 | 42,878 | 44,316 | 46,994 | 5.9% |
| | REF | 67 | 62 | 228 | 256 | 265 | 285 | 33.6% |
| A1 only | Small Commercial | | | | | | | |
| | KPLC | 67,083 | 70,129 | 72,332 | 72,025 | 73,828 | 78,289 | 3.1% |
| | REF | 21,627 | 23,133 | 23,811 | 24,196 | 24,964 | 26,876 | 4.4% |
| A1 & D0 | Small Commercial | | | | | | | |
| | KPLC | 3,186 | 3,744 | 1,691 | 1,193 | 1,076 | 1,141 | -18.6% |
| | REF | 131 | 149 | 304 | 121 | 100 | 108 | -3.8% |
| BO | Irrigation Load | | | | | | | |
| | KPLC | 380 | 389 | 291 | 265 | 266 | 233 | -9.3% |
| | REF | 34 | 36 | 10 | 8 | 7 | 2 | -43.3% |
| B1 | Medium Commercial and Industrial | | | | | | | |
| | KPLC | 2,073 | 2,126 | 2,285 | 2,326 | 2,485 | 2,330 | 2.4% |
| | REF | 111 | 113 | 81 | 98 | 91 | 54 | -13.4% |
| B2 | Medium Commercial and Industrial | | | | | | | |
| | KPLC | 19 | 20 | 21 | 20 | 40 | 40 | 16.1% |
| B3 | Medium Commercial and Industrial | | | | | | | |
| | KPLC | 0 | 0 | 0 | 0 | 3 | 3 | 0.0% |
| C1 | Large Commercial | | | | | | | |
| | KPLC | 279 | 284 | 286 | 282 | 245 | 263 | -1.2% |
| | REF | 11 | 12 | 7 | 5 | 3 | 3 | -22.9% |
| C2 | Large Commercial and Industrial | | | | | | | |
| | KPLC | 111 | 117 | 135 | 140 | 125 | 128 | 2.9% |
| | REF | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| C3 | Large Commercial and Industrial | | | | | | | |
| | KPLC | 17 | 17 | 18 | 19 | 14 | 14 | -3.8% |
| | REF | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| C5 | Large Commercial and Industrial | | | | | | | |
| | KPLC | 0 | 0 | 0 | 0 | 1 | 1 | 0.0% |
| D0 only | Off-peak | | | | | | | |
| | KPLC | 2,121 | 1,776 | 2,383 | 806 | 659 | 523 | -24.4% |
| | REF | 10 | 12 | 25 | 15 | 14 | 13 | 5.4% |
| E0 | Street lighting | | | | | | | |
| | KPLC | 131 | 134 | 224 | 594 | 896 | "1,021" | 50.8% |
| | REF | 9 | 10 | 13 | 0 | 12 | 7 | -4.9% |
| | **TOTAL (KPLC)** | **355,372** | **371,258** | **394,985** | **411,235** | **439,281** | **465,361** | 5.5% |
| | **TOTAL (R.E.F.)** | **51,151** | **55,242** | **57,978** | **61,436** | **66,670** | **71,718** | 7.0% |
| | **GROSS TOTAL** | **406,523** | **426,500** | **452,963** | **472,671** | **505,951** | **537,079** | 5.7% |
| | % INCREASE P.A. | 9.7% | 4.9% | 6.2% | 4.4% | 7.0% | 6.2% | |

## TABLE 20: REVENUE (SHS' MILLION) IN CATEGORY OF CUSTOMERS

| TARIFF | MAIN TYPE OF CUSTOMERS COVERED BY THIS TARIFF | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|---|
| A | Domestic, small commercial and small industrial | 4,264 | 5,948 | 6,419 | 6,627 | 8,989 | 10,368 | **19.4%** |
| B | Commercial and industrial (medium) | 3,102 | 3,422 | 3,741 | 4,077 | 5,426 | 5,939 | **13.9%** |
| C | Commercial (large) Industrial (large) | 6,300 | 6,557 | 6,834 | 7,014 | 8,576 | 11,382 | **12.6%** |
| D | Off-peak | 386 | 331 | 357 | 365 | 385 | 420 | **1.7%** |
| E | Street Lighting | 48 | 50 | 52 | 47 | 95 | 80 | **10.5%** |
| | **SUB-TOTAL** | **14,100** | **16,308** | **17,403** | **18,130** | **23,471** | **28,189** | **15%** |
| | OTHERS | 825 | 585 | 670 | 293 | 93 | 0 | **-100%** |
| | **TOTAL (KPLC)** | **14,926** | **16,893** | **18,073** | **18,423** | **23,564** | **28,189** | **14%** |
| | R.E.F. | 773 | 849 | 804 | 851 | 1,086 | 1,141 | **8%** |
| | **GROSS TOTAL** | **15,699** | **17,742** | **18,877** | **19,274** | **24,650** | **29,329** | **13%** |
| | **%INCREASE P.A.** | **15.7%** | **13.0%** | **6.4%** | **2.1%** | **27.9%** | **19.0%** | |

**Note: Others is inclusive of foreign exchange and fuel cost adjustments for the period 1995/96 to 1999/2000. In the year 2000/01 these adjustments are included in the customer categories revenue.**

## TABLE 21: STAFF ANALYSIS

| | AS AT 30TH JUNE | | | | | | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| | **1996** | **1997** | **1998** | **1999** | **2000*** | **2001** | |
| Nationality | | | | | | | |
| Citizen | 8,192 | 8,278 | 7,166 | 7,099 | 7,094 | 6,900 | **-3.4%** |
| Non Citizen | 1 | 1 | 1 | 1 | 1 | 0 | **-100.0%** |
| Total | 8,193 | 8,279 | 7,167 | 7,100 | 7,095 | 6,900 | **-3.4%** |
| % INCREASE P.A. | -7.6% | 1.0% | -13.4% | -0.9% | -0.1% | -2.7% | |
| Sex | | | | | | | |
| Male | 7,183 | 7,212 | 6,078 | 5,963 | 5,896 | 5,704 | **-4.5%** |
| Female | 1,010 | 1,067 | 1,089 | 1,137 | 1,199 | 1,196 | **3.4%** |
| Ratio- Male/Female | 7 | 7 | 6 | 5 | 5 | 5 | |
| Job | | | | | | | |
| Technical | 3,342 | 4,744 | 4,512 | 4,615 | 3,768 | 4,204 | **4.7%** |
| % of total staff | 40.8% | 57.3% | 63.0% | 65.0% | 53.1% | 60.9% | |
| Non Technical | 4,851 | 3,535 | 2,655 | 2,485 | 3,327 | 2,696 | **-17.2%** |
| % of total staff | 59.2% | 42.7% | 37.0% | 35.0% | 46.9% | 39.1% | |

*** Corrected for an erroneous entry.**

## TABLE 22: TRANSMISSION AND DISTRIBUTION LINES: CIRCUIT LENGTH (KMS)

| AREA | AS AT 30TH JUNE 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| 220 kV | 877 | 877 | 877 | 877 | 877 | 885 | |
| 132 kV | 1,980 | 1,997 | 1,997 | 1,997 | 1,997 | 2,032 | |
| 66 kV | 573 | 574 | 574 | 574 | 576 | 580 | |
| 40 kV | 126 | 126 | 126 | 126 | 126 | 126 | |
| 33 kV | 3,969 | 4,094 | 4,203 | 4,516 | 4,639 | 4,795 | |
| 11 kV | 9,372 | 9,616 | 9,671 | 10,029 | 10,397 | 10,593 | |
| **TOTAL** | **16,897** | **17,284** | **17,448** | **18,120** | **18,612** | **19,011** | **2.4%** |
| **% INCREASE P.A.** | **1.3%** | **2.3%** | **1.0%** | **3.8%** | **2.7%** | **2.1%** | |

## TABLE 23:TRANSFORMERS IN SERVICE: TOTAL INSTALLED CAPACITY IN MVA

| | AS AT 30TH JUNE 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | Avg. Annual Growth over the Last 5 Yrs |
|---|---|---|---|---|---|---|---|
| **Generation S/Stns** | | | | | | | |
| 11/220kV | 288 | 288 | 293 | 293 | 293 | 388 | |
| 11/132kV | 417 | 417 | 431 | 431 | 431 | 675 | |
| 11/66kV | 30 | 30 | 90 | 90 | 90 | 90 | |
| 11/33kV | 217 | 217 | 217 | 263 | 263 | 263 | |
| 1/40kV | 5 | 5 | 5 | 5 | 5 | 5 | |
| 3.3/11/40kV | 8 | 8 | 8 | 8 | 8 | 8 | |
| 3/40kV | 4 | 4 | 4 | 4 | 4 | 4 | |
| 3.3/33kV | 4 | 4 | 4 | 4 | 4 | 4 | |
| **TOTAL** | **973** | **973** | **1,052** | **1,098** | **1,098** | **1,437** | **8.1%** |
| Transmission S/S | | | | | | | |
| 32/220kV | 540 | 540 | 540 | 540 | 540 | 540 | |
| 220/132kV | 730 | 730 | 730 | 730 | 730 | 730 | |
| 220/66kV | 180 | 180 | 180 | 180 | 180 | 180 | |
| 132/66kV | 375 | 375 | 375 | 375 | 375 | 375 | |
| 132/33kV | 415 | 498 | 531 | 554 | 577 | 637 | |
| Distribution S/Stn | | | | | | | |
| 66/11kV | 516 | 562 | 631 | 631 | 675 | 675 | |
| 66/33kV | 15 | 15 | 15 | 38 | 61 | 61 | |
| 40/11kV | 24 | 24 | 24 | 17.5 | 11 | 11 | |
| 33/11kV | 400 | 410 | 452 | 497 | 512 | 512 | |
| **TOTAL** | **3,195** | **3,334** | **3,478** | **3,563** | **3,661** | **3,721** | **3.1%** |
| Distribution TXS | | | | | | | |
| 11/0.415kV and 33/0.415kV | **1,809** | **1,883** | **1,961** | **2,079** | **2,181** | **2,411** | **5.9%** |