



The Kenya Power & Lighting Co. Ltd. | Annual Report & Accounts 2006-2007

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**POWER**



Annual Report & Accounts  
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**BOARD OF DIRECTORS**

2007  
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1. Kenya  
2. EQ



Standing back, left to right: L Njagi (Company Secretary), P Nyolke, E Kioni, E Ochoola, S Mwangi, D Priestman (CEO), S Ki

BOARD OF DIRECTORS



Front, left to right: J Njoroge (MD), C Pepela (Chairman), F Nyaga



**CORPORATE INFORMATION FOR THE YEAR ENDED 30 JUNE 2007**

**Directors**

Dr. Crowther N Pepela  
Eng. Alfred W Sambu  
Eng. Joseph Njoroge

Chairman (W.e.f.: 16.11.2006)  
Chairman (Left: 16.11.2006)  
Managing Director (Appointed: 1.09.2007)

Joseph Kinyua  
Patrick M Nyoike  
Fidesius M Nyaga  
Aram M Mbui

Solomon Kitungu  
Ng'ang'a Munyu  
Eliezar O Ochole  
Esau K Kioni  
Samuel M Mwangi  
Dr. Theodorah Malla-Kilukumi

Alternate to Joseph Kinyua  
Alternate to Patrick M Nyoike  
(Elected: 8.12.2006)  
(Elected: 8.12.2006)  
(Appointed: 22.02.2007)  
(Appointed on 15.10.07)

Dr. Susan M Musyoka  
Eng Swaleh S Imu  
Edwin Wasunna  
Nguji Kiuna  
Zachary O Ayieko

(Left on 8.09.2007)  
(Left on 22.02.2007)  
(Left on 8.12.2006)  
(Left on 8.12.2006)  
Managing Director (Left on 1.09.2007)

**Secretary**

Laurencia K Njagi  
P O Box 30099 - 00100  
Nairobi

**Registered Office**

Stima Plaza  
Kolobot Road  
P O Box 30099 - 00100 Nairobi

**Main Bankers**

Standard Chartered Bank Kenya Limited  
Harambee Avenue  
P O Box 20063 - 00200 Nairobi



Kenya Commercial Bank Limited  
Moi Avenue  
P O Box 30081 - 00100 Nairobi

Co-operative Bank of Kenya Limited  
Harambee Avenue  
P O Box 48231 - 00100 Nairobi

Stanbic Bank of Kenya Limited  
Kenyatta Avenue  
P O Box 30550 - 00100 Nairobi

**Auditors**

Ernst & Young  
Kenya-Re Towers, Upperhill Off Ragati Road  
P O Box 44286, 00100 Nairobi  
On behalf of:  
The Controller and Auditor-General  
P O Box 30084 - 00100 Nairobi

**Principal Legal Advisers**

Hamilton Harrison & Mathews  
ICEA Building  
P O Box 30333 - 00100 Nairobi



## DIRECTORS' BIOGRAPHIES

The biographies of Directors holding office as at the date of this report are as follows:

- 1. Crowther Nyoya Pepela, PhD. – Board Chairman**  
Dr. Crowther Pepela was born in 1938. He has a doctorate degree in physical chemistry and a Bachelor of Science degree. Dr. Pepela has been a consultant in Information Technology for over 30 years, and he also taught in several local universities. Before branching into consultancy practice, Dr. Pepela worked in the oil industry for many years.
- 2. Eng. Joseph K Njoroge, MBA, BSc (Eng.), R. Consulting Eng., Chartered Eng., MIEI, FIEK – Managing Director**  
Eng. Joseph Njoroge was born in 1958 and holds a Bachelor of Science degree in electrical engineering and Master of Business Administration with a major in strategic management. He has over 26 years experience in engineering and management. Mr. Njoroge is a Chartered Electrical Engineer, a Member of the Institution of Engineering and Technology, UK, a Registered Consulting Engineer, and is also a Fellow of the Institution of Engineers of Kenya. He joined the Company in 1980 and rose through the ranks until his appointment as Managing Director, prior to which he was the Chief Manager, Nairobi Region.
- 3. Mr. Patrick Mwaura Nyoike, BSc (Econ.), B.Phil (Math.)**  
Mr. Patrick Nyoike is the Permanent Secretary, Ministry of Energy, and has over 30 years experience in public service. He was born in 1947 and holds Bachelors degrees in mathematics and economics. Prior to his appointment as Permanent Secretary in 2003, he was the Chief Economist and Co-ordinator of World Bank funded projects in the Ministry of Energy.
- 4. Mr. Joseph Kinyua, BSc (Econ.), MA (Econ.)**  
Mr. Joseph Kinyua was born in 1951 and is the Permanent Secretary to the Treasury. He holds Bachelors and Masters degrees in economics. Mr. Kinyua has wide experience in financial and public sector management, having worked in senior positions with the International Monetary Fund (IMF), the Central Bank of Kenya and in Government.
- 5. Mr. Esau Kihumba Kioni, MSc**  
Mr. Esau K Kioni was born in 1942. He has a Master of Science degree in security and crime risk management from the University of Leicester, United Kingdom, and is a fellow of the International Institute of Security, UK. He worked in senior positions in Government for 17 years and in the private sector for 19 years.



6. **Mr. Samuel Muchiri Mwangi, BA (Land Econ.)**  
Mr. Samuel Muchiri Mwangi was born in 1966 and holds a Bachelor of Arts degree in land economics. He is a member of the Institute of Surveyors of Kenya, Land Management Chapter, and has more than 15 years experience in land management and real estate.
7. **Dr. Theodorah Malla-Kilukumi, MB,Ch.B**  
Dr. Theodorah Malla-Kilukumi was born in 1965 and holds a Bachelors degree in medicine. She has wide experience in medical health practice and community leadership.
8. **Mr. Eliezar Ochieng Ochoła, B. Comm,**  
Mr. Eliezar Ochoła was born in 1948 and holds a Bachelor of Commerce degree in accounting. He has over 28 years experience in private sector management, having worked in senior positions in multinational corporations, including Kenya Swiss Chemical Limited (Ciba Geigy Group).
9. **Mr. Fidesius Muchira Nyaga, BA (Econ. & Acc.), CPA (K), CFS (K), FCIS**  
Mr. Fidesius Nyaga was born in 1944. He holds a Bachelor of Arts degree in accounting and economics and is a Certified Public Accountant and Secretary with over 30 years experience in financial management.
10. **Mr. Aram Mutema Mbuli, BSc, (Eng.)**  
Mr. Aram Mbuli was born in 1953. He holds a Bachelor of Science degree in mechanical engineering and has post-graduate training in irrigation engineering. Mr. Mbuli has extensive experience in the public and private sectors, and is the Managing Director of Rift Valley Machinery Services Limited. He has served as Chairman of the Society of Agricultural Engineers and the Federation of Kenya Employers (FKE).
11. **Mr. Solomon Kitungu, BSc (Econ.), MA (Econ.) - Alternate Director to Mr. Joseph Kimya**  
Mr. Solomon Kitungu was born in 1961. He holds Bachelors and Masters degrees in economics. He has wide experience in enterprise supervision and reforms, and is the Director of Reforms, Department of Government Investments and Public Enterprises in the Treasury.
12. **Mr. Ng'ang'a Muryu, BSc, MSc - Alternate Director to Mr. Patrick Nyoike**  
Mr. Ng'ang'a Muryu was born in 1957. He has Bachelors and Masters degrees in science. Mr. Muryu has experience spanning over 20 years as a planner in the Ministry of Energy.





## MANAGEMENT TEAM

- **General Manager & Chief Executive Officer**  
Don Priestman, B. Appl. Sc, MSc. Eng., P.Eng.
- **Managing Director**  
Eng. Joseph K Njoroge BSc (Eng.), MBA,  
R. Consulting Eng., C. Eng., MIET, FIEK
- **Deputy General Manager, Finance & Corporate Services**  
H Mack Kast, B.Com, CA
- **Deputy General Manager, Distribution & Customer Service**  
Shahid Mohammad, MSc. (Eng.), MBA, P. Eng.
- **Company Secretary**  
Laurencia K Njagi, LLB, Dip. in Law, CPS (K)
- **Chief Manager, Distribution & Customer Service**  
Eng. John Ombui, Bsc. Eng, MBA, R. Eng, MIEK, MIEEE
- **Chief Manager, Energy Transmission**  
Eng. Joel M Kilili, Bsc. (Eng.), MBA, R. Eng, MIEK, MIEEE
- **Chief Manager, Supplies, Stores & Transport**  
Eng. Benson Muriithi, BSc. (Eng.), R. Eng.
- **Chief Manager, Information Technology and Telecommunications**  
Eng. Johnson ole Nchoe, BSc. (Eng.), R. Eng.
- **Chief Manager, Finance**  
Lawrence Yego, CPA (K)
- **Chief Manager, Human Resources & Administration**  
Ben Chumo, BA
- **Chief Manager, Planning, Research and Performance Monitoring**  
Eng. David M Mwangi, BSc. (Eng.) R. Eng., MIEK
- **Ag. Chief Manager, Nairobi Region**  
Jared Othieno, BSc. (Eng.)
- **Regional Manager, Coast**  
Joseph Mkomba, BSc. (Eng.)
- **Regional Manager, West**  
Joseph W Masiko, BSc. (Eng.)
- **Regional Manager, Mount Kenya**  
Rosemary K Gitonga, BSc. (Eng.)

## NOTICE OF ANNUAL GENERAL MEETING



**NOTICE IS HEREBY GIVEN THAT THE EIGHTY-SIXTH ANNUAL GENERAL MEETING** of Members of the Company will be held at Stima Members' Club, Thika Road, Nairobi, on Friday 30th November 2007 at 11:00 a.m. to transact the following business:

1. To read the Notice convening the Meeting.
2. To table the proxies and note the presence of a quorum.
3. To receive and consider the Company's audited financial statements for the year ended 30th June 2007, together with the Chairman's, Directors' and Auditors' reports thereon.
4. To approve payment of a second and final dividend of 12% or Shs.2.40 per ordinary share of Shs.20, subject to withholding tax where applicable, in respect of the year ended 30th June 2007, in addition to the interim dividend of Shs.0.60 per share already paid for the period.
5. To elect Directors:
  - (i) Mr. Patrick Nyoike 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.
  - (ii) Mr. Fidesius Nyaga 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.
  - (iii) Mr. Aram Mbuji 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.
  - (iv) Mr. Samuel Mwangi, who was appointed by the Board on 22nd February 2007 to fill a casual vacancy, retires in accordance with Article 128 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for election.
  - (v) Dr. Theodorah Malla-Kilukurni, who was appointed by the Board on 15th October 2007 to fill a casual vacancy, retires in accordance with Article 128 of the Memorandum and Articles of Association of the Company and, being eligible, offers herself for election.



*After Tax Profit*

The Company recorded a net profit after tax of Shs.1,718 million compared to Shs.1,644 million the previous year, after taking into account a deferred tax charge of Shs.930 million.

*Dividend*

The Directors recommend to members that in addition to the interim dividend of Shs.0.60 paid earlier, a final dividend of Shs.2.40 per ordinary share of Shs.20, be paid subject to withholding tax where applicable, to shareholders registered in the books of the Company at close of business on 20th December 2007. This amounts to a total dividend for the year of Shs.3.00 per share compared to Shs.1.50 the previous year. If approved, the dividend will be paid on or about 10th January 2008.

**FUTURE PROSPECTS**

The Company's financial performance has improved steadily over the last four years, and our future strategies will focus on enhancing shareholders' value and further improving the quality of supply and service delivery. These initiatives will be supported by, among others, the ongoing implementation of the US\$153 million Energy Sector Recovery Project, which will enhance the transmission and distribution systems, reduce system losses and improve quality of supply. The strategies in place, combined with the expected continued growth in the economy, gives the Board cause for optimism that the Company will continue to perform well.

**Tribute**

I wish to thank my fellow Directors, management and other staff of the Company for their hard work, which resulted in the improved trading results during the year. I also thank the Government, shareholders and our valued customers for their support.

**DR. CROWTHER PEPELA**  
**CHAIRMAN**

**5th November 2007**



## **OVERVIEW**

During the year under review, we achieved major milestones which contributed significantly to the improved trading results. Our strategies and operations during the year were centred on expanding our customer base, reducing system losses, low voltage breakdowns, voltage fluctuations, improvement of average repair time, reduction of days receivables, and improvement of operational efficiency.

Following is an outline of the major activities carried out during the year:-

### **THE ELECTRICITY NETWORK**

#### **The Energy Sector Recovery Project (ESRP)**

Implementation of the distribution system upgrade under the US\$153 million donor and Company funded Energy Sector Recovery Project (ESRP), which is aimed at improving the efficiency, reliability and quality of supply, as well as increasing Kenyans' access to electricity, commenced during the second part of the year.

As part of the project, a contract for the supply, installation and commissioning of a 66kV cable from Cathedral sub-station to Nairobi West sub-station, including a fibre optic cable, was awarded to Socabelec SA of Belgium at a cost of US\$1.1 million in September 2006. The new cable will improve security of supplies to Nairobi City Centre once completed in December 2007. A contract for the supply and installation of radio equipment in Mt. Kenya was awarded to Motorola Israel Ltd. in September 2006 at a cost of US\$3.380 million. The project will enhance operational efficiency and improve data communication between Mt. Kenya and other regions.

Montreal Montajes, a Spanish company, was awarded a US\$19.211 million contract, financed by a loan from the European Investment Bank (EIB), for upgrade and rehabilitation of eight 132/33kV and 33/11kV substations in Nairobi, Naivasha, Lanet, Lossos and Karuburu. The contract also includes construction of a new 132/33kV substation at Makutano near Eldama Ravine, a new 33kV sub-station at Kabete in Nairobi, and another one at Lessos near Eldoret, in addition to construction of new distribution lines. The work is expected to be completed by July 2009. Once completed, this project will improve the quality and reliability of power supply to the surrounding areas, while creating capacity for connection of new customers.



D Priestman



KPLC lights up Lamu Island at the Coast



D Priestman

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## REPORT OF THE GENERAL MANAGER & CHIEF EXECUTIVE OFFICER

In February 2007, ABB OY of Finland was awarded a Shs.1.02 billion contract funded by a loan from the Nordic Development Fund to carry out rehabilitation works at Nairobi South and Karen substations. The firm will also supply and install new 66/11kV substations along Ngong Road and at Westlands, both in Nairobi, construct 12 kms and 26 kms of new 11kV and 66kV lines, respectively, and reconductor 37.5 km of 11kV lines. Work is expected to be completed by November 2008. This upgrade will significantly improve the quality of supply in Nairobi.

A Shs.268 million contract for the supply of 400,000 single phase electronic energy meters and 5,000 three phase electronic energy meters was awarded to Hexing Electrical Company Ltd. of China in June 2007, with deliveries expected to be completed by December 2007. This contract is financed by a loan from the International Development Agency (IDA), and complements other initiatives to expand the customer base.

A contract for the replacement of the Supervisory Control and Data Acquisition/Energy Management System (SCADA/EMS), which is financed by EIB, was signed with ABB of Sweden in August 2007 at a cost of Shs.1.8 billion. The work is expected to be completed by March 2009, and entails installation of a new SCADA/EMS and a fibre optic cable over the power line infrastructure. This project is a major milestone for the Company as it will transform the management of the electricity network and offer telecommunication backbone for reliable, efficient and fast data communication system, while at the same time providing a better media for tele-protection, and interconnection of radio and ripple systems.

In addition to using the fibre optic cable for internal purposes, the Company intends to make available the extra capacity for commercial use, and is in the process of engaging a consultant to conduct a feasibility study and a business plan, which is expected to be ready by the time the first phase of the project is completed.

Implementation of the foregoing projects was initially hampered by numerous appeals in the Public Procurement Complaints, Review and Appeals Board against tender awards, and litigation instituted in courts by bidders who lost in the competitive bidding process. However, the Company, which adheres to public procurement regulations, won all the protracted appeals and court cases. Nevertheless, the appeals delayed implementation of projects, necessitating revision of their completion dates.

In the meantime, bidding for the upgrade of Athi River, Jeevanjee, Donholm, Sondu, Cherangani, Butere, Jomo Kenyatta International Airport, Gigiri, Thika and Limuru substations; replacement of Nairobi City Centre cables and breakers at various sites; and construction of three new 66kV lines from Nairobi North sub-station to Kikuyu, Kabete and Kileleshwa is in progress, and work is expected to commence within the current financial year. The project is also funded by IDA.



### Connection Policy

The new customer connection policy, whose study was undertaken by Electricite de France (EDF) and funded by Agence Francaise de Developpement (AFD) at a cost of Shs.50 million, became effective from 1st April, 2007. One of the important changes to the connection policy is reduction of the advance payment for group schemes from 50% to 25% of the total cost of the project. The group schemes have been a successful strategy in increasing the customer base.

### Other Transmission and Distribution System Expansion and Upgrade Initiatives

During the year under review, there were increased projects of expanding and upgrading the distribution system, which led to a 22% network growth compared to an average of 10% annual growth achieved over the previous four years. About 500km of distribution lines are targeted for construction in Nairobi during the current financial year to cater for load growth. Following is a summary of some major transmission lines currently under implementation:

#### *132kV Kamburu-Meru, Chemosit-Kisii and Sondu-Kisumu transmission lines and associated substations*

Construction of the 122 km Chinese funded 132kV transmission line between Kamburu and Meru, and the 61km 132kV transmission line between Chemosit and Kisii, is in progress. The works include establishment of 132/33kV substations and installation of 23MVA transformers in Meru and Kisii to reinforce the primary distribution systems. Implementation of these two projects by Messrs. CAMC Engineering Company commenced in October 2006 and will be completed by January 2009. These projects will reduce system losses and significantly improve the quality of power supply in the respective areas. Construction of a 132kV line by Kinden Corporation of Japan to connect the 60MW Sondu-Miriu Hydro Power Station was completed in July 2007.

#### *Proposed Mombasa-Nairobi 132kV Line*

The final feasibility study report on the 330kV Mombasa to Nairobi transmission line carried out by Vattenfall of Sweden with funding from AFD was completed in June 2007. Electricite de France (EDF) carried out the study to analyse various options of connecting the proposed lines to the existing system in Nairobi in view of environmental and socio-economic issues identified in the final report. Funding for the implementation of this project is being sought.

#### *Proposed Rabai-Galu 132kV Line and Associated Sub-Station*

Negotiations between the Company, Ministry of Energy and M/S Pauwels International LV were completed in August 2007 for construction of a 60 kms 132kV line and establishment of a 23MVA substation at Galu Substation in the South Coast at an estimated cost of Euros 10 million. The project is financed by the Belgian government through Overseas Economic Cooperation Development funding. The project work commenced in September 2007 and is expected to be completed by March 2009.





KPLC lights up Lamu Island at the Coast







### **CUSTOMER SERVICE**

During the year under review, the company continued to invest in new service delivery innovations. In addition to the Ebill service, through which customers can check their electricity account balance and bill due date by SMS and e-mail, the Company entered into a partnership with the Cooperative Bank of Kenya to enable their common customers to pay electricity bills through SMS. Plans are underway to include other banks, and Safaricom and Celtel mobile telephone service providers, in providing the service. New electricity payment outlets were opened at selected Uchumi Supermarkets, while additional centres were opened through the Postal Corporation of Kenya and Cooperative Bank branches. The Company also plans to introduce a bill due date alert service, which will increase customer satisfaction, enhance revenue collection and reduce disconnection and reconnection expenses.

The integrated customer service (ICS) system, which has been in operation for over 10 years, was also upgraded during the year in line with the demands of the changing business environment and customer needs, as well as to be able to cope with the growing database. Customer service staff were also retrained with special emphasis on timely resolution of customer queries and complaints.

#### *ISO Certification*

With a view to benchmarking its services and operations to international best practice, the Company was ISO 9001:2000 certified during the year under review. The ISO standard has a quality management system (QMS) whereby the Company continually demonstrates its ability to provide products/services that meet customers' expectations and regulatory requirements, thereby enhancing customer satisfaction.

#### *Marketing*

The Company launched an aggressive marketing campaign of the "Umeme Pamoja" brand, as part of efforts to increase the customer base, while challenges that had previously constrained customer growth were addressed by enhancing the capacity of internal construction teams, outsourcing and ensuring timely availability of construction materials. Among other marketing programmes undertaken during the year included popularising and enhancing KPLC brands such as E-bill and Easy pay, (a bill payment service through alternative outlets such as banks, supermarkets, post offices and mobile phones). This was done through advertising in the electronic and print media, shows, exhibitions and direct marketing.

### **GENERATION CAPACITY**

During the year, there was adequate generation capacity to meet energy demand. The maximum daily peak demand recorded was 987MW compared to 916MW the previous year, an increase of 7.7% against an effective generation capacity of 1,041MW, and a reserve capacity margin of 5.5%. Fourty megawatts of the 100MW emergency power contracted by the Government through KenGen from Aggreko Ltd, was transferred to 132/33kV Eldoret substation to support the West Kenya



system. The peak demand is projected to grow to 1,153 MW in 2007/2008 against an effective generation capacity of 1,185 MW, leaving a reserve capacity margin of 3%.

Generation capacity is expected to be enhanced when ongoing committed generation projects with a combined capacity of 556MW are commissioned between 2007 and 2010. Some of these projects are: the 60MW Sondu/Miriu plant by December 2007; an additional 52.2MW from Iberafrica Power and 25MW from Mumias Sugar Company Ltd. by November 2008. Development of the Rabai 90MW diesel generating plant by an independent power producer, originally expected to be completed by June 2008, has been delayed by a court case lodged by an unsuccessful bidder.

### **REGIONAL INTERCONNECTION**

Kenya is involved in various initiatives aimed at accessing existing and potential regional power pools. Among the objectives of such pools are optimisation of usage of available energy resources, efficient co-ordination of power production and transmission initiatives, as well as power trading, reduction of production costs and creation of a conducive environment for investment in the power industry. Some of these initiatives are:

#### *Kenya-Ethiopia Inter-connector*

Fichtner Consulting Engineers of Germany has been awarded a contract to carry out a feasibility study for the Kenya-Ethiopia power inter-connector. The study is expected to be completed by August 2008 and is funded by grants from French Development Agency (AFD), German Development Bank (KfW), African Development Bank (ADB) and the Development Bank of Southern Africa at a cost of Euros 1.7 million.

#### *Nile Basin Initiative*

The regional interconnector feasibility study initiated by the Nile Equatorial Lakes Subsidiary Action Programme (NELSAP) was completed in August 2007. The study proposed interconnection projects which will facilitate trade in electricity among the countries involved namely: Kenya-Uganda, Uganda-Rwanda, Rwanda-Burundi and Rwanda-Democratic Republic of Congo.

### **RURAL ELECTRIFICATION**

The Government set up a Rural Electrification Authority (REA) and appointed a Chief Executive with effect from 1st September 2007. The REA will henceforth coordinate implementation of rural electrification projects, while the Company will continue to play a role in implementing the projects as a contractor, among others, on behalf of the REA. During the year under review, 444 of the targeted 940 rural electrification schemes covering trading centres, secondary schools, health facilities and community water schemes were completed throughout the country at a cost of Shs.2.2 billion.



## REPORT OF THE GENERAL MANAGER & CHIEF EXECUTIVE OFFICER

Twelve KPLC teams, eight turnkey contractors employing more than 3,200 workers, and more than 570 labour and transport contractors employing more than 9,800 workers countrywide, were involved in construction of the completed projects. The projects have benefited 290 market centres in the 210 constituencies in the country. These include 200 schools, 80 health centres, 25 boreholes, six government/administrative centres, 25 coffee factories, 10 tea buying centres, and 13,320 residential customers. Sixty-three of the projects are in Nairobi, 144 in West Kenya, 40 in North Rift, 32 in Central Rift, 89 in Mt. Kenya North, 40 in Mt. Kenya South, and 36 at the Coast. Another 900 projects are targeted for completion by the end of December 2007 at a cost of Shs.6,105 million. This will bring the total number completed between June 2006 and December 2007 to 1,344 projects at a cost of Shs.8,506 million. The cumulative capital expenditure since inception of the Rural Electrification Programme in 1973 rose to Shs.13,000 million during the year, up from Shs.9,331 the previous year.

A total of Shs.1,163 million was collected from the Rural Electrification Levy during the year, compared to Shs.1,085 million the previous year. The number of customers connected under the programme rose by 20% to 133,047, up from 110,724 the previous year, while units sold increased by 9% from 186 million to 203 million, and revenue realised grew by 12% from Shs.1,539 million the previous year to Shs.1,721 million.

### *AFD Funded RE Projects*

Implementation of the second phase of the French funded distribution system expansion project of Euros 30 million commenced in May 2007. This followed completion of the first phase in Nyanza, Western and Rift Valley in 2005 at a cost of Shs.850 million.

### *Spanish Funded RE Projects*

The commercial agreement for construction of schemes covered under Phase III of the Spanish funded distribution system expansion programme was signed between the Company and the contractor. Implementation of this phase is now awaiting execution of a financial agreement between the governments of Kenya and Spain.

## **HUMAN RESOURCES**

As at 30th June 2007, the Company had 6,399 staff and 924,329 customers, giving a customer-staff ratio of 144:1. This compares with a 6,202 staff against 802,249 customers and a customer-staff ratio of 129:1 as at 30th June 2006. The Company implemented job evaluation recommendations for management staff in January 2007 aimed at addressing salary inequalities, which has enhanced their motivation and productivity. The Company continues to invest in its human capital through comprehensive staff training and development programmes. During the year under review, over 3,500 employees attended various training programmes both locally and overseas. Industrial harmony was maintained throughout the year, save for an interruption of work by a section of union-represented employees in March 2007, which was quickly resolved by management. The Collective Bargaining Agreement for 2007/2008 was signed on 14th December 2006 and became



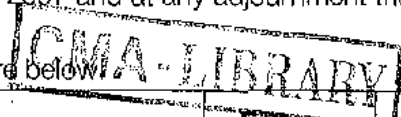
**THE KENYA POWER AND LIGHTING COMPANY LIMITED**  
**P.O. BOX 30099 - 00100 NAIROBI**  
**FORM OF PROXY FOR ANNUAL GENERAL MEETING**

I/We \_\_\_\_\_ **BLOCK**  
 \_\_\_\_\_ **CAPITALS**  
 \_\_\_\_\_ **PLEASE**

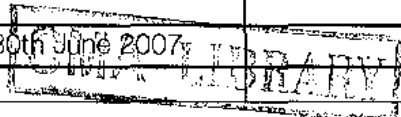
being (a) Member(s) of the above-named Company, HEREBY APPOINT

\_\_\_\_\_ of P.O. BOX \_\_\_\_\_  
 or failing him/her the Chairman of the Meeting as My/our proxy to vote for me/us and on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on Friday, 30th November 2007 and at any adjournment thereof.

My/our proxy is to vote in favour of/against the Resolutions as indicated here below



Item	Business	For	Against
1.	The receipt and consideration of the audited financial statements for the year ended 30th June, 2007 together with the Chairman's, Directors' and Auditors' reports thereon.		
2.	Declaration of Dividend for the year ended 30th June 2007		
3.	<b>Election of Directors:</b>		
	i) Re-election of Mr. Patrick Nyoike		
	ii) Re-election of Mr. Mr. Fidesius Nyaga		
	iii) Re-election of Mr. Mr. Aram Mbui		
	iv) Election of Mr. Samuel Mwangi		
	v) Election of Dr. Theodorah Malla-Kilukumi		
4.	Approve payment of Directors' Fees for the year ended 30th June 2007		
5.	Remuneration of Auditors.		



Signature \_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2007

**NB:**  
 If the appointor is a corporation, the proxy must be executed under its common seal or under the hand of an Officer or Attorney duly authorized in writing. Unless otherwise indicated the proxy will vote as he/she deems fit.

FOR OFFICIAL USE ONLY	
7%	
4%	
<b>ORDINARY</b>	
<b>TOTAL</b>	





**INFORMATION COMMUNICATION TECHNOLOGY (ICT) SERVICES**

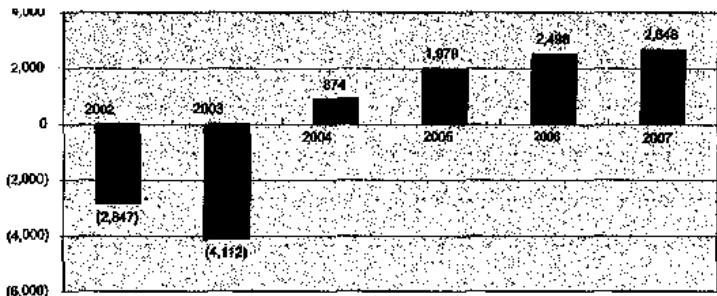
During the year, other major upgrades were carried out on various ICT applications to enhance customer service. To improve systems reliability and performance, Kenya Data Networks (KDN) was contracted as the Company's second network operator in addition to Telkom Kenya. The Company also implemented the Electronic Tax Register (ETR) and fiscalised all customer bills, which has improved revenue collection. The department participated in new customer service initiatives by providing the necessary business platforms.

**CONCLUSION**

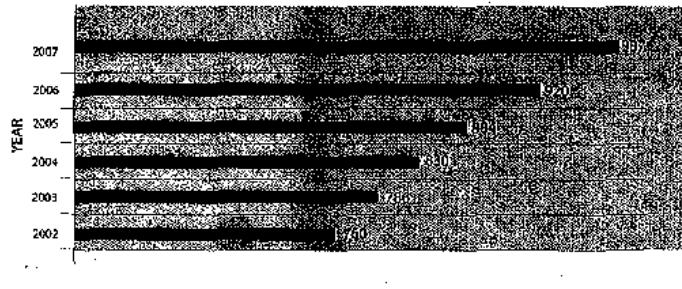
With a clear focus on growth and utilisation of our strategic resources to take advantage of emerging business opportunities, particularly information communication technology, I am optimistic that the Company's good performance will be maintained.

**DON PRIESTMAN**  
**CHIEF EXECUTIVE OFFICER**  
5th November 2007

Profit before Tax



Electricity Peak Demand (MW)





**INFORMATION COMMUNICATION TECHNOLOGY (ICT) SERVICES**

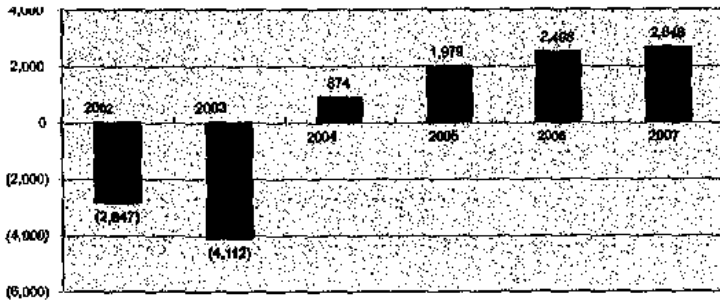
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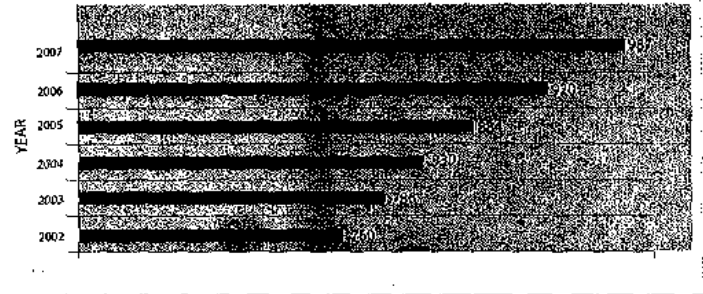
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5th November 2007

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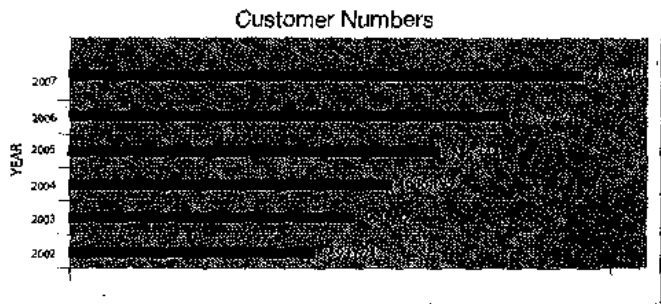
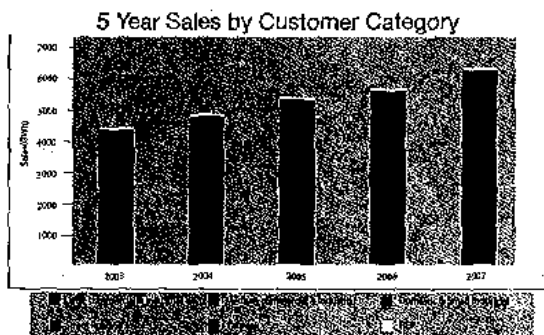
effective in January 2007. In recognition of long service and accident-free driving, the Company held an awards ceremony during which 807 long serving employees and 724 accident-free drivers received awards and bonuses.

**HIV/Aids**  
Following implementation of the Company's HIV/Aids Policy in 2005, employees and their immediate families continue to access free anti-retroviral drugs through the various Company appointed medical service providers. This is in addition to other medical benefits enjoyed by all staff. The Company also issued guidelines to staff on home based care for people living with HIV and Aids.

**UNBUNDLING OF TRANSMISSION AND DISTRIBUTION FUNCTIONS**

The Government intends to transform the power transmission network into an open access system to allow large electricity customers to purchase power from generators. In view of the planned future interconnection of Kenya's electricity grid with Ethiopia, Tanzania and other Southern Africa Power Pool (SAPP) countries, and strengthening of the interconnection with Uganda, the Government views open access as having the potential to enhance market and supply options for both power generation and large consumers.

The Government procured the services of PricewaterhouseCoopers in May 2007 to review among others, the extent to which the KPLC transmission division has evolved as a business unit, determine the basis of transfer of assets and liabilities from KPLC to the transmission entity and the financial impact, highlight the advantages and disadvantages of unbundling KPLC, especially paying due regard to revenue transaction methods between the new entity and KPLC, and make recommendations on how unbundling may be best implemented. Unbundling of KPLC could have significant implications on the Company depending on the model adopted. Accordingly, in a bid to protect the interests of stakeholders, the Board has made representations on the matter known to both the consultant and the Ministry of Energy, taking into account the experiences around the world of unbundling an electricity system such as Kenya's. Shareholders of KPLC and other stakeholders will be informed on the outcome once the study is completed.



**THE KENYA POWER AND LIGHTING COMPANY LIMITED**  
**SLP 30099 - 00100 NAIROBI**  
**FOMU YA UAKILISHI KWA MKUTANO MKUU WA MWAKA**

Mimi/Sisi \_\_\_\_\_ **TAFADHALI ANDIKA**  
 \_\_\_\_\_ **KWA HERUFI**  
 \_\_\_\_\_ **KUBWA**

Nikiwa mwanachama/Tukiwa wanachama wa Kampuni iliyotajwa hapo juu, NINAMTEUA/TWAWATEUWA  
 \_\_\_\_\_ wa S.L.P \_\_\_\_\_

au badala yake Mwenyekiti wa Mkutano awe mwakilishi wangu/wetu kwa kupiga kura kwa niaba yangu/yetu kwenye MKUTANO MKUU WA MWAKA wa Kampuni utakaofanyika mnamo siku ya Ijumaa, tarehe 30 Novemba 2007 au kwa uahirishaji wake wowote.

Mwakilishi wangu/wetu atapiga kura kuunga au kupinga mapendekezo kama inavyo onyeshwa hapa chini:

Orodha	Hoja	Kuunga	Kupinga
1.	Kupokea na kujadili taarifa za uhasibu zilizokaguliwa za mwaka uliokamilika tarehe 30 Juni 2007, pamoja na ripoti za Mwenyekiti, Wakurugenzi na Wakaguzi wa uhasibu zilizopo.		
2.	Kutangazwa kwa mgao wa faida.		
3.	<b>Uchaguzi wa Wakurugenzi:</b>		
	i) Kuchaguliwa tena kwa Bw. Patrick Nyoike		
	ii) Kuchaguliwa tena kwa Bw. Fidesius Nyaga		
	iii) Kuchaguliwa tena kwa Bw. Aram Mbui		
	iv) Kuchaguliwa kwa Bw. Samuel Mwangi		
	v) Kuchaguliwa kwa Bi. Dr. Theodorah Maila-Kilukumi		
3.	Kuidhinisha malipo ya Wakurugenzi ya mwaka uliokamilika tarehe 30 Juni 2007.		
4.	Malipo ya Wakaguzi wa uhasibu.		

Sahihi \_\_\_\_\_

Hii siku ya \_\_\_\_\_ mwezi wa \_\_\_\_\_ 2007

**NB:**  
 Ikiwa mteuzi ni shirika, uakilishi ni sharti uwe umeidhinishwa kwa muhuri wa shirika au kwa idhini ya Afisa au Mwanasheria aliyepewa barua ya kumuidhinisha kufanya hivyo. Isipokuwa awe ameshauriwa vingine, mwakilishi atapiga kura kulingana na uamuzi wake.

KWA MATUMIZI RASMI PEKEE	
7%	
4%	
<b>KAWAIDA</b>	
<b>JUMLA</b>	



**THE KENYA POWER AND LIGHTING COMPANY LIMITED**  
**P.O. BOX 30099 - 00100 NAIROBI**  
**FORM OF PROXY FOR ANNUAL GENERAL MEETING**

I/We \_\_\_\_\_ **BLOCK**  
 \_\_\_\_\_ **CAPITALS**  
 \_\_\_\_\_ **PLEASE**

being (a) Member(s) of the above-named Company, HEREBY APPOINT

\_\_\_\_\_ of P.O. BOX \_\_\_\_\_  
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4.	Approve payment of Directors' Fees for the year ended 30th June 2007		
5.	Remuneration of Auditors.		

Signature \_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2007

**NB:**

If the appointor is a corporation, the proxy must be executed under its common seal or under the hand of an Officer or Attorney duly authorized in writing. Unless otherwise indicated the proxy will vote as he/she deems fit.

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7%	
4%	
<b>ORDINARY</b>	
<b>TOTAL</b>	



## INTRODUCTION

The Board and management keenly support responsible business that enhances social and economic wellbeing of all stakeholders, while at the same time being sensitive to the environment. In line with this, the Board recently approved a Corporate Social Responsibility (CSR) policy, whereby one percent of the Company's after-tax profit will be expended on CSR activities. Apart from the financial boost to CSR activities, KPLC's work ethic encompasses social responsibility in all Company operations. Following are brief summaries of some of the social responsibility activities undertaken during the 2006/2007 financial year.

### **Safety, Health and Environment (SHE) Policy**

This policy was launched during the year and outlines our commitment to providing a safe and healthy workplace for employees and everyone who interacts with our business. The Company recognises that safety is vital to the interests of the business, and actively encourages staff to make business decisions in line with the policy. An intensive training programme on safety targeting all operational staff was also carried out during the period under review.

### **Customers**

Electricity plays a critical role in the social and economic development of an economy. The Company therefore has an enormous national responsibility to evolve policies to enable Kenyans to access this important energy source.

In this regard, KPLC's connection policy was improved to make it cheaper and easier for Kenyans to get connected. A strategy to provide electricity supply to more people living in informal settlements also commenced during the year in collaboration with the Ministries of Energy, Planning and National Development and Housing, the City Council, the Provincial Administration, local communities and other stakeholders.

### **The Environment**

Our business is highly dependent on wood for poles, water, fuel and geothermal resources for generation of electricity. Protection of trees and other natural resources to ensure sustainability is therefore a priority for the Company. In recognition of this, the Company maintains a tree nursery in Eldoret and plants 50,000 new trees each year from the nursery during the Company's annual tree planting day, including during the year under review, and donates an equal number to neighbouring communities. This facilitates rehabilitation of forestland and encourages growing of commercial trees for poles by local communities. So far, the Company has planted more than 60 hectares of forest in the Rift Valley, and the total number of trees planted since 2000 is 147,680, with a similar number donated to communities. Plans are underway to partner with small scale farmers to grow and supply poles to the Company.



## CORPORATE SOCIAL RESPONSIBILITY REPORT

### Support to Society

KPLC supports various causes and during the year contributed to the following, among others: Autism Society of Kenya, – Shs.120,000; International Women's Aids Run – Shs.200,000; Energy Management Awards – Shs.400,000; golf tournaments in Nyeri and Machakos for customers and other stakeholders – Shs.150,000; Standard Chartered Nairobi Marathon – Shs.75,000; electricity supply connection at Mukuru Primary School and Community Centre – Shs.116,218; various children's homes – Shs.80,000, and Komarock Primary School – Shs.15,000 . KPLC is also an active member and supporter of the Kenya Association of Resident Association (KARA), whose mandate is to represent the voice and action of resident associations on consumers' and taxpayers' rights countrywide.

### Proper Conduct

The principle of good corporate conduct is the basis on which our business is managed. We work to ensure that our employees continuously uphold high standards of conduct in the performance of their duties. We also ensure that the Company is fully compliant with all legal requirements.

### Support to Education

We recognise that a skilled youth population is essential for economic development. During the period under review, about 200 students graduated from the company-owned and managed training school in Ruaraka, Nairobi, and 343 students from various colleges and universities all over the country were attached in various departments of the Company as part of their course work.

### Our Employees

Our employees are the most important asset of the Company, and we continuously invest in training them and developing their skills. The Company also continues to welcome into its ranks new skilled and qualified staff. To motivate and retain staff, the Company has attractive remuneration and welfare activities, including benefits outlined in various policies.

In order to encourage more women into the workforce, the Company is in the process of implementing a Government directive requiring that the workforce should comprise 30 percent women employees. A gender officer has been appointed to coordinate efforts aimed at addressing this and other gender related issues.

**DR. CROWTHER PEPELA**  
**CHAIRMAN**

5th November 2007



Corporate governance is the process and structure used to direct and manage the business affairs of the Company towards enhancing prosperity and corporate accounting with the ultimate objective of realising shareholders' long term value while taking into account the interest of other stakeholders. We at KPLC believe that corporate governance is core to ensuring the creation, protection and enhancement of shareholder value, and that the Company remains a sustainable and viable business of global stature.

Directors and management of the Company are unreservedly committed to the highest level of corporate governance and strive to foster a culture that values ethical standards, integrity and respect for others. As part of this commitment, the Board has adopted and complies with the Guidelines on Corporate Governance developed by the Capital Markets Authority (CMA). This statement sets out the main corporate governance practices in operation in the Company.

### **BOARD MANUAL, CHARTER AND CODE OF CONDUCT**

The Board has a published Manual, Board Charter and Code of Conduct. These documents explain to each Board member the collective and individual powers, duties, obligations, responsibilities and liabilities of Directors. The Board Charter seeks to ensure the effectiveness of each Director's contribution in the governance of the Company by facilitating full and free exercise of independent judgement and professional competencies. In particular, the Board Manual sets out clearly important governance arrangements in the Company on among others, the following areas: (i) appointment of directors and requirements for skills/gender mix and balance of independent and other directors; (ii) recognition of and commitment to respect the rights of shareholders; (iii) roles of the Chairman, Managing Director and Company Secretary; (iv) conduct of Board meetings; (v) Directors induction and development; (vi) terms of reference for all Board Committees; and (viii) disclosure of material information to the public.

### **BOARD OF DIRECTORS**

The Board consists of nine non-executive Directors including the Chairman and a Managing Director. The Directors' biographies are on pages 6 and 7. Directors possess a broad range of skills, qualifications and experience required to direct the Company.

At least one third of the Board members are required to submit themselves for re-election each year during the Annual General Meeting. Any Director appointed by the Board during the year is required to retire and seek re-election at the next Annual General Meeting. Business transactions with all parties, Directors or their related parties are carried out at arms length. Directors are required to disclose any transactions in which they have interest and which would constitute a conflict of interest and to abstain from voting when such matters are being considered.



### RESPONSIBILITIES

The Board engaged the services of Manitoba Hydro International Limited (MHI) as a Management Contractor for the Company for a period of two years from 1st July 2006. Pursuant to the Management Contract, MHI has provided three key staff, including the General Manager & CEO. The separate roles of the Chairman, Managing Director and the General Manager & Chief Executive Officer are maintained. The Chairman is primarily responsible for providing leadership of the Board and ensuring that it is supplied in a timely manner with sufficient information to enable it to discharge its duties.

The General Manager as the chief executive officer of the Company, is responsible for the day to day management of the Company and is accountable for the performance of the Company. The Managing Director assists and is understudying the General Manager & Chief Executive Officer and will take over the management of the Company once the Management Contract expires in June 2008.

The primary responsibilities of the Board include: establishment of short and long term goals of the Company and strategic plans to achieve those goals; ensuring preparation of the annual and half-year financial statements; approval and review of the annual budgets; setting and periodically reviewing key performance indicators and management performance; managing risks by ensuring that the Company has adequate systems of internal controls together with appropriate monitoring of compliance activities; and working with management to realise shareholders' value.

Directors have full access to the advice and services of the Company Secretary. They are also entitled to obtain independent professional advice on any matter at Company expense, should they deem this necessary. The Board is given full and timely access to relevant information. New Directors are also inducted through provision of necessary information pertinent to the Company's business, meetings with Management and training so as to enhance their understanding of the Company's legislative framework, its governance processes, and the nature of the business and operations of the Company. Continuous training is provided.

### BOARD WORK PLAN AND MEETINGS

The Board meets at least once a month or more often in accordance with requirements of the business. The Board work plan and calendar of meetings is prepared annually in advance. Adequate notice is given for each Board meeting and Directors receive detailed papers on issues to be discussed in good time before the meeting. The Board held a total of seven (7) regular and twelve (12) special meetings during the year, which were very well attended. This is in addition to Board Committee meetings.



## BOARD COMMITTEES

A number of standing committees exist in order to assist the Board and management fulfill their responsibilities. Ad hoc committees are constituted to deal with pertinent issues as they arise. Each committee operates within the ambit of defined terms of reference assigned to it by the Board. During the year, the Board had the following standing and ad hoc committees, which were further reconstituted in January 2007.

### *Audit Committee*

The Audit Committee was constituted in 1999 and its mandate redefined in April 2003 in line with the Capital Markets Guidelines on Corporate Governance. The Committee comprises four non-executive Directors and is chaired by a non-executive Director.

The Audit Committee currently comprises the following members:

- Mr. E Ochola - Chairman
- Mr. E Kioni
- Mr. F Nyaga
- Mr. S Mwangi

The Committee routinely invites the General Manager and Chief Executive Officer, the Managing Director, the Deputy General Manager, Finance, and the Internal Audit Manager to its meetings. The external auditors are invited to attend the meetings whenever necessary.

The Committee's responsibilities include:

- (i) Examination of quarterly, half-year and annual financial statements.
- (ii) Discussion with the external auditor before commencement of the annual audit.
- (iii) Consideration of issues identified by the external auditors.
- (iv) Consideration of audit fees for recommendation to the Board.
- (v) Review of the function, operations and findings of the Internal Audit Department, and
- (vi) Review of risk management strategies in ensuring business continuity and survival.

The Committee held four meetings during the year.

### *Staff and Remuneration Committee*

The Staff & Remuneration Committee's mandate includes recommending to the Board terms and conditions of service of the Managing Director and staff and recommendations for appointment and disciplinary issues of senior staff. The Committee also recommends to the Board, adoption of human resources policies and corporate organizational structure to support the Company's business.

The members who serve in the Committee are:

- Mr. E Kioni – Chairman
- Mr. P Nyoike
- Mr. S Kitungu (Alternate to Mr. J Kinyua)
- Eng. J Njoroge
- Mr. A Mbui
- Mr. D Priestman

The Committee held two meetings during the year.





## CORPORATE GOVERNANCE STATEMENT

### *Central Tender Committee*

The Central Tender Committee was established pursuant to the requirements of the Exchequer and Audit Act (Public Procurement Regulations) 2001. Its main functions include approval of award of tenders of goods and services with a value exceeding Shs.500,000. The Public Procurement and Disposal Act, 2005 and Public Procurement and Disposal Regulations, 2006, which came into operation from 1st January 2007, introduced changes to the structure of the tender committees for procuring entities bound by the Act. However, as part of the transition provisions, the Central Tender Committee continued to adjudicate on procurements commenced prior to 1st January 2007.

The members of this Committee include three non-executive Directors. They are: • Mr. F Nyaga - Chairman • Mr. E Ochola • Mr. A Mbui

Other members are the General Manager & Chief Executive Officer and senior management staff in accordance with the Procurement Regulations, 2001. The Central Tender Committee held a total of 25 meetings during the year in line with business requirements.

### *Procurement Oversight Committee*

The Procurement Oversight Committee was constituted in January 2007 and plays an oversight role in procurement on behalf of the Board, which is not represented in the Tender Committee. The functions of the Committee includes: considering the annual procurement plan for recommendation to the Board, monitoring the procurement process to ensure compliance with the approved annual procurement plan, and approving strategic procurement.

Members constituting the Committee are: • Mr. A Mbui – Chairman • Mr. E Ochola • Eng. J Njoroge • Mr. D Priestman  
The committee held three meetings during the year.

### *Board Strategy & Customer Service Committee*

The Board Strategy & Customer Service Committee was constituted in February 2005 to devise strategies that would facilitate the Board to give guidance and strategic direction to management.

Its members are: • Mr. F Nyaga - Chairman • Eng. J Njoroge • Mr. S Kitungu • Mr. S Mwangi • Mr. E Kioni • Mr. D Priestman

The committee held one meeting during the year.

### *Committee on IPP Negotiations*

The Board constituted a committee in May 2003 to renegotiate the power purchase agreements with the independent power producers. Members of the committee are: • Mr. E Kioni – Chairman • Mr. E Ochola • Mr. F Nyaga • Eng. J Njoroge • Mr. D Priestman. The Committee invites management staff with relevant expertise to its meetings. The committee held 10 meetings during the year.



### *Information Technology Committee*

This Committee was constituted in January 2007, taking cognizance of the critical role of information and telecommunication technology in modern business. It is charged with the responsibility of reviewing the Company's IT policy, addressing issues of IT security, ensuring that the system supports the business objectives of the Company and that it derives maximum benefits from the investments it has made in IT, as well as evaluating the available business opportunities.

Members constituting the Committee are: • Mr. S Mwangi - Chairman • Mr. A Mbui • Eng. J Njoroge • Mr. D Priestman  
The Committee held its inaugural meeting in June 2007.

### **DIRECTORS' REMUNERATION**

Details of Directors' remuneration are set out in the report on pages 76. For the financial year under review, Directors were not paid monthly fees in accordance with the guidelines by the Government to all state corporations that Directors' fees would be paid annually after approval by shareholders. The Directors' fees payable each year would also be within the limits approved by the Government. It is proposed that Directors are each paid fees of Shs.360,000 for the financial year ended 30th June 2007 or pro rata for any part thereof. The total Directors' fees amount to Shs.3,691,000.

Directors are also paid sitting allowance for every meeting attended, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable, all in line with the ceilings approved for state corporations by the Government. Additionally, the Chairman is paid a monthly honorarium.

There were no Directors' loans at any time during the year.

### **INTERNAL CONTROLS**

The Directors acknowledge their responsibility as set out on page 57 for the Company's system of internal financial control, including taking reasonable steps to ensure that the systems are being maintained. Internal control systems are designed to meet the particular needs of the Company, and the risks to which it is exposed with procedures intended to provide effective internal financial control. However, such a system can only provide reasonable, but not absolute, assurance against material misstatement.

### **Directors' Shareholding**

No Director holds shares in his individual capacity that is more than 1% of the Company's total equity.

### **Ethical Standards**

The Company has a Code of Conduct for the Board and management staff. The Company also ascribes to the ethical standards prescribed by the Public Officer Ethics Act. These require all directors and employees to conduct business with integrity.



**ACCOUNTABILITY AND AUDIT**

**Directors' responsibilities in relation to financial statements**

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 profit or loss of the Company for that period. The Directors are responsible for ensuring that suitable accounting policies are consistently applied, supported by reasonable and prudent judgments and estimates and those applicable accounting standards are followed.

The Directors are responsible for ensuring that the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act. They also have general responsibility for the systems of internal control for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.

**COMMUNICATION WITH SHAREHOLDERS**

The Company places a great deal of importance on communication with its shareholders and publishes its financial statements in the local press on half year and annual basis. The results are also available on our website: [www.kplc.co.ke](http://www.kplc.co.ke). The full report and accounts are distributed to all shareholders on an annual basis. All shareholders are entitled to attend the Annual General Meeting for which notice is posted at least 21 clear days before the meeting. The shareholders are given the opportunity to ask questions on any matter relating to the business of the Company.

**SHAREHOLDING PROFILES**

The Company files monthly reports as prescribed by the Capital Markets Authority and Nairobi Stock Exchange under the listing regulations on transactions related to shareholders. The top 10 major shareholders as at 31st July 2007 were as follows:



### TOP 10 SHAREHOLDERS AS AT 31st JULY 2007

	Name of Shareholder	No. of Shares	Percentage (%)
1.	Permanent Secretary, Treasury	32,853,268	40.421
2.	Barclays (K) Nominees Ltd.	8,674,715	10.67
3.	Board of Trustee N.S.S.F.	6,418,101	7.896
4.	Stanbic Nominees Kenya Ltd.	1,512,827	1.861
5.	Jubilee Insurance Co. Ltd.	1,495,823	1.840
6.	KCB Nominees Ltd.	1,327,531	1.63
7.	Trans-Century Ltd.	1,093,303	1.345
8.	Karim Jamal	1,069,458	1.316
9.	Alimohamed Adam	864,050	1.063
10.	Phoenix of E.A. Assurance Co. Ltd.	730,168	0.898
	Total	56,039,244	68.94

### SHARES DISTRIBUTION FOR ORDINARY SHAREHOLDERS

Range	No. of Shareholders	Shares Held
<1,000	4,936	1,874,764
1001-10,000	1,915	6,471,248
10,001-50,000	368	7,848,764
50,001-100,000	67	4,911,716
Over 100,000	78	58,021,508
Total	7,364	79,128,000

*Crowther N. Pepela*

**DR. CROWTHER PEPELA**  
**CHAIRMAN**

5th November 2007



## **ILANI YA MKUTANO MKUU WA KILA MWAKA**

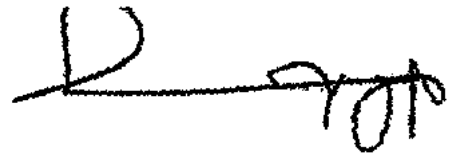
**ILANI INATOLEWA HAPA KWAMBA MKUTANO MKUU WA THEMANINI NA SITA WA KILA MWAKA** wa wanachama wa Kampuni utafanyika katika Stima Members Club, Thika Road, Nairobi, mnamo Novemba 30, 2007 saa tano asuhuhi kuendesha shughuli zifuatazo:

1. Kusoma Ilani ya kuandaa Mkutano.
2. Kuwasilisha majina ya wajumbe wawakilishi na kutambua kuwepo kwa idadi ya kutosha ya wanachama kuendesha shughuli.
3. Kupokea na kuangalia taarifa za kifedha za Kampuni zilizokaguliwa kwa kipindi kilichomalizika Juni 30, 2007, pamoja na ripoti za Mwenyekiti, Wakurugenzi na Wahasibu.
4. Kuidhinisha malipo ya mgao wa pili na wa mwisho wa asilimia 12 au Sh2.40 kwa kila hisa ya kawaida ya Sh20, baadaya kuondoa ushuru uliosalia inapohitajika, kuhusiana na mwaka unaomalizika Juni 30, 2007, pamoja na mgao wa faida wa muda wa Sh0.60 kwa kila hisa uliolipwa tayari kwa muda huo.
5. Kuchagua Wakurugenzi:
  - i.) Bw. Patrick Nyoike anastaafu kwa mzunguko kwa mujibu wa Kifungu 120 cha Katiba ya Kampuni, na kwa vile anafaa, anajitolea kuchaguliwa tena.
  - ii.) Bw. Fidesius Nyaga anastaafu kwa mzunguko kwa mujibu wa Kifungu 120 cha Katiba ya Kampuni, na kwa vile anafaa, anajitolea kuchaguliwa tena.
  - iii.) Bw. Aram Mbui anastaafu kwa mzunguko kwa mujibu wa Kifungu 120 cha Katiba ya Kampuni, na kwa vile anafaa, anajitolea kuchaguliwa tena.
  - iv.) Bw. Samuel Mwangi, aliyeteuliwa na Bodi mnamo Februari 22, 2007 kujaza nafasi ya muda, anastaafu kwa mujibu wa Kifungu 128 cha Katiba ya Kampuni, na kwa vile anastahili, anajitolea kuchaguliwa.
  - v.) Bi. Dkt. Theodorah Malla- Kilukumi, aliyeteuliwa na Bodi mnamo Oktoba 15 kujaza nafasi ya muda, anastaafu kwa mujibu wa Kifungu 128 cha Katiba ya Kampuni, na kwa vile anastahili, anajitolea kuchaguliwa.
6. Kuidhinisha malipo ya ujira wa Wakurugenzi chini ya viwango vilivyoratibiwa na Serikali wa Sh360,000 kwa kila mkuru genzi kwa mwaka uliomalizika Juni 30, 2007 na kugawa kwa uwiano malipo mengineyo

Mwanachama yeyote anayehitimu kuhudhuria na kupiga kura kwenye mkutano uliotajwa hapo juu aweza kutua moja au wawakilishi zaidi kuhudhuria, na, wakati wa kupiga kura, kutanwa hivyo badala ya mwanachama huyo. Si lazima mawakilishi awe mwanachama wa Kampuni. Fomu ya Mwakilishi imeambatanishwa kwenye kifitabu hiki. Iki kuwa halali, fomu ya Mwakilishi haina budi kujazwa inayostahili na kuwasilishwa kwa afisi za Kampuni, Stima Plaza au kutumwa kwa njia ya posta mapema iki ipokelewe kabla ya saa 5.00 asubuhi mnamo Novemba 28, 2007.

**MALEZO**

**Laurencia K Njagi**  
**Katibu wa Kampuni**  
**SLP 30099-00100**  
**Nairobi, Kenya**  
**Novemba 5, 2007**



Kiwa Amri ya Bodi

8. Kuidhinisha Wakurugenzi kuamua malipo ya Wahasibu

7. Wahasibu  
kutahamishwa kuwa ukaguzi wa vitabu vya hasabu vya Kampuni utaendelea kutanywa na Mhasibu mkuu Msimamizi wa Senkali au Kampuni yoyote ya uhasibu itakayotuliwa naye kwa mujibu wa Sehemu ya 11 ya Sheria ya Masherika ya Umma (kama ilivyotanywa marekebishi kwenye Mchangananyiko wa Sheria, 2002) na sehemu za 14 na 39 (i) za Sheria ya Ukaguzi wa Umma 2003.





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## TATHMINI YA MWENYEKITI



Dkt. C Pepela

### MTAZAMO KWA JUMLA

Njina furaha kuwasilisha matokeo ya kibiashara ya mwaka wa 2006/07 ambapo Kampuni iliimarika maradufu. Miongoni mwa ufanisi wa kipekee uliopatikana mwaka huu, ikilinganishwa na mwaka uliopita ni nyongeza ya faida kabla ya ushuru kwa asilimia sita hadi Sh2,649 milioni, ikilinganishwa na Sh2,498 milioni, wateja 120,191 wapya walisambaziwa umeme, ikilinganishwa na 67,000, na kupunguza hasara ya umeme ineposambazwa kwa asilimia 1.7 ikilinganishwa na nyongeza ya asilimia 1.5.

Mauzo ya stima yaliongezeka kwa asilimia nane kutoka vipimo 4,444 milioni mwaka jana hadi 4,818 milioni. Hii ilitokana na kuimarika kwa uchumi ambapo jumla ya mapato ya nchi (GDP) yaliongezeka kutoka asilimia 5.8 mnamo 2005 hadi 6.1 mnamo 2006, kupungua kwa hasara ya umeme na kuongeza idadi ya wateja kwa asilimia 15, ikilinganishwa na asilimia tisa mwaka uliopita au 802,249 mnamo Juni 2006, hadi 924,329 mnamo Juni 2007.

### HALI YA KAMPUNI KIFEDHA

Nyongeza ya mauzo ya umeme ilipelekea kuimarika kwa mapato ya Sh24,436 milioni ikilinganishwa na Sh22,494 milioni mwaka uliopita, nyongeza ya Sh1,942 milioni au asilimia 8.6. Malipo kutokana na gharama ya mafuta yaliongezeka kwa asilimia 18 kutoka Sh11,473 milioni hadi Sh13,508 milioni kutokana na kuongezeka kwa uzalishaji kutoka kwa viwanda vinavyotumia mafuta, na pia bei ghali ya petroli katika soko la kimataifa. Hata hivyo, mapato yote ya petroli yanayopatikana kutoka kwa wateja yanalipwa kwa kampuni za uzalishaji umeme wa viwango vikutwa karna gharama ya mpito.

Gharama za ununuzi wa umeme usiohusisha petroli ziliongezeka kwa Sh749 milioni hadi Sh12,263 milioni kutoka Sh11,514 mwaka uliopita. Hii ilitokana na nyongeza ya vipimo vilivyounuliwa na kupandishwa kwa ada inayotozwa na kampuni ya kusambaza umeme ya Uganda (UETC Ltd). Ada za petroli zilizolipwa kwa wasambazaji wa umeme kwa viwango vikubwa ziliongezeka kwa Sh1,887 milioni hadi Sh13,849 milioni, kutoka kwa Sh11,962 milioni mwaka uliopita. Upanuzi na kuimarishwa kwa mitambo uliongeza gharama za usambaji na ugavi kwa Sh1,433 milioni hadi Sh10,554 milioni, kutoka Sh9,121 milioni za mwaka uliopita. Gharama za wafanya kazi pia ziliongezeka kufuatia utekelezaji wa mapendekezo ya tathmini ya kazi iliyolenga kurekebisha tofauti za mishahara. Gharama za juu za petroli, usambazaji na ugavi zilisababisha nyongeza ya gharama zote za uendeshaji kutoka Sh.32,597 milioni mwaka uliopita, hadi Sh36,666 milioni.

#### *Faida baada ya ushuru*

Kampuni ilipata faida baada ya ushuru ya Sh1,718 milioni, ikilinganishwa na Sh1,644 milioni mwaka uliopita, baada kuondoa ushuru unaolipwa kidogo kidogo wa Sh930 milioni.

#### *Mgao wa faida*

Wakurugenzi wanapendekeza kwa wanachama kwamba, mbali na mgao wa muda wa Sh0.60 uliolipwa awali, mgao wa mwisho wa faida wa Sh2.40 kwa kila hisa ya kawaida ya Sh20, ulipwe na kukata ushuru wa kuzuiwa inapostahili, kwa wenyehisa wote waliosajiliwa kwenye Kampuni kufikia Desemba 20, 2007. Hii inajumuisha mgao wote wa mwaka kuwa Sh3.00 kwa hisa (mwaka jana Sh1.50). Ikiwa utapitishwa, mgao huo wa faida utalipwa mnamo au karibu Januari 10, 2008.

#### **HALI YA BAADAYE YA KAMPUNI**

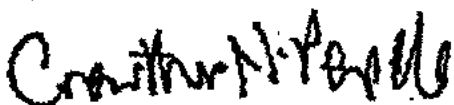
Hali ya kifedha ya Kampuni imekuwa ikimarika katika muda wa miaka minne iliyopita na mikakati yetu ya siku zijazo itaangazia kukuza thamani ya fedha za wenyehisa na kuimarisha kiwango cha usambazaji na utoaji huduma hata zaidi.

Mipango hii itaungwa mkono na, miongoni mwa mengine, utekelezaji wa mradi unaoendelea wa kufufua sekta ya kawi wa thamani ya US\$153 milioni, ambao utaimarisha taratibu za usambazaji na ugavi, kupunguza hasara za kimitambo na kuimarisha kiwango cha usambazaji.

Mikakati iliyopo, pamoja na uchumi unaoendelea kuimarika unaipa Bodi kila sababu ya kutumai kwamba Kampuni itaendelea kufanya vyema.

#### **Pongezi**

Ningependa kuwashuruku Wakurugenzi wenzangu, wasimamizi na wafanya kazi wa Kampuni kwa kujitolea kwao kazini, ambao kumewezesha kupatikana kwa matokeo haya maridhawa ya kibiashara mwaka uliomalizika. Pia, ningependa kushukuru Serikali, wenyehisa na wateja wetu watukufu kwa kutuunga mkono.



**DKT. CROWTHER PEPELA**

**MWENYEKITI**

**Novemba 5, 2007**

## RIPOTI YA MENEJA MKUU NA AFISA MKUU MTENDAJI

### MKHTASARI

Katika mwaka uliomalizika, tulipata ufanisi wa kihistoria uliochangia kuimarika kwa mapato yetu. Mikakati na operesheni zetu mwaka uliopita zililenga kuongeza idadi ya wateja wetu, kupunguza hasara za kimitambo, kupunguza uharibifu wa volteji, kudidimia kwa volteji, kuimarika kwa muda wa marekbisho, na kuimarika, kwa jumla, kwa utendaji kazi. Ufuatao ni mukhtasari wa shughuli muhimu ambazo zilifanyika mwaka huo:-

### MTANDAO WA UMEME

#### Mradi wa kufufua sekta ya kawi (ESRP)

Utekelezaji wa upanuzi wa mitambo ya ugawaji, chini ya mradi utakaogharimu US\$153 milioni na kufadhiliwa kwa pamoja na Kampuni na wafadhili wa kufufua sekta ya kawi (ESRP), ambao ulilenga kuimarisha utendaji kazi, usambazaji umeme wa hali ya juu na wa kutegemewa, pamoja na kuongeza idadi ya Wakenya wanaotumia stima, ulianza baadaye mwaka huo.

Kama sehemu ya mradi huo, kandarasi ya ununuzi, ujenzi na uzinduzi wa kebo ya kilo volti 66 kutoka kituo kidogo cha Cathedral hadi kituo kingine cha Nairobi West, ikiwemo kebo ya kupitia chini ya ardhi, ilikabidhiwa Socabelec SA ya Ubelgiji kwa gharama ya US\$1.1 milioni mnamo Septemba 2006. Waya hiyo mpya itaimarisha usalama katika eneo la usambazaji umeme hadi katikati mwa jiji pindi itakapomalizika mnamo Desemba 2007. Kandarasi ya kununua na kuweka mitambo ya mawasiliano kwa redio katika Mlima Kenya ilipeanwa kwa Motorola Israel Ltd. mnamo Septemba 2006 kwa gharama ya US\$3.380 milioni. Mradi huo utakuza utendaji kazi na kuimarisha mawasiliano ya data kati ya Mlima Kenya na maeneo mengine.

Montreal Montajes, Kampuni ya Uhispania, ilipewa kandarasi ya US\$19.211 milioni iliyofadhiliwa na mkopo kutoka kwa European Investment Bank (EIB), kustawisha r kukarabati vituo vinane vidogo vya kilovolti 132/33 na kilovolti 33/11 sehemu za Nairobi Naivasha, Lanet, Lessos na Kamburu. Kandarasi hiyo inajumuisha pia ujenzi wa ki kidogo kipya cha kilovolti 132/33 katika Makutano karibu na Eldama Ravine, kituo kid kipya cha kV33 katika Kabete, Nairobi, na kingine katika Lessos karibu na Eldoret, pa na ujenzi wa laini mpya za ugavi. Kazi hiyo inatarajiwa kumalizika kufikia Julai 2009. utakapomalizika, mradi huu utaimarisha kiwango cha usambazaji umeme na ku



kuwa wa kutegemewa katika maeneo jirani, na huku pia kupanua uwezo wa kupokea wateja wapya.

Mnamo Februari 2007, Kampuni ya ABB OY ya Finland ilipewa kandarasi ya Sh1.02 bilioni iliyofadhiliwa na mkopo kutoka kwa Nordic Development Fund kukarabati vituo vidogo vya Nairobi South na Karen. Kampuni hiyo pia itanunua na kujenga vituo vipya vya kilovolti 66/11 kwenye barabara ya Ngong na pia Westlands, Nairobi, kujenga kilomita 12 na 26 za laini za kV11 na kV66 zikifuatana, na laini zingine za kilomita 37.5 za kV11. Ujenzi huo unatarajiwa kumalizika kufikia Novemba 2008. Ustawishaji huu utaimarisha ubora wa usambazaji umeme Nairobi.

Kandarasi ya Sh268 milioni kwa ununuzi wa mita 400,000 za umeme za awamu moja na pia mita 5,000 za awamu tatu ilipeanwa kwa Hexing Electrical Company Ltd. ya China mnamo Juni 2007, huku ununuzi wa vifaa ukitarajiwa kumalizika kufikia Desemba 2007. Kandarasi hii inafadhiliwa na mkopo kutoka kwa International Development Agency (IDA) na unashamirisha mipango mingine ya kuongeza idadi ya wateja.

Kandarasi ya kubadilisha mtambo wa Kudhibiti Usimamizi na Ununuzi wa Data/Usimamizi wa Kawi (SCADA/EMS), inayofadhiliwa na EIB, ilitwa sahihi na ABB ya Sweden mnamo Agosti 2007 kwa gharama ya Sh1.8 bilioni. Kazi hiyo inatarajiwa kumalizika kufikia Machi 2009, na inajumuisha kuweka kwa SCADA/EMS mpya na kebo chini ya ardhi kwenye laini zilizopo za stima. Mradi huu ni wa kihistoria kwa Kampuni. Mbali na kutumia kebo hiyo kwa matumizi yetu, Kampuni pia inanua kuitumia kwa shughuli za kibiashara, na imo njiani kumteua mtaalamu kufanya uchunguzi kuhusu uwezekano wa mradi huo na pia kuunda mpango wa kibiashara, ambao unatazamiwa kuwa tayari kufikia wakati ambapo awamu ya kwanza ya mradi huo itakuwa imekamilika.

Utekelezaji wa miradi iliyotajwa awali ulitazwa na malalamishi kadha yaliyowasilishwa kwa Bodi ya Rufaa, Uchunguzi wa Malalamishi ya Ununuzi wa Umma dhidi ya kupeanwa kwa tenda, na kesi zilizowasilishwa kortini na waliowania tenda na kushindwa. Hata hivyo, Kampuni, ambayo daima huzingatia kanuni za ununuzi wa umma, ilishinda rufani zote hizo zilizocheleweshwa utekelezaji wa miradi, na hivyo kulazimisha kubadilishwa kwa tarehe za kukamilishwa kwao.

Kwa sasa, shughuli ya kuzabuni kustawisha vituo vidogo vya Athi River, Jevanjee, Donholm, Sondu, Cherangani, Butere, Uwanja wa Kimataifa wa Ndege wa Jomo Kenyatta, Gigiri, Thika na Limuru; kubadilishwa kwa waya katikati mwa jiji la Nairobi na vizuizi katika maeneo tofauti na ujenzi wa laini mpya za kV66 kutoka kituo kidogo cha kaskazini mwa Nairobi hadi Kikuyu, Kabete na Kileleshwa, kunaendelea, na ujenzi wenyewe unatazamiwa kuanza katika kipindi cha sasa cha matumizi ya fedha za Serikali. Mradi huo unadhaminiwa na International Development Agency (IDA).



### **Sera Ya Uunganishaji**

Sera mpya ya kuunganisha wateja kwa mtandao wetu, ambayo uchunguzi wake ulifanywa na Electricite de France (EDF) na kufadhiliwa na Agence Francaise de Development (AFD) kwa gharama ya Sh50 milioni ilianza kutekelezwa kuanzia Aprili 1, 2007. Mojawapo ya mabadiliko muhimu kwenye sera ya uunganishaji ni kupunguzwa kwa malipo ya rubuni (advance) kwa miradi ya makundi kutoka asilimia 50 hadi 25 ya gharama yote ya mradi. Miradi hiyo ya makundi imefanikisha mkakati wa kuongeza idadi ya wateja wetu.

### **Miradi mingine ya kupanua usambazaji na ugawaji wa stima**

Mwaka uliomalizika, harakati za upanuzi wa miradi ya usambazaji na ugawaji iliongezeka na kuwezesha kuimarika kwa mtandao wetu kwa asilimia 22, ikilinganishwa na kiwango cha wastani cha asilimia 10 kilichopatikana katika muda wa miaka minne iliyopita. Takribani kilomita 500 za waya za usambazaji zinapangwa kujengwa Nairobi katika kipindi cha sasa cha matumizi ya fedha ili kuhudumia idadi zaidi ya wateja. Chini hapa ni mukhtasari wa baadhi ya laini kuu za usafirishaji ambazo zinaendelea kujengwa.

#### *Laini za kV132 za kusambaza umeme Kamburu-Meru, Chemosit-Kisii na Sondu-Kisumu na vituo vingine vilivyo karibu*

Ujenzi wa kilomita 122 za laini ya kusafirisha kV132 za umeme kati ya Kamburu na Meru, na kilomita 61 za laini ya kV132 kati ya Chemosit na Kisii unaendelea. Shughuli hiyo inahusisha ujenzi wa vituo vidogo vya kV132/33 na kuwekwa kwa transfoma ya MVA 23 katika maeneo ya Meru na Kisii, na kuimarisha mitambo muhimu ya usambazaji. Utekelezaji wa mitambo hii miwili na kampuni ya Messrs China CAMC Engineering Company ulianza mnamo Oktoba 2006 na utakamilika Januari 2009. Miradi hii itapunguza hasara ya umeme na kuimarisha kwa kiasi kikubwa, kiwango cha usambazaji wa umeme katika maeneo husika. Ujenzi wa laini ya stima ya kV132 na Kampuni ya Kinden Corporation ya Japan kuunganisha kituo cha megawati 60 cha Sondu Miru Hydro Electric Power ulikamilika Julai 2007.

#### *Ujenzi uliopendekezwa wa laini ya umeme ya kV132 kutoka Nairobi-Mombasa*

Ripoti ya mwisho ya uchunguzi kuhusu uwezekano wa mradi wa ujenzi wa laini ya kusambaza kV330 za stima kutoka Mombasa hadi Nairobi uliofanywa na Vattenfall ya Sweden, kwa ufadhili wa AFD, ulimalizika mnamo Juni 2007. Electricite de France (EDF) ilifanya uchunguzi kutathmini njia tofauti za kuunganisha laini zilizopendekezwa na zile zilizoko Nairobi kufuatia masuala ya kimazingira, kiuchumi na kijamii yaliyotambuliwa kwenye ripoti hiyo ya mwisho. Ufadhili kwa utekelezaji wa mradi huu unatafutwa.

#### *Kituo kidogo kilichopendekezwa na ujenzi wa laini ya kV132 kutoka Rabai-Galu*

Majadiliano kati ya Kampuni, Wizara ya Kawi na M/S Pauwels International L.V. yalikamilika mnamo Agosti 2007 kwa ujenzi wa kilomita 60 za laini ya stima itakayosambaza kV132, na ujenzi wa kituo kidogo cha MVA 23 katika Galu, kusini mwa Pwani kwa gharama inayokisiwa kuwa Yuro 10 milioni. Mradi huo unafadhiliwa na Serikali ya Ubelgiji kupitia kwa kitengo



chake cha Overseas Economic Cooperation Development. Kazi ya ujenzi ilianza Septemba 2007 na inatarajiwa kumalizika ifikapo Machi 2009.

### **HUDUMA KWA WATEJA**

Katika mwaka uliomalizika, Kampuni iliendelea kuwekeza katika uvumbuzi wa mbinu mpya za kutoa huduma. Mbali na ile huduma ya E-bill, ambapo wateja wanaweza kukagua masallo ya akaunti zao za stima na siku ya kulipa kwa bili zao kwa njia ya SMS na barua pepe, Kampuni ilifanya mkataba na Cooperative Bank of Kenya kuwezesha wateja wa kawaida kulipa bili zao za stima kwa njia ya SMS. Kuna mipango ya kujumuisha benki zingine, kampuni za Safaricom na Celtel katika huduma hiyo. Vituo vipya vya kulipia stima vilifunguliwa katika baadhi ya maduka ya Uchumi, navyo vituo zaidi vikaanzishwa kupitia matawi ya Posta na Cooperative Bank. Kampuni pia inapanga kuanzisha huduma ya kufahamisha wateja siku ya mwisho ya kulipa bili zao; huduma ambayo bila shaka itaridhisha wateja, kuzidisha ukusanyaji wa mapato na kupunguza gharama za kukata na kuunganisha tena stima kwa wateja.

Utaratibu wa kurejeshea tena huduma kwa wateja (ICS), ambao umekuwepo kwa muda wa miaka kumi, ulimarishwa mwaka uliopita sambamba na mabadiliko ya kibiashara na matakwa ya wateja, pamoja na kuweza kuhudumia idadi kubwa ya wateja wanaozidi kuongezeka. Wafanya kazi wanaohudumia wateja pia walipewa mafunzo upya huku tukizingatia zaidi suluhisho la haraka kwa malalamishi na maswali ya wateja.

### *Tuzo la hati ya ISO*

Ili tukilenga kutumia vigezo bora zaidi vya kimataifa kutoa huduma zetu, Kampuni ilitunukiwa tuzo la hati ya ISO:9001: 2000 mwaka uliomalizika. Tuzo ya ISO ina mfumo wa usimamizi wa hali ya juu ambapo Kampuni daima hudhahirisha uwezo wake wa kutoa bidhaa/ huduma ambazo hutosheleza matarajio ya wateja na sheria, na hivyo kuwaridhisha wateja.

### *Uuzaji*

Kampuni inaendelea kuibua mbinu mpya za kuboresha huduma kwa wateja. Mwaka uliopita, Kampuni ilianzisha kampeni kali ya uuzaji ya "Umeme Pamoja" kama sehemu ya kuongeza idadi ya wateja huku changamoto zilizotatiza kuongezeka kwa wateja zikishughulikiwa kwa kuongeza idadi ya wafanya kazi wetu, kuteua mashirika mengine kusaidia katika ujenzi na ununuzi wa vifaa. Miongoni mwa mipango mingine iliyotekelezwa mwaka uliopita ni pamoja na kuvumisha chapa za KPLC kama vile E-bill na Easypay (ambayo ni huduma ya kulipia stima kupitia benki, maduka ya supermarket na afisi za posta). Tulifanikisha hilo kupitia matangazo kwenye redio, televisheni na magazetini, maonyesho na uuzaji wa moja kwa moja.





## **RIPOTI YA MENEJA MKUU NA AFISA MKUU MTENDAJI**

### **UWEZO WA UZALISHAJI**

Mwaka uliopita, tuliweza kusambaza umeme na kutosheleza mahitaji ya wateja wetu. Kiwango cha mahitaji ya juu kwa siku kilichoshuhudiwa kilikuwa megawati 987, ikilinganishwa na megawati 916 mwaka uliopita, nyongeza ya asilimia 7.7 dhidi ya megawati 1,041 tuliozalisha na akiba ya asilimia 5.5.

Megawati 100 za umeme wa dharura ulionunuliwa na Serikali kupitia KenGen kutoka Aggreko Ltd. zilihamishwa hadi kituo kidogo cha Eldoret cha KV132/33 kuinua mitambo ya magharibi mwa Kenya. Mahitaji ya juu ya umeme yanakadiriwa kuongezeka hadi megawati 1,153 mnamo 2007/08 dhidi ya uwezo wa uzalishaji wa megawati 1,185, na hivyo kupunguza uwezo wa uzalishaji wa akiba mpaka asilimia 3. Uwezo wa uzalishaji unatarajiwa kuimarika wakati miradi inayoendelea yenye uwezo wa kutoa megawati 556 itazinduliwa kati ya 2007 na 2010. Miongoni mwa miradi hii ni kiwanda cha megawati 60 cha Sondu Miriu kufikia Desemba 2007, na megawati 52.2 zaidi kutoka Iberafrica Power na megawati 25 kutoka Murnias Sugar Company Ltd. zote kufikia Novemba 2008.

Ujenzi wa kiwanda cha kuzalisha umeme cha kutumia dizeli, na kampuni ya kibinafsi ambacho kingetoa megawati 90 kule Rabai, ambacho awali kilitarajiwa kumalizika kufikia Juni 2008, umechelewezesha na kesi iliyowasilishwa na mzabuni aliyeshindwa.

### **KUUNGANISHWA KATIKA KANDA HII**

Kenya inajihusisha katika harakati zinazolenga kutumia rasilmali zilizopo na zile zinazoweza kustawishwa za umeme katika eneo hili.

Miongoni mwa malengo ya kutumia rasilmali hizo pamoja ni kutumia kikamilifu rasilmali chache za kawi zilizopo, kuambatanisha vyema mipango yote ya uzalishaji na usambazaji wa umeme pamoja na uuzaji umeme, kupunguza gharama za uzalishaji na kubuni mazingira yafaayo kwa uwezekaji katika sekta ya umeme. Baadhi ya mipango hiyo ni:

#### *Kuunganisha Kenya-Ethiopia*

Kampuni ya Fichner Consulting Engineers ya Ujerumani imepewa kandarasi kufanya uchunguzi kuhusu uwezekano wa mradi wa kusafirisha na kusambaza stima kati ya Kenya na Ethiopia. Uchunguzi huo unatarajiwa kumalizika kufikia Agosti 2008 na unafadhiliwa na misaada kutoka Agencie Francaise de Developpement (AFD), German Development Bank (ADB) na Development Bank of Southern Africa kwa gharama ya Yuro 1.7 milioni.

#### *Mpango wa Bonde la Mto Nile*

Uchunguzi kuhusu uwezekano wa kusambaza stima baina ya eneo hili ulioanzishwa na Nile Equatorial Lakes Subsidiary Action Programme (NELSAP) ulimalizika mnamo Agosti 2007. Uchunguzi huo ulipendekeza miradi ya kuunganishwa,



ambayo itawezesha uuzaji stima baina ya nchi husika yaani: Kenya-Uganda, Uganda-Rwanda, Rwanda-Burundi na Rwanda na Democratic Republic of Congo.

### **USAMBAZAJI UMEME KATIKA SEHEMU ZA MASHAMBANI**

Serikali ilianzisha shirika la kusambaza umeme katika sehemu za mashambani (REA) na kuteua Afisa Mkuu Mtendaji kuanzia Septemba 1, 2007. Kuanzia sasa, REA itaratibu utekelezaji wa miradi yote ya kusambaza umeme katika sehemu za mashambani, ilhali Kampuni itatekeleza miradi hiyo kama mwanakandarasi kwa niaba ya REA. Mwaka uliopita, miradi 444 kati ya 940 iliyopangwa ya kusambaza umeme katika sehemu za mashambani iliyonufaisha vituo vya biashara, shule za upili, vituo vya afya na miradi ya maji ya kijamii ilikamilika kote nchini kwa gharama ya Sh2.2 bilioni.

Makundi 12 ya KPLC, wanakandarasi wanane wanaojiri zaidi ya wafanya kazi 3,200, na zaidi ya wanakandarasi 570 wa vibarua na uchukuzi wanaojiri zaidi ya wafanya kazi 9,800 kote nchini, walishiriki katika ujenzi wa miradi iliyokamilika. Miradi hiyo imenufaisha masoko 290 katika maeneo bunge 210 kote nchini. Hii ni pamoja na shule 200, vituo vya afya 80, visima 25, makao makuu sita ya utawala/Serikali, viwanda 25 vya kahawa, vituo 10 vya kununua majani chai na nyumba za makazi 13,320. Kati ya miradi hiyo, 63 imo Nairobi, 144 magharibi mwa Kenya, 40 katika eneo la North Rift, 32 katika Central Rift, 89 katika eneo la kaskazini mwa Mlima Kenya, 40 kusini mwa Mlima Kenya na 36 katika Pwani. Miradi mingine 900 inapangiwa kumalizika kufikia mwisho wa Desemba 2007 kwa gharama ya Sh6,105 milioni. Hii itafikisha jumla ya miradi iliyokamilika kati ya Juni 2006 na Desemba 2007 kuwa 1,344 kwa gharama ya Sh8,508 milioni.

Jumla ya fedha zilizotumika tangu kuzinduliwa kwa mpango wa kusambaza umeme katika maeneo ya mashambani 1973 ziliongezeka hadi Sh13,000 milioni mwaka uliopita, ikilinganishwa na Sh9,331 milioni mwaka uliotanguliwa. Jumla ya Sh1,163 milioni zilikusanywa kutoka kwa ada ya kusambaza umeme mashambani mwaka uliomalizika, ikilinganishwa na Sh1,085 milioni mwaka uliotangulia. Idadi ya wateja waliopokea umeme chini ya mpango huu iliongezeka kwa asilimia 20 hadi 133,047, kutoka 110,724 mwaka uliotangulia, ilhali vipimo vya stima vilivyouzwa viliongezeka kwa asilimia 9 kutoka 186 milioni hadi milioni 203, na mapato yaliongezeka kwa asilimia 12 kutoka Sh1,539 milioni mwaka uliotangulia hadi Sh1,721 milioni.

#### *Miradi inayofadhiliwa na AFD*

Utekelezaji wa awamu ya pili ya upanuzi wa mradi wa ugawaji uliofadhiliwa na Ufaransa kwa gharama ya Yuro 30 milioni ulianza mnamo Mei 2007. Hii ilifuatia kumalizika kwa awamu ya kwanza katika mikoa ya Nyanza, Magharibi na Rift Valley mnamo 2005 kwa gharama ya Sh850 milioni.





### *Miradi inayofadhiliwa na Uhispania*

Mkataba wa kibiashara wa ujenzi wa miradi ifiyo chini ya awamu ya tatu ya mpango wa upanuzi wa utaratibu wa kusambaza umeme uliofadhiliwa na Uhispania ulitiwa sahihi kati ya Kampuni na mwanakandarasi. Kuanzishwa kwa awamu hii kunasubiri utekelezaji wa mkataba wa kifedha kati ya Serikali za Uhispania na Kenya.

### **WAFANYA KAZI**

Kufikia Juni 30, 2007, Kampuni ilikuwa na jumla ya wafanya kazi 6,399 na wateja 924,329, na hivyo mfanya kazi mmoja kuhudumia wateja 144. Hii ni kinyume na mwaka uliotangulia, Juni 30, 2007 ambapo kulikuwa na wateja 802,249 na wafanya kazi 6,202 na hivyo mfanya kazi mmoja kuhudumia wateja 129.

Kampuni ilitekeleza mapendekezo ya tathmini ya kazi ya wasimamizi mnamo Januari 2007 iliyolenga kushughulikia tofauti za mishahara, na hivyo imewatia moyo wafanya kazi na kuimarisha utendaji kazi. Kampuni inaendelea kutumia raslimali zake katika kukuza watumishi wake kupitia mafunzo na mipango ya kujiendeleza. Mwaka uliomalizika, zaidi ya wafanya kazi 3,500 walipokea mafunzo nchini na pia ng'ambo. Kulikuwa na utulivu kazini mwaka uliopita isipokuwa kususia kazi kwa baadhi ya wafanya kazi wa ngazi za chini mnamo Machi 2007, mzozo ambao ulitatuliwa kwa haraka na wasimamizi wa Kampuni. Mapatano ya pamoja ya nyongeza ya mishahara (CBA) ya 2007/08 yalitiwa sahihi mnamo Desemba 14, 2007. Kama hatua ya kutambua waliohudumu kwa muda na madereva ambao hawajawahi kuhusika kwenye ajali, Kampuni iliandaa sherehe ya kutoa tuzo ambapo wafanya kazi 807 waliohudumu kwa muda mrefu, na madereva 724 ambao hawajawahi kuhusika kwenye ajali walipewa tuzo na marupurupu.

### *HIV/Ukimwi*

Kufuatia utekelezaji wa sera ya Kampuni kuhusu HIV/Ukimwi mnamo 2005, wafanya kazi na familia zao wanaendelea kupokea dawa za kupunguza makali ya Ukimwi bila malipo katika vituo vya afya vilivyoteuliwa na Kampuni. Hii ni pamoja na yale matibabu ya kawaida wanaopokea wafanya kazi wetu. Kampuni pia ilitoa mwongozo kwa wafanya kazi kuhusu utunzaji wa watu wanaoishi na virusi vya Ukimwi nyumbani.

### **KUTENGANISHA SHUGHULI ZA USAMBAZAJI NA UGAWAJI**

Serikali inanua kubadilisha mtandao wa usambazaji umeme na kuufanya kuwa wazi ili kuwezesha wateja wanaotumia kiasi kikubwa cha umeme kununua umeme kutoka kwa wazalishaji. Huku mtandao wa Kenya ukiunganishwa na ule wa mataifa ya Ethiopia, Tanzania na kusini mwa Afrika (SAPP), na kudhibiti kuunganishwa na Uganda, Serikali inachukulia ununuzi wa wazi kama wenye uwezo wa kukuza nafasi za mahitaji na ununuzi kwa wazalishaji umeme na pia wateja wakubwa.

Serikali ilitoa kampuni ya Pricewaterhouse Coopers mnamo Mei 2007, kutathmini, miongoni mwa mengine; ni kwa kiwango gani kitenjo cha usambazaji kimebadilika kama kitenjo cha kibiashara, kuamua misingi ya kuhamisha raslimali na madeni kutoka KPLC hadi kwa kitenjo cha usambazaji na athari za kifedha, kuangazia manufaa na upungufu wa kutenganisha shughuli hizo, hasa kuhusiana na mbinu za kushughulikia mapato kati ya kitenjo hicho kipya na KPLC, na



kutoa mapendekezo kuhusu namna kutenganishwa huko kunaweza kutekelezwa vyema zaidi.

Kutenganishwa kwa huduma hizo za KPLC kutakuwa na athari kubwa kwa Kampuni ikitegemea mtindo utakaozingatiwa. Hivyo basi, katika hatua ya kulinda maslahi ya wahusika, Bodi imewasilisha maoni yake kwa mtaalamu na Wizara ya Kawi, huku ikizingatia hali ilivyo kwingineko duniani kuhusiana na kuendesha shughuli kama hii. Wenyekisa wa KPLC na wahusika wengine watafahamishwa kuhusu matokeo pindi uchunguzi huo utakapokamilika.

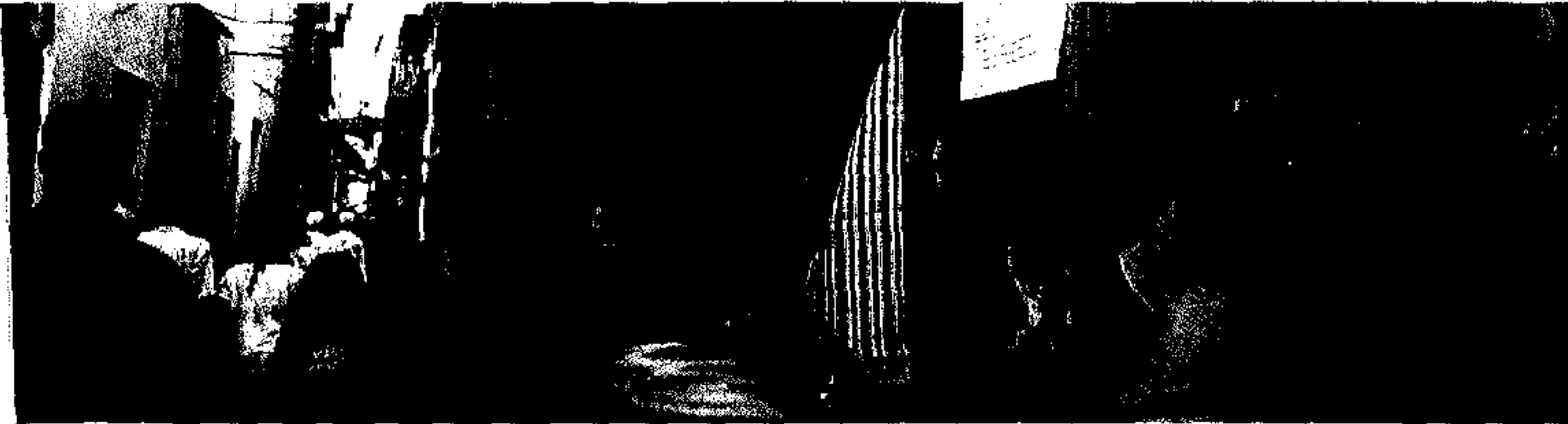
#### **HUDUMA ZA TEKNOLOJIA YA MAWASILIANO (ICT)**

Mwaka uliopita, mitambo mipya ilinunuliwa kuimarisha utoaji huduma. Ili kuimarisha uthabiti na utenda kazi wa mitambo yetu, Kampuni ya Kenya Data Networks (KDN) ilituliwa kama kampuni ya pili kutoa huduma za mawasiliano mbali na Telkom Kenya. Kampuni pia ilianzisha matumizi ya Rejista ya Elektroniki ya Ushuru (ETR), hali ambayo irneboresha ukusanyaji wa mapato. Idara pia ilishiriki katika mipango mipya ya kuhudumia wateja kwa kutoa mazingira yaafayo ya kibiashara.

#### **MWISHO**

Kwa kulenga kikamilifu katika ustawi na utumiaji wa rasimali zetu kuu ili kuteka nafasi za kibiashara zinazoibuka, hasa teknolojia ya mawasiliano, nina matumaini kwamba matokeo haya bora ya Kampuni yatadumishwa.

**DON PRIESTMAN**  
**AFISA MKUU MTENDAJI**  
Novemba 5, 2007



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## RIPOTI KUHUSU WAJIBU WA KAMPUNI KWA JAMII (CSR)

### **KWA JUMLA**

Bodi na wakurugenzi huunga mkono uwajibikaji kibiashara unaokuza maslahi ya kijamii na kiuchumi kwa wahusika wote, na wakati huo huo, kujali mazingira. Hivyo, Bodi hivi majuzi iliidhinisha sera kuhusu Wajibu wa Kampuni kwa Jamii (CSR), ambapo asilimia moja ya faida yote baada ya ushuru itatumika katika miradi na shughuli za kunufaisha jamii.

Mbali na mchango huo mkubwa kwa shughuli za kutoa huduma kwa jamii, mfumo wa maadili kazini katika KPLC unajumuisha uwajibikaji kwa jamii katika operesheni zote za Kampuni. Ufuatao ni mukhtasari wa baadhi ya shughuli za kutoa huduma kwa jamii zilizotekelezwa mnamo kipindi cha matumizi ya fedha cha 2006/07.

### **Sera Kuhusu Usalama, Afya Na Mazingira (SHE)**

Sera hii ilizinduliwa mwaka uliomalizika na inaelezea kujitolea kwetu kutoa mazingira salama na yenye afya kwa wafanya kazi na mshirika yeyote wa kibiashara. Kampuni inatambua kuwa usalama ni muhimu kwa biashara, na kutia moyo wafanya kazi kufanya maamuzi ya kibiashara sambamba na sera hiyo. Mafunzo ya kina kuhusu usalama yaliyolenga wafanya kazi wa kiufundi yalitolewa katika kipindi kilichomalizika.

### **Wateja**

Umeme unatekeleza wajibu muhimu katika ustawi wa kijamii na kiuchumi nchini. Kampuni, hivyo basi, ina jukumu muhimu la kitaifa kubuni sera kuwezesha Wakenya kufikia rasilmali hii muhimu ya kawi. Kufuatia hayo, sera ya KPLC ya kuunganishwa kwa mtandao imeimarishwa ili kurahisisha na kufanya nafuu kwa kifa Mkenya kupata stima. Mkakati wa kutoa stima kwa wakazi wa mitaa ya mabanda pia ulianzishwa mwaka uliomalizika kwa ushirikiano na Wizara za Kawi, Mipango na Ustawi wa Kitaifa na Nyumba, Baraza la Jiji, Utawala wa Mkoa, jamii tofauti na wahusika wengine.

### **Mazingira**

Biashara yetu inategemea sana miti. Kwa nguzo, maji, mafuta na uzalishaji wa umeme mvuke. Utunzaji miti na rasilmali zingine ili kuhakikisha udumishaji wake ni muhimu kwa Kampuni. Kwa kutambua hili, Kampuni ina bustani ya miche Eldoret, hupanda miti mipya 50,000 kila mwaka kutoka kwa bustani hiyo wakati wa siku ya Kampuni ya kila mwaka ya upanzi wa miti, ukiwemo mwaka uliomalizika, na kuchangia idadi kama hiyo kwa jamii jirani. Hii inawezesha kukuza misitu na kuchangia ukuzaji wa miti ya nguzo na jamii za sehemu hiyo. Kufikia sasa, Kampuni imepanda zaidi ya ekari 60 za misitu mkoani Rift Valley, na jumla ya idadi ya miti iliyopandwa tangu 2000 ni 147,680, huku idadi kama hiyo ikitolewa kwa jamii za sehemu hiyo. Kuna mipango ya kushirikiana na wakulima wenye mashamba madogo kukuza na kuuzia nguzo Kampuni.

### **Msaada Kwa Jamii**

KPLC inaunga mkono shughuli mbalimbali za kijamii na mwaka uliomalizika, tulichangia kwa makundi yafuatayo: Autism Society of Kenya - Sh120,000, International Women's Aids Run - Sh200,000, Tuzo za Usimamizi wa Kawi - Sh400,000,



mashindano ya gofu Nyeri na Machakos kwa wateja na wahusika wengine - Sh150,000, mbio za Standard Chartered Nairobi Marathon - Sh75,000, kusambaza umeme hadi shule ya msingi na kituo cha kijamii cha Mukuru - Sh116,218, makao tofauti ya watoto - Sh80,000 na shule ya msingi ya Komarock - Sh15,000.

KPLC pia ni mwanachama na mshirika wa muungano wa vyama vya wakazi nchini KARA, ambao wajibu wake ni kuwakilisha sauti na matakwa ya vyama vya wakazi kuhusu haki za wanunuzi na walipa kodi kote nchini.

#### **Utendaji kazi ufaao**

Kanuni ya utendaji kazi ufaao katika Kampuni ni nguzo muhimu katika usimamizi wa biashara yetu.

Tunajitahidi kuhakikisha wafanya kazi wetu wote wanadumisha viwango vya juu vya utendaji kazi. Tunahakikisha pia kuwa Kampuni inatimiza matakwa yote ya kisheria.

#### **Kuunga mkono elimu**

Tunatambua kuwa vijana walioelimika husaidia kuendesha uchumi. Mwaka uliomalizika, takriban wanafunzi 200 walifuzu kutoka kwa taasisi inayomilikiwa na kusimamiwa na Kampuni iliyoko Ruaraka, Nairobi, na wanafunzi 343 kutoka taasisi tofauti na vyuo vikuu kote nchini walijiunga na idara tofauti za Kampuni kama sehemu ya mafunzo yao.

#### **Wafanya kazi wetu**

Wafanya kazi wetu ndio rasimali muhimu zaidi ya Kampuni, na tunaendelea kuwapa mafunzo na kukuza vipawa vyao. Kampuni pia inaendelea kupokea watumishi wapya wenye ujuzi na waliohitimu. Ili kuwatia moyo na kuweka wafanya kazi, Kampuni inalipa mshahara mzuri na huduma zingine za kushughulikia maslahi yao kama inavyoelezwa katika sera tofauti. Ili kuvutia wanawake zaidi kujiunga nasi, Kampuni imo njiani kutekeleza agizo la Serikali kwamba, asilimia 30 ya wafanya kazi wawe wanawake. Afisa wa masuala ya jinsia ameteuliwa kushirikisha jitihada za kushughulikia hili na masuala mengine ya kijinsia.

**DKT. GROWTHER PEPELA**  
**MWENYEKITI**  
Novemba 5, 2007



## TAARIFA YA UONGOZI WA KAMPUNI

Uongozi wa kampuni ni njia na muundo unaotumika kuongoza na kusimamia shughuli za biashara za Kampuni ili kukuza ustawi na uwajibikaji kwa lengo la kupata thamani kwa fedha za wenyehisa huku pia maslahi ya wahusika wengine yakitiliwa maanani. Sisi katika KPLC tunaamini kuwa uongozi wa Kampuni ni muhimu katika kuhakikisha tumebuni, kulinda na kuimarisha thamani ya wenyehisa, na kwamba, Kampuni inadumu na kuendelea kuwa thabiti na yenye hadhi ya kimataifa.

Wakurugenzi na wasimamizi wa Kampuni wanajitolea kikamilifu kwa kiwango cha juu zaidi cha uongozi bora na kujikakamua kukuza desturi inayothamini maadili, uadilifu na heshima kwa wengine. Kama sehemu ya kujitolea huku, Bodi imekubali na kuzingatia miongozo kuhusu uongozi wa Kampuni uliotayarishwa na Shirika Linalosimamia Masoko ya Hisa (CMA).

### **MWONGOZO WA BODI, MKATABA NA KANUNI ZA UTENDAJI KAZI**

Bodi imechapisha Mwongozo, Kanuni na Taratibu za Utendaji kazi. Hati hizi huelezea kwa kila Mwanachama wa Bodi, mamlaka ya pamoja na kibinafsi, majukumu, na wajibu wa Wakurugenzi. Mwongozo wa Bodi pia unalenga kuhakikisha mchango mahususi wa kila Mkurugenzi katika uongozi wa Kampuni kwa kuwezesha utekelezaji huru wa maamuzi yaafayo na ujuzi wa kitaaluma. Hasa, Mwongozo wa Bodi unaahisha kikamilifu mipangilio ya usimamizi katika Kampuni kuhusiana na, miongoni mwa mengine, nyanja zifuatazo: (i) Uteuzi wa Wakurugenzi na hitaji la kuchanganya vipawa/jinsia na wakurugenzi wengine (ii) Kutambua na kujitolea kuheshimu haki za wenyehisa Majukumu ya Mwenyekiti, Mkurugenzi Mkuu na Katibu wa Kampuni (iii) Uendeshaji wa vikao vya Bodi (iv) Kujulishwa kwa Wakurugenzi kuhusu shughuli za kampuni na ustawi wao (v) Majukumu na mipaka ya utendaji kazi ya Kamati zote za Bodi na, (vi) Kutangaza hadharani habari zifaazo kwa umma.

### **BODI YA WAKURUGENZI**

Bodi inajumuisha wakurugenzi tisa, wakiwemo mwenyekiti na mkurugenzi mkuu. Wasifu wa kila mkurugenzi imechapishwa kwa ukurasa wa 6 na 7. Wakurugenzi wana vipawa tofauti, mafunzo na tajiriba inayohitajika kuongoza Kampuni. Angalau wakurugenzi watatu wanahitajika kujitokeza kuchaguliwa tena kila mwaka kwenye Mkutano Mkuu wa kila Mwaka. Mkurugenzi yeyote anayeteuliwa na Bodi mwaka huo anahitajika kustaafu na kuwania kuchaguliwa tena katika Mkutano Mkuu wa kila Mwaka unaofuata. Shughuli za kibiashara na makundi yote, wakurugenzi au washirika wao, zinaendeshwa kwa uangalifu. Wakurugenzi wote wanahitajika kuelezea shughuli zozote ambazo wana ushirika, na ambazo zinaweza kuzua mkinzano na anajiondoa kupiga kura masuala kama hayo yanapojadiliwa.

### **MAJUKUMU**

Bodi iliteua Kampuni ya Manitoba Hydro International Ltd. (MHI) kama mwanakandarasi mkuu wa Kampuni kwa kipindi cha miaka miwili kuanzia Julai 1, 2006. Kufuatia kandarasi hiyo ya usimamizi, MHI imeteua wafanya kazi watatu wa ngazi za juu, akiwemo Meneja Mkuu/Afisa Mkuu Mtendaji. Majukumu tofauti ya Mwenyekiti, Mkurugenzi Mkuu na Meneja Mkuu/Afisa Mkuu Mtendaji yanadumishwa. Kimsingi, mwenyekiti anawajibika kutoa uongozi kwa Bodi na kuhakikisha inapokea kwa wakati ufaao habari zote zitakazoiwezesha kutekeleza majukumu yake. Meneja Mkuu ndiye afisa mkuu mtendaji na



anasimamia shughuli za kila siku za Kampuni na anawajibika kwa utenda kazi wa Kampuni. Mkurugenzi Mkuu ni msaidizi wake na anajifunza kazi ya Meneja Mkuu na Afisa Mkuu Mtendaji, na atachukua usimamizi wa Kampuni pindi kandarasi hiyo ya usimamizi itakapomalizika Juni 2008.

#### **MAJUKUMU MAKUU YA BODI NI PAMOJA NA:**

Kubuni malengo ya muda mfupi na mrefu ya Kampuni na mikakati ya kufikia malengo hayo; kuhakikisha kutayarishwa kwa matokeo ya kifedha ya kila mwaka na nusu mwaka, kupitisha na kutathmini bajeti za kila mwaka, kuweka na kuchunguza mara kwa mara vigezo vikuu vya utenda kazi na usimamizi, kudhibiti hasara kwa kuhakikisha Kampuni ina taratibu za kutosha za udhibiti wa ndani pamoja na ukaguzi ufaao wa shughuli za uzingatiaji, na kushirikiana na wasimamizi kupata thamani ya fedha za wenyehisa.

Wakurugenzi wanapokea ushauri na huduma za Katibu wa Kampuni. Pia, wana haki kupokea ushauri huru wa kitaalamu kuhusu suala lolote kwa gharama ya Kampuni, iwapo watahitaji kufanya hivyo. Bodi inapewa habari zote muhimu na mapema. Wakurugenzi wapya pia wanajifahamisha na shughuli za Kampuni kwa kupewa habari zote muhimu kuhusiana na biashara ya Kampuni, mikutano na wasimamizi na mafunzo ili kuwawezesha kuelewa mfumo wa kanuni za Kampuni, miundo yake ya utawala, na aina ya biashara na shughuli za Kampuni. Mafunzo ya mara kwa mara pia hutolewa.

#### **MPANGILIO WA SHUGHULI ZA BODI NA MIKUTANO YAKE**

Bodi hukutana angalau mara moja au zaidi kwa mwezi kulingana na mahitaji ya kibiashara. Mpangilio wa shughuli za Bodi na kalenda ya vikao vyake hutayarishwa kila mwaka mapema. Ilani ya kutosha inatolewa kwa kila mkutano wa Bodi na Wakurugenzi hupokea stakabadhi zinazoelezea kwa kina masuala yatakayozungumziwa mapema kabla ya mkutano huo. Bodi ilifanya mikutano saba (7) ya kawaida na kumi na mbili (12) maalumu mwaka uliomalizika, ambayo ilihudhuriwa vyema. Hii ni pamoja na mikutano ya kamati tofauti za Bodi inayoelezwa hapa chini.

#### **KAMATI ZA BODI**

Kamati za kudumu tofauti zipo kusaidia Bodi na wasimamizi kutimiza majukumu yao. Kamati za muda pia huundwa kushughulikia maswala muhimu kama yanavyoibuka. Kila kamati inahudumu chini ya mipaka ya masharti ya kuhudumu kama yanavyoainishwa na Bodi. Mwaka uliopita, ilikuwa na kamati zifuatazo za kudumu na pia za muda, ambazo ziliundwa upya mnamo Januari 2007.

#### *Kamati ya Uhasibu*

Kamati ya Uhasibu ilibuniwa 1999 na mamlaka yake kufafanuliwa upya mnamo Aprili 2003 sambamba na Mwongozo wa Masoko ya Hisa kuhusu Uongozi wa Kampuni. Kamati hiyo inajumuisha Wakurugenzi wanne na inaongozwa na Mkurugenzi asiye na mamlaka. Kamati ya Uhasibu kwa sasa ina wanachama wafuatao:



## TAARIFA YA UONGOZI WA KAMPUNI

• Bw. E Ochola-Mwenyekiti • Bw. E Kioni Bw. F Nyaga • Bw. S Mwangi

Kamati hiyo kawaida hualika Meneja Mkuu na Afisa Mkuu Mtendaji, Mkurugenzi Mkuu, naibu meneja mkuu wa fedha na meneja wa Uhasibu wa Kampuni kwa vikao vyake.

Majukumu ya kamati hiyo ni:

- (i) Kuchunguza taarifa za kifedha baada ya miezi mitatu, matokeo ya nusu mwaka na mwisho mwa mwaka
- (ii) Kujadiliana na mhasibu kutoka nje kabla ya kuanza kwa ukaguzi wa vitabu vya hesabu wa kila mwaka
- (iii) Kuangalia masuala yaliyotambuliwa na wahasibu kutoka nje
- (iv) Kuangalia malipo ya uhasibu ili kupendekeza kwa Bodi
- (v) Kutathmini shughuli, operesheni na matokeo ya idara ya uhasibu
- (vi) Kutathmini mikakati na hatari za kibiashara ili kuhakikisha biashara inaendelea na kudumu.

Kamati hiyo ilifanya jumla ya vikao vinne mwaka uliomalizika.

### *Kamati ya Wafanya Kazi na Mishahara*

Mamlaka ya kamati ya wafanya kazi na mishahara ni pamoja na kupendekeza kwa Bodi masharti na hali ya utendaji kazi ya Mkurugenzi Mkuu na wafanya kazi na mapendekezo kuhusu uteuzi na masuala ya adhabu ya wafanya kazi wa ngazi za juu. Kamati pia inapendekeza kwa Bodi, kukubaliwa kwa sera kuhusu wafanya kazi na muundo wa usimamizi wa Kampuni ili kusaidia biashara ya Kampuni.

Wanachama wanaohudumu katika kamati hii ni kama ifuatavyo:

• Bw. E Kioni-Mwenyekiti • Bw. P Nyoike • Bw. S Kitungu (wanabadilishana na Bw. J Kinyua) • Eng. J Njoroge • Bw. A Mbui • Bw. D Priestman. Kamati hiyo ilifanya vikao viwili mwaka uliomalizika.

### *Kamati Kuu ya Kuzabuni*

Kamati Kuu ya Kuzabuni (CTC) ilianzishwa kwa mujibu wa matakwa ya Sheria ya Hazina na Uhasibu (Kanuni za Ununuzi wa Umma) 2001. Majukumu yake makuu ni pamoja na kuidhinisha kutolewa kwa tenda kwa bidhaa na huduma ambazo thamani yake inazidi Sh500,000. Sheria ya Ununuzi na Utupeji, 2005 ambayo ilianza kutumika kuanzia Januari 2007, ilianzisha mabadiliko kwa muundo wa kamati za tenda zinazosimamiwa na kifungo hicho.

Hata hivyo, kama sehemu ya vipengele vya mpito, Kamati hii ya Zabuni iliendelea kusimamia ununuzi ulioanza kabla ya Januari 1, 2007. Wanachama wa kamati hii ni pamoja na Wakurugenzi watatu wasio na mamlaka kama inavyoonyeshwa hapa chini.

• Bw. F Nyagah-Mwenyekiti • Bw. E Ochola • Bw. A Mbui. Wanachama wengine ni Meneja Mkuu na Afisa Mkuu Mtendaji na maafisa wengine wasimamizi wa ngazi za juu kwa mujibu wa kanuni za ununuzi wa umma 2001.

Kamati Kuu ya Kutoa Zabuni (CTC) ilifanya jumla ya vikao 25 mwaka uliopita kulingana na mahitaji ya kibiashara.



#### *Kamati Inayosimamia Ununuzi*

Kamati Inayosimamia Ununuzi ilundwa mnamo Januari na hutekeleza wajibu wa ununuzi kwa niaba ya Bodi, ambayo haiwakilishwi katika kamati inayosimamia zabuni.

Majukumu yake ni pamoja na: Kukagua mpango wa ununuzi wa kila mwaka na kuidhinishwa kwa Bodi, kuchunguza utaratibu wa ununuzi ili kuhakikisha uzingatiaji na ule mpango wa ununuzi wa kila mwaka. Wanachama wa kamati hiyo ni pamoja na: • Bw. A Mbui-Mwenyekiti • Bw. C Ochola • Eng. J Njoroge • Bw. D Priestman. Kamati hiyo ilifanya mikutano mitatu mwaka uliopita.

#### *Kamati ya Mkakati wa Bodi na Huduma kwa Wateja*

Kamati hii ilibuniwa mnamo Februari 2005 kuunda mikakati itakayoweza Bodi kutoa ushauri na mwongozo kwa wasimamizi. Wanachama wake ni: • Bw. F Nyaga- Mwenyekiti • Eng. J Njoroge • Bw. S Kitungu • Bw. E Kioni • Bw. D Priestman. Kamati hiyo ilifanya mkutano mmoja mwaka uliopita.

#### *Kamati Kuhusu Majadiliano na Wazalishaji Umeme wa Kibinafsi (IPP)*

Bodi iliunda kamati mnamo Mei 2003 kujadili upya mikataba ya ununuzi wa umeme na wazalishaji umeme wa kibinafsi. Wanachama wake ni: • Bw. E Kioni-Mwenyekiti • Bw. E Ochola • Bw. F Nyaga • Eng. J Njoroge • Bw. D Priestman. Kamati hiyo huallika wafanya kazi walio na ustadi katika nyanja hiyo kwa vikao vyake. Kamati ilifanya jumla ya mikutano 10 mwaka uliopita.

#### *Kamati ya Teknolojia ya Mawasiliano*

Kamati ilibuniwa mnamo Januari 2007, kwa kutambua wajibu muhimu unaotekelezwa na teknolojia ya mawasiliano katika biashara ya kisasa. Ina jukumu la kutathmini sera ya Kampuni kuhusu teknolojia, kuhakikisha mitambo inasaidia kuafikia malengo ya kibiashara ya Kampuni na inapata thamani kuu kutokana na uwekezaji wake katika teknolojia, pamoja na kutathmini nafasi zilizopo za kibiashara. Wanachama wa kamati hiyo ni pamoja na: • Bw. S Mwangi-Mwenyekiti • Bw. A Mbui • Eng. J Njoroge • Bw. D Priestman. Kamati ilifanya kikao chake cha kwanza mnamo Juni, 2007.

#### **UJIRA WA WAKURUGENZI**

Katika mwaka uliomalizika, Wakurugenzi hawakulipwa marupurupu yao ya kila mwezi kulingana na mwongozo wa Serikali kwa mashirika yote ya umma kwamba marupurupu ya wakurugenzi yalipwe kila mwaka na pia yawe chini ya viwango vilivyoidhinishwa na Serikali. Inapendekezwa kuwa wakurugenzi walipwe Sh360,000 kila mmoja kwa mwaka uliomalizika Juni 30, 2007, na kugawa kwa uwiano malipo mengineyo. Jumla ya malipo ya marupurupu ya Wakurugenzi ni Sh3,240,000.

Wakurugenzi pia hulipwa marupurupu kwa kila kikao, marupurupu ya chakula cha mchana (badala ya chakula hicho kupeanwa), marupurupu ya malazi na kurejeshewa gharama za usafiri inapohitajika, yote sambamba na viwango vilivyokubalika kwa mashirika ya umma na Serikali. Isitoshe, Mwenyekiti hulipwa tunzo kila mwezi. Wakurugenzi hawakuwa na mikopo mwaka uliomalizika.





## TAARIFA YA UONGOZI WA KAMPUNI

### **VIDHIBITI VYA NDANI**

Wakurugenzi wanatambua wajibu wao kwa utaratibu wa kusimamia fedha, ikiwemo kuchukua hatua zifaazo kuhakikisha mifumo hiyo inadumishwa.

### **Wakurugenzi kuwa wenyehisa.**

Hakuna mkurugenzi ambaye ana hisa kibinafsi ambazo ni zaidi ya asilimia moja ya hisa zote za Kampuni.

### **Viwango vya maadili**

Kampuni ina kanuni za utendaji kazi kwa Bodi na wasimamizi. Kampuni pia inazingatia viwango vya maadili vilivyoratibiwa kwenye sheria ya maadili ya Afisa wa Umma. Hizi zinawahitaji wakurugenzi na wafanya kazi wote kuendesha biashara kwa uadilifu.

### **UWAJIBIKAJI NA UHASIBU**

#### **Majukumu ya wakurugenzi kuhusiana na taarifa za kifedha**

Sheria inayosimamia Kampuni inahitaji wakurugenzi kutayarisha ripoti za kifedha za kila mwaka, ambazo huonyesha hali halisi na kamilifu kuhusu kampuni kufikia mwisho wa mwaka, na faida au hasara ya kampuni kwa kipindi hicho. Wakurugenzi wanawajibika kuhakikisha sera zifaazo za uhasibu zinatekelezwa ipasavyo, kuunga mkono maamuzi na makadirio yaliyofanywa kwa wepesi na viwango vinavyohitajika vya uhasibu kutumika.

Wakurugenzi wanawajibika kuhakikisha kwamba Kampuni ina rekodi sawa za uhasibu, zinazoarifu kwa usawa wakati wote hali ya kifedha ya kampuni na kuwawezesha kuhakikisha taarifa za kifedha zinazingatia Sheria za Kampuni. Pia, wanawajibika kwa mifumo ya udhibiti wa ndani kulinda mali ya Kampuni ili kuzuia na kugundua ulaghai na hila zingine.

### **MAWASILIANO NA WENYEHISA**

Kampuni inathamini mawasiliano na wenyehisa wake na huchapisha ripoti zake za kifedha katika vyombo vya habari nchini za nusu mwaka kila mwaka. Matokeo hayo pia yanapatikana kwenye mtandao [www.kplc.co.ke](http://www.kplc.co.ke).

Ripoti kamili na hesabu husambazwa kwa wenyehisa kila mwaka. Wenyehisa wote wana haki kuhudhuria Mkutano Mkuu wa kila Mwaka (AGM) ambao ilani yake hutolewa siku 21 kabla ya mikutano. Wenyehisa wanapewa fursa kuuliza maswali kuhusu suala lolote linalohusiana na shughuli za Kampuni.

### **MAELEZO MAFUPI KUHUSU WENYEHISA**

Kampuni inawasilisha ripoti za kila mwezi kwa Shirika Linalosimamia Masoko ya Hisa (CMA) na Soko la Hisa la Nairobi chini ya kanuni za kuorodheshwa kwa shughuli za kibiashara zinazohusiana na wenyehisa. Wenyehisa 10 wakuu kufikia Julai 31, 2007 walikuwa: Jina la Mwenyehisa Idadi ya hisa asilimia



**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2007**

In accordance with Regulation 128 of the Articles of Association of the Company Mr S M Mwangi and Dr Theodorah Malla-Kiukumi retire and, being eligible, offer themselves for election.

**AUDITORS**

The Controller and Auditor-General is responsible for the statutory audit of the Company's books of account in accordance with Sections 14 and 39(i) of the Public Audit Act, 2003, which empowers the Controller and Auditor-General to nominate other auditors to carry out the audit on her behalf.

Ernst & Young were nominated by the Controller and Auditor-General to carry out the audit for the year ended 30 June 2007.

By Order of the Board

**LAURENCIA K NJAGI**

**SECRETARY**

**NAIROBI**

**27th September 2007**

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2007



The Directors submit their report together with the audited financial statements for the year ended 30 June 2007 which show the state of the Company's affairs.

### ACTIVITIES

The core business of the Company continues to be the transmission, distribution and retail of electricity purchased in bulk from Kenya Electricity Generating Company Limited (KenGen), Independent Power Producers (IPPs), Uganda Electricity Transmission Company Limited (UETCL) and Tanzania Electric Supply Company Limited (TANESCO).

### RESULTS

The results of the Company for the year are set out on page 60.

### DIVIDENDS

A dividend of KShs 1.93 million payable on the cumulative preference shares has been recognised in the income statement under finance costs.

Subject to the approval of the shareholders, the Directors recommend a final dividend for the year of 12% or KShs 2.40 per ordinary share of KShs 20, amounting to KShs 190 million, subject to withholding tax where applicable. An interim dividend of KShs 0.60 per ordinary share of KShs 20 was paid in April 2007. The total dividend therefore, is KShs 3.00 (2006 - KShs1.50). If approved, the dividend will be paid on or about 10 January, 2008 to shareholders registered on the Company's Register at the close of business on 20 December 2007. The Register of Members will be closed for one day only on 21 December 2007, to facilitate preparation of dividend warrants.

### CAPITAL EXPENDITURE

During the year, a total of KShs 8,565 million was spent on property and equipment. Capital contributions received from customers amounting to KShs 1,102 million have been netted off against costs of the assets resulting in a net capital cost to the Company of KShs 7,463 million. Net capital work-in-progress as at 30 June 2007 amounted to KShs 6,207 million (2006: KShs 2,955 million).

### DIRECTORS

The members of the Board of Directors who served during the year are shown on page 4. In accordance with Regulation 120 of the Articles of Association of the Company Messrs. F. M. Nyaga, A. M. Mbuti and P. M. Nyoike retire by rotation and, being eligible, offer themselves for re-election.



Public spirited KPLC staff volunteer during a clean-up exercise in Limuru town.



**WANAHISA KUMI WAKUBWA KUFIKIA JULAI 31, 2007**

Jina la Mwenyekite	Hisa	Asilimia (%)
1. Permanent Secretary, Treasury	32,353,268	40.421
2. Barclays (K) Nominees Ltd.	8,574,715	10.67
3. Board of Trustee N.S.S.F.	6,418,101	7.996
4. Stanbic Nominees Kenya Ltd.	1,512,827	1.861
5. Jubilee Insurance Co. Ltd.	1,495,323	1.849
6. KCD Nominees Ltd.	1,327,531	1.63
7. Trans-Century Ltd.	1,093,303	1.345
8. Karim Jamal	1,052,458	1.316
9. Alimphamed Adam	864,050	1.063
10. Phoenix of E.A. Assurance Co. Ltd.	730,168	0.893
Jumla	56,032,214	68.31

**USAMBAZAJI WA HISA ZA KAWAIDA**

Hisa	Wenye Hisa	Kiwango cha Hisa
<1,000	4,936	1,374,764
1001-10,000	1,915	6,471,248
10,001-50,000	363	7,848,764
50,001-100,000	57	4,311,715
Over 100,000	73	58,021,503
Total	7,354	79,128,000

*Geoffrey P. Pepera*

**DKT. CROWTHER PEPELA  
MWENYEKITI  
5 Novemba 2007**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS**



The Kenyan Companies Act 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 operating results of the Company for that year. It also requires the Directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Chairman

Director

General Manager & CEO

27th September 2007



**REPORT OF THE CONTROLLER AND AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS  
OF THE KENYA POWER & LIGHTING CO. LTD. FOR THE YEAR ENDED 30 JUNE 2007**

The financial statements of The Kenya Power & Lighting Company Limited set out on pages 60 to 93 which comprise the balance sheet as at 30 June 2007, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes have been audited on my behalf by Ernst & Young, auditors appointed under Section 39 of the Public Audit Act, 2003. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

**Directors' responsibilities for the financial statements**

The directors are responsible for the preparation of financial statements which give a true and fair view of the Company's state of affairs and its operating results in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Responsibilities of the Controller and Auditor General**

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.



**Opinion**

In my opinion, proper books of account have been kept and the accompanying financial statements give a true and fair view of the state of the financial affairs of the Company as at 30 June 2007 and of its profit and cashflows for the year the ended in accordance with the International Financial Reporting Standards and the Kenya Companies Act, Cap 486 of the Laws of Kenya.

**P. N. KOMORA**  
**CONTROLLER AND AUDITOR GENERAL**

Nairobi

27 September 2007





**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007**

	2007 KSh's 000	2006 KSh's 000
<b>REVENUE</b>		
Electricity sales	24,436,491	22,493,912
Fuel cost recoveries	<u>13,507,795</u>	<u>11,472,818</u>
Other income	37,944,286	33,966,730
	<u>1,266,156</u>	<u>988,681</u>
	<u>39,210,442</u>	<u>34,955,411</u>
<b>OPERATING EXPENSES</b>		
Power purchase costs	12,263,029	11,514,377
Fuel costs	13,849,334	11,962,153
Distribution and customer service	4,913,131	4,612,906
Energy Transmission	1,492,022	1,427,988
Administration	<u>4,148,466</u>	<u>3,079,676</u>
	<u>36,665,982</u>	<u>32,597,100</u>
<b>OPERATING PROFIT</b>	2,544,460	2,358,311
Net finance income	<u>104,231</u>	<u>139,672</u>
<b>PROFIT BEFORE TAXATION</b>	2,648,691	2,497,983
Taxation	<u>(930,214)</u>	<u>(853,752)</u>
<b>PROFIT FOR THE YEAR</b>	<u>1,718,477</u>	<u>1,644,231</u>
Basic and diluted earnings per share (KSh's)	<u>21.72</u>	<u>20.78</u>
Dividend per share (KSh's)	<u>3.00</u>	<u>1.50</u>

BALANCE SHEET 30 JUNE 2007

ASSETS	Note	2007 KShs'000	2006 KShs'000
<b>NON - CURRENT ASSETS</b>			
Property and equipment	11	28,147,019	22,416,459
Prepaid leases on land	12	131,981	132,037
Unquoted investment	13	4,300	4,300
Deferred tax	14	-	234,442
		<u>28,283,300</u>	<u>22,787,238</u>
<b>CURRENT ASSETS</b>			
Inventories	15	5,012,620	2,928,586
Trade and other receivables	16	10,154,155	6,550,021
Tax recoverable	8(a)	279,239	251,829
Short term deposits	17(a)	2,846,062	5,936,248
Bank and cash balances	17(b)	746,488	274,990
		<u>19,038,564</u>	<u>15,941,674</u>
<b>TOTAL ASSETS</b>		<u>47,321,864</u>	<u>38,728,912</u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Ordinary share capital	18(a)	1,582,560	1,582,560
Redeemable preference share capital	18(b)	15,899,250	15,899,250
Reserves	19	4,577,683	2,959,903
Proposed dividends	10	189,907	178,692
		<u>22,249,400</u>	<u>20,560,405</u>
<b>NON - CURRENT LIABILITIES</b>			
Deferred tax	14	559,085	-
Trade and other payables	20	3,941,258	3,298,829
Borrowings	21	2,683,117	2,701,722
Preference shares	22	43,000	43,000
		<u>7,226,460</u>	<u>6,043,551</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	12,310,371	9,598,298
Retirement benefits obligation	23	1,260,018	1,697,218
Provision for leave pay		481,683	357,963
Borrowings	21	3,761,363	443,904
Dividends payable	24	32,569	27,573
		<u>17,846,004</u>	<u>12,124,956</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>47,321,864</u>	<u>38,728,912</u>

The financial statements on pages 60 to 93 were approved for release by the Board of Directors on 27 September 2007 and were signed on its behalf by:

Dr Crowther N Pepela *Carthyn N Pepela* Chairman

Don Priestman *Don Priestman* General Manager & Chief Executive Officer

Eliezar O Ochola *Eliezar O Ochola* Director

THE KENYA POWER AND LIGHTING COMPANY LIMITED.



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007**

	Ordinary share capital KShs'000	Redeemable 7.85% non-cumulative preference share capital KShs'000	Revaluation reserves KShs'000	Accumulated (deficit)/ reserves KShs'000	Proposed dividends KShs'000	Total KShs'000
<b>At 1 July 2005</b>	1,582,560	15,899,250	3,353,118	(2,055,441)	118,692	18,898,179
Transfer of excess depreciation	-	-	(455,626)	455,626	-	-
Deferred tax on excess depreciation	-	-	136,687	-	-	136,687
Profit for the year	-	-	-	1,644,231	-	1,644,231
Dividends paid - 2005	-	-	-	(118,692)	(118,692)	(118,692)
Proposed final dividends for the year	-	-	-	(118,692)	118,692	-
<b>At 30 June 2006</b>	<u>1,582,560</u>	<u>15,899,250</u>	<u>3,034,179</u>	<u>(74,276)</u>	<u>118,692</u>	<u>20,560,405</u>
<b>At 1 July 2006</b>	1,582,560	15,899,250	3,034,179	(74,276)	118,692	20,560,405
Transfer of excess depreciation	-	-	(455,626)	455,626	-	-
Deferred tax on excess depreciation	-	-	136,687	-	-	136,687
Profit for the year	-	-	-	1,718,477	-	1,718,477
Dividends paid - 2006	-	-	-	(118,692)	(118,692)	(118,692)
Interim dividends paid - 2007	-	-	-	(47,477)	-	(47,477)
Proposed final dividends for the year	-	-	-	(189,907)	189,907	-
<b>At 30 June 2007</b>	<u>1,582,560</u>	<u>15,899,250</u>	<u>2,715,240</u>	<u>1,862,443</u>	<u>189,907</u>	<u>22,249,400</u>



**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007**

	2007 KSh's '000	2006 KSh's '000
<b>OPERATING ACTIVITIES</b>		
Cash generated from operations	1,284,348	4,220,021
Interest received	191,674	519,096
Interest paid	(113,650)	(198,917)
Dividends paid	(163,173)	(117,856)
Taxation paid	(27,410)	(72,732)
Cash generated from operating activities	<u>1,171,789</u>	<u>4,349,612</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment, net of capital contributions	(7,463,425)	(2,979,564)
Proceeds from disposal of property and equipment	200,009	27,026
Net cash used in Investing activities	<u>(7,263,416)</u>	<u>(2,952,538)</u>
<b>FINANCING ACTIVITIES</b>		
Loans received	3,864,211	215,666
Repayment of amounts borrowed	(391,272)	(756,236)
Net cash from / (used in) financing activities	<u>3,472,939</u>	<u>(540,570)</u>
(Decrease) / Increase in cash and cash equivalents	(2,618,688)	856,504
Cash and cash equivalents at the beginning of the year	6,211,238	5,354,734
Cash and cash equivalents at the end of the year	<u>3,592,550</u>	<u>6,211,238</u>

Note

25(a)

25(b)

25(c)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 1. ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have been prepared on a historical cost basis, except for the measurement at revaluation amounts of certain property and equipment.

#### (b) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:-

#### (i) Sale of electricity

Income is recognised upon billing of electricity supplied and represents amounts billed excluding Value Added Tax and other Government levies.

#### (ii) Fuel cost recoveries

Fuel costs are recognized at the actual amounts charged to the Company by the suppliers of power. Correspondingly, fuel costs recoveries are recognized as the actual amounts charged to the consumers of power to cover the fuel costs.

#### (iii) Interest

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### (iv) Dividends

Dividend income is recognised when the shareholders' right to receive the payment is established.

#### (v) Rental income

Rental income is accounted for on a straight-line basis over the lease term.

#### (c) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprise purchase price, import duties, transport and handling charges and is determined on moving average price.



**(d) Property and equipment**

**(i) Property and equipment**

Property and equipment are stated at cost or as professionally valued less accumulated depreciation. The frequency of revaluation depends upon the movements in the fair values of the items of property and equipment but is limited to a period of not more than five years. Revaluation surplus arising from the revaluation of property and equipment is dealt with in the revaluation reserve. A deficit in carrying amount arising on revaluation is charged in the income statement to the extent that it exceeds the balances, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

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

No depreciation is provided on freehold land. Depreciation on other assets is calculated to write down their cost or valuation to their residual values, on a straight-line basis, over their expected useful lives. The depreciation rates used are as follows::

Buildings	The greater of 2% and the unexpired period of the lease.
Transmission and distribution lines	2.5 - 20%
Machinery	2.85 – 6.66%
Motor vehicles	25%
Furniture, equipment and fittings	6.66 - 20%
Computers and photocopiers	30%

Excess depreciation, representing the additional depreciation based on revalued amounts over depreciation based on historical costs, is transferred annually from revaluation to revenue reserves.

**(ii) Capital work-in-progress**

Capital work-in-progress is included under property and equipment and comprises of costs incurred on ongoing capital works relating to both customer and internal works. These costs include material, transport a labour cost incurred. Customer capital contributions towards the cost of projects are however offset against costs incurred in arriving at the costs of capital work-in-progress.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)**

**(e) 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, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised.

**(f) Leases**

Leases of assets under which all the risks and benefits of ownership are effectively retained by the Company as the lessor are classified as operating leases. Payments made by the Company under operating leases are charged to the income statement on the straight-line basis over the term of lease.

Payments made to acquire leasehold land are treated as prepaid operating leases and are amortised on the straight line basis over the term of lease.

**(g) Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into Kenya Shillings at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transaction. 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.

**(h) Financial instruments**

Financial assets and liabilities are recognised on the Company's balance sheet when the Company has become a party to the contractual provisions of the instrument.

**Trade receivables**

Trade receivables are recognized and carried at original invoice amounts less allowances for any uncollectible amounts. An estimate is made of doubtful receivables based on review of all outstanding amounts at year end. Bad debts are written off after all efforts of recovery have been exhausted.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)



### **Borrowings**

Interest bearing loans and overdrafts are initially recorded at cost, being the fair value of consideration received, net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost, and any discount or premium on settlement. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

### **Trade payables**

Trade payables are stated at their nominal value.

### **Investments**

Investments are recognised on a trade-date basis and are initially measured at cost, including transaction costs.

At subsequent reporting dates, debt securities that the Company has expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as either held-for-trading or available-for-sale, and are measured at subsequent reporting dates at fair value in cases where the fair value can be reliably established. Gains and losses arising from changes in fair value are included in the income statement for the period.

### **Redeemable preference shares**

The component of redeemable preference shares that exhibits the characteristics of a liability is recognised as a liability in the balance sheet, net of issue costs. The corresponding dividends on those shares are charged as interest expenses in the income statement.

### **(i) Leave accrual**

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave at the balance sheet date.



**(j) Impairment of tangible and intangible assets excluding goodwill**

At each balance sheet date, the Company reviews the carrying amounts of its financial assets, tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amounts of the asset is estimated and an impairment loss is recognised in the income statement whenever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Directors estimate the recoverable amount of the cash-generated unit to which the asset belongs.

**Impairment of transmission and distribution lines**

A decline in the value of the transmission and distribution lines could have a significant effect on the amounts recognised in the financial statements. Management assesses the impairment of the lines whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could make an impairment review necessary include following:

- (a) Significant decline in the market value beyond that which would be expected from the passage of time and normal use.
- (b) Evidence from internal reporting which indicates that the performance of the asset is, or will be, worse than expected.

In management's judgment, the carrying values of the lines are not impaired as of the date of these financial statements.

**(k) Retirement benefits obligations**

The Company employees are eligible for retirement benefits under a defined contribution scheme from 1 July 2006. Payments to the defined contribution scheme are charged to the income statement as incurred. Pensioners and deferred pensioners existing at 30 June 2006 are eligible for retirement benefits under a defined benefit scheme. For the defined benefit scheme, the pension costs are assessed using the unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the lives of pensioners in accordance with the advice of qualified actuaries who carry out a full valuation of the scheme every three years. The pension obligation is measured as the present value of the estimated future cash outflows using interest rate of 3%.

Actuarial gains and losses are recognised as income or expense when cumulative unrecognised actuarial gains or losses exceed 10 per cent of the higher of the defined benefits obligations and the fair value of plan assets.



These gains or losses are recognised over the expected average remaining working lives of the participating employees.

The employees and the Company also contribute to the National Social Security Fund, a national retirement scheme. Contributions are determined by local statutes and the Company's contributions are charged to the income statement to which they relate.

**(l) Segment Information**

The Company business is organised by regions, comprising Nairobi, Mount Kenya, Coast and West Kenya. Business segment is by region as the Company deals in only supply of electricity. There are no inter-segment sales. Segment results include revenue and expenses directly attributable to a segment.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Capital expenditure represents the total cost incurred during the year to acquire segment assets that are expected to be used during more than one period (property and equipment).

**(m) Earnings per share**

Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares if any.

**(n) Dividends**

Dividends on ordinary shares are charged to reserves in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

**(o) Use of estimates in the preparation of the financial statements and assumptions made**

In preparing the financial statements, Directors are required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

could differ from these estimates which may be material to the financial statements. Significant judgements made by management in the preparation of the financial statements relate to the following:

### (i) **Property and equipment**

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

### (ii) **Impairment of assets**

Property and equipment and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

### (iii) **Provision for doubtful debts**

The estimated provision for doubtful debts is based on the period for which the debt was outstanding combined with some knowledge of the financial position of the debtor and/or the circumstances surrounding the underlying transaction.

### (iv) **Deferred taxation assets**

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilized. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates and competitive forces.

### (p) **Government grants**

Government grants are recognized where there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)**



When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

**2(a) SEGMENT INFORMATION - GEOGRAPHICAL SEGMENTS**

For management purposes, the Company is currently organised into four operating regions. These regions are the basis on which the Company reports its segment information. The four regions comprise Nairobi, Coast, West Kenya and Mount Kenya.

The table below shows by geographical area the Company's revenue, expenses, segment assets, segment liabilities, capital expenditure and depreciation.

	Nairobi Region KShs'000	West Kenya Region KShs'000	Coast Region KShs'000	Mount Kenya Region KShs'000	2007 Total KShs'000	2006 Total KShs'000
Electricity revenue	20,552,200	7,120,190	6,998,945	3,272,951	37,944,286	33,966,730
Other income	672,218	301,651	110,747	181,540	1,266,156	988,681
Energy purchases	(13,982,086)	(5,202,021)	(4,540,739)	(2,387,517)	(26,112,363)	(23,476,530)
Other expenses	(3,551,905)	(2,100,152)	(1,261,096)	(985,157)	(7,898,310)	(6,483,140)
Head office expenses	(1,421,808)	(528,982)	(461,738)	(242,781)	(2,655,309)	(2,637,430)
Segment results	<u>2,268,619</u>	<u>(409,314)</u>	<u>846,119</u>	<u>(160,964)</u>	<u>2,544,460</u>	<u>2,358,311</u>
Net finance income					104,231	139,672
Taxation					<u>(930,214)</u>	<u>(853,752)</u>
Profit after taxation					<u>1,718,477</u>	<u>1,644,231</u>
Other information						
Assets	<u>23,241,318</u>	<u>10,083,130</u>	<u>7,133,114</u>	<u>4,864,302</u>	<u>47,321,864</u>	<u>38,729,912</u>
Liabilities	<u>26,673,983</u>	<u>9,374,630</u>	<u>4,936,190</u>	<u>4,754,301</u>	<u>45,739,304</u>	<u>34,067,757</u>
Capital expenditure	<u>3,198,859</u>	<u>2,266,865</u>	<u>732,088</u>	<u>1,265,613</u>	<u>7,463,425</u>	<u>2,979,565</u>
Depreciation/amortisation	<u>952,045</u>	<u>236,075</u>	<u>206,195</u>	<u>119,188</u>	<u>1,513,506</u>	<u>1,382,910</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

2(b) SEGMENT INFORMATION - BUSINESS SEGMENTS

The Company's core business in the four regions continues to be the transmission, distribution and retail of electricity. There is no distinguishable component of the Company that is engaged in providing an individual service that is subject to risks and returns that are different from those of other business segments.

The segment information on fixed assets details at net book values are shown below:

	Freehold land and buildings KShs'000	Lines KShs'000	Machinery KShs'000	Motor vehicles KShs'000	Furniture equipment and other KShs'000	2007 Total KShs'000	2006 Total KShs'000
Transmission	152,682	11,500,097	37,799	212,202	83,836	11,986,616	12,412,856
Distribution	774,140	7,244,364	3,471	869,412	1,194,052	10,085,439	7,049,447
Total	926,822	18,744,461	41,270	1,081,614	1,277,888	22,072,055	19,461,302

The assets exclude capital work in progress of Kshs.6,206,944,000 but include the value of prepaid leasehold land of Kshs.131,981,000 (Notes 11 and 12).



**3. POWER PURCHASE COSTS**

**(a) Power purchase costs**

The power purchases were sourced from the following companies at costs as stated herebelow:

	2007 KShs'000	2006 KShs'000
KenGen	11,055,050	8,223,338
Aggreko	834,829	52,064
Uganda Electricity Transmission Company Limited	221,034	93,134
Tsavo Power Company Limited	1,701,369	1,766,724
Iberafrica Power (E.A.) Company Limited	944,959	1,044,475
Orpower 4 Inc	733,428	767,893
Mumias Sugar Company Limited	7,489	20,267
Tanzania Electric Supply Company Limited	2,834	9,772
	<u>15,500,992</u>	<u>11,977,667</u>
GOK subsidy on power purchases from KenGen	(2,759,178)	-
Less recharged to Rural Electrification Programme	(478,785)	(463,290)
	<u>12,263,029</u>	<u>11,514,377</u>

**(b) Fuel costs**

KenGen	3,269,892	6,162,154
Aggreko	5,460,506	-
Tsavo Power Company Limited	2,933,058	3,030,620
Iberafrica Power (E.A.) Company Limited	2,615,025	3,147,955
Mumias Sugar Company Limited	3,507	8,398
Westmont Power Kenya Limited	-	(35,751)
	<u>14,281,988</u>	<u>12,313,376</u>
Less recharged to Rural Electrification Programme	(432,654)	(351,223)
	<u>13,849,334</u>	<u>11,962,153</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

### (c) Units purchased

Interconnected power purchases by utility source in gigawatt-hours (GWh) was as follows:

	2007 GWh	2006 GWh
KenGen	4,599	4,539
Aggreko	474	29
Uganda Electricity Transmission Company Limited	13	15
Tsavo Power Company Limited	547	569
Iberafrika Power (E.A.) Company Limited	321	408
Orpower 4 Inc	112	117
Mumias Sugar Company Limited	4	9
	<u>6,070</u>	<u>5,686</u>
Less recharged to Rural Electrification Programme	<u>(239)</u>	<u>(214)</u>
	<u>5,831</u>	<u>5,472</u>

### (d) Type of interconnected power sources

Interconnected power purchases by generation source in gigawatt-hours (GWh) was as follows:

	2007 GWh	2006 GWh
Hydro	3,290	3,040
Geothermal	1,013	1,003
Thermal	1,763	1,633
Others	4	10
	<u>6,070</u>	<u>5,686</u>
Less recharged to Rural Electrification Programme	<u>(239)</u>	<u>(214)</u>
	<u>5,831</u>	<u>5,472</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)



4. OTHER OPERATING COSTS

(a) Distribution and customer service	2007 KShs'000	2006 KShs'000
Salaries and wages	2,500,069	2,554,693
Staff welfare	225,202	177,729
Other consumable goods	904,433	449,103
Depreciation	569,178	499,645
Transport and travelling	933,737	753,758
Provision for bad and doubtful debts	600,754	586,492
Office expenses	186,918	182,619
Advertising and public relations	62,514	71,765
Repairs and maintenance	21,428	82,882
Business development	1,883	5,583
Other costs	32,279	46,952
Recharge of distribution and customer service costs to RES	<u>(1,125,264)</u>	<u>(798,215)</u>
	<u>4,913,131</u>	<u>4,612,906</u>
(b) Energy transmission		
Salaries and wages	462,927	423,654
Depreciation	691,623	745,700
Transport and travelling	187,491	156,261
Office expenses	1,059	886
Other costs	<u>148,922</u>	<u>101,487</u>
	<u>1,492,022</u>	<u>1,427,988</u>
(c) Administration		
Salaries	1,493,574	1,134,161
Staff welfare	289,388	217,342
Insurance	234,617	212,089
Other consumable goods	184,128	139,144
Transport and travelling	71,724	(58,075)
Training expenses and consumer services	87,447	51,626
Other costs	490,539	276,882
Depreciation	252,704	137,565
Other office expenses	238,207	200,766
Repairs and maintenance	354,233	275,758
Consultancy fees	178,384	125,462
Provision for non commercial bad debts	200,000	255,000
Audit fees	8,800	8,800
Directors emoluments	22,572	21,402
Amortisation	55	55
Pension deficit provisions	166,800	166,800
Leave pay obligation provision	123,719	-
Recharge of administration costs to RES	<u>(248,425)</u>	<u>(85,081)</u>
	<u>4,148,466</u>	<u>3,079,676</u>





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

### 5. OPERATING PROFIT

The operating profit is arrived at after charging/(crediting):

	2007 KShs'000	2006 KShs'000
Staff costs (Note 6)	5,280,266	4,642,920
Depreciation	1,513,451	1,382,855
Amortisation	55	55
Provision for bad and doubtful debts	600,754	586,492
Provision for non commercial debts	200,000	255,000
Directors' emoluments:		
- Fees	3,691	950
- Other	18,881	20,452
Auditors' remuneration	8,800	8,800
Loss on disposal of property and equipment	19,478	9,390
Rent payable	109,963	84,455
Net foreign exchange gain	(203,603)	(28,993)
Rent receivable	(59,956)	(38,282)

### 6. STAFF COSTS

Salaries and wages	4,693,113	4,217,057
National Social Security Fund employer contributions	14,606	14,249
Pension costs – Company contribution	282,028	244,814
Leave provision	123,719	-
Provision for actuarial losses (note 23)	166,800	166,800
	<u>5,280,266</u>	<u>4,642,920</u>

The average number of employees during the year was:-

	2007	2006
Permanent employees	5,126	5,129
Contract employees	1,273	1,073
	<u>6,399</u>	<u>6,202</u>



**7. NET FINANCE INCOME**

	2007 KShs'000	2006 KShs'000
Interest receivable:		
On bank and other deposits	<u>186,688</u>	<u>485,238</u>
Exchange gains on loans	182,440	31,583
Exchange gains/(losses) on deposits	<u>21,163</u>	<u>(2,590)</u>
Net foreign exchange gains	<u>203,603</u>	<u>28,993</u>
Interest payable:		
Loans	(119,870)	(219,482)
Bank overdrafts	(2,134)	(580)
Dividends on preference shares	<u>(1,930)</u>	<u>(1,930)</u>
	<u>(123,934)</u>	<u>(221,992)</u>
Other financing charges		
Bank charges	<u>(162,126)</u>	<u>(152,567)</u>
	<u>104,231</u>	<u>139,672</u>

**8. TAXATION**

**(a) Balance sheet**

At the beginning of the year	251,829	179,097
Paid during the year	<u>27,410</u>	<u>72,732</u>
	<u>279,239</u>	<u>251,829</u>

**(b) Income statement**

Current taxation based on the adjusted profit for the year at 30%	-	-
Deferred tax charge	<u>930,214</u>	<u>853,752</u>
	<u>930,214</u>	<u>853,752</u>

**(c) Reconciliation of tax expense to the expected tax based on accounting profit:-**

Profit before taxation	<u>2,648,691</u>	<u>2,497,983</u>
Tax at the applicable tax rate of 30%	794,608	749,395
Tax effect of expenses not deductible for tax purposes	<u>135,606</u>	<u>104,357</u>
Tax charge	<u>930,214</u>	<u>853,752</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

### 9. EARNINGS PER SHARE

The earnings per share is calculated on the profit after tax of KShs 1,718,477,000 (2006 - KShs 1,644,231,000) and the number of ordinary shares in issue during the year of 79,128,000 (2006: - 79,128,000). The diluted earnings per share is the same as the basic earnings per share as there were no potentially dilutive potential ordinary shares outstanding as 30 June 2007.

### 10. DIVIDEND PER SHARE

Proposed dividends are accounted for as a separate component of equity until they have been ratified at an Annual General Meeting. At the Annual General Meeting to be held before the end of 2007, a final dividend in respect of the year ended 30 June 2007 of KShs 2.40 for every ordinary share of KShs 20.00 is to be proposed. An interim dividend of KShs 0.60 (2006 - nil) for every ordinary share of KShs 20.00 was declared and paid during the year. This will bring the total dividend for the year to KShs 3.00 (2006 - KShs 1.50).

### 11. PROPERTY AND EQUIPMENT

COST OR VALUATION	Freehold land and building KShs'000	Transmission lines KShs'000	Distribution lines KShs'000	Machinery KShs'000	Motor vehicles KShs'000	Furniture equipment and other KShs'000	Total KShs'000
At 1 July 2006	1,204,711	15,298,563	6,987,208	55,650	1,879,177	5,329,972	30,755,281
Additions	99,040	85,721	2,947,932	897	597,473	480,575	4,211,638
Disposals	-	-	(381,285)	-	(83,620)	-	(444,905)
At 30 June 2007	<u>1,303,751</u>	<u>15,384,284</u>	<u>9,553,855</u>	<u>56,547</u>	<u>2,413,030</u>	<u>5,810,547</u>	<u>34,522,014</u>
Comprising Cost	1,303,751	5,156,528	9,553,855	56,547	2,413,030	5,810,547	24,294,258
Valuation - 2002	-	10,227,756	-	-	-	-	10,227,756
	<u>1,303,751</u>	<u>15,384,284</u>	<u>9,553,855</u>	<u>56,547</u>	<u>2,413,030</u>	<u>5,810,547</u>	<u>34,522,014</u>
DEPRECIATION							
At 1 July 2006	475,662	3,271,725	2,137,825	11,584	1,216,744	4,180,439	11,293,979
Charge for the year	33,249	612,462	339,886	3,693	171,941	352,220	1,513,451
Disposals	-	-	(168,222)	-	(57,269)	-	(225,491)
At 30 June 2007	<u>508,911</u>	<u>3,884,187</u>	<u>2,309,489</u>	<u>15,277</u>	<u>1,331,416</u>	<u>4,532,659</u>	<u>12,581,939</u>
NET BOOK VALUE							
At 30 June 2007	<u>794,840</u>	<u>11,500,097</u>	<u>7,244,364</u>	<u>41,270</u>	<u>1,081,614</u>	<u>1,277,888</u>	<u>21,940,075</u>
Capital work-in-progress	-	-	-	-	-	-	6,206,944
							<u>28,147,019</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)**


Capital work-in-progress relates to construction works of electricity distribution lines and installations spread across the country. Included in land and buildings, distribution lines, machinery, motor vehicles, furniture and equipment are assets with a cost of KShs 6,052,213,867 which were fully depreciated. The normal depreciation charge on these assets would have been KShs 1,000,977,904.

The transmission lines were revalued by Mott MacDonald, Registered Valuers (London) as at 30 June 2002 on a depreciated replacement cost basis. The book values of the lines were adjusted to the revaluations, and the resulting surplus, net of deferred tax, was credited to the revaluation reserve. The cost of distribution lines were arrived after adjusting the actual total cost of the lines of KShs 21,099,221,000 with the customers contributions of KShs 11,545,366,000.

COST OR VALUATION	Freehold land and building KShs'000	Transmission lines KShs'000	Distribution lines KShs'000	Machinery KShs'000	Motor vehicles KShs'000	Furniture equipment and other KShs'000	Total KShs'000
At 1 July 2005	1,204,711	15,298,563	5,868,966	14,762	1,513,313	5,041,986	28,942,301
Additions	-	-	1,245,324	40,888	373,190	287,986	1,947,388
Disposals	-	-	(127,082)	-	(7,326)	-	(134,408)
At 30 June 2006	1,204,711	15,298,563	6,987,208	55,650	1,879,177	5,329,972	30,755,281
Comprising Cost	1,204,711	5,070,807	6,987,208	55,650	1,879,177	5,329,972	20,527,525
Valuation-2002	-	10,227,756	-	-	-	-	10,227,756
	1,204,711	15,298,563	6,987,208	55,650	1,879,177	5,329,972	30,755,281
DEPRECIATION							
At 1 July 2005	442,565	2,603,165	1,950,682	11,150	1,143,534	3,857,987	10,009,083
Charge for the year	33,097	668,560	278,509	434	79,803	322,452	1,382,855
Disposals	-	-	(91,366)	-	(6,593)	-	(97,959)
At 30 June 2006	475,662	3,271,725	2,137,825	11,584	1,216,744	4,180,439	11,293,979
NET BOOK VALUE							
At 30 June 2006	729,049	12,026,838	4,849,383	44,066	662,433	1,149,533	19,461,302
Capital work-in-progress							2,955,157
							22,416,459



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

Capital work-in-progress relates to construction works of electricity distribution lines and installations spread across the country. Included in land and buildings, distribution lines, machinery, motor vehicles, furniture and equipment are assets with a cost of KShs 5,644,314,645 which were fully depreciated. The normal depreciation charge on these assets would have been KShs 954,130,141.

The transmission lines were revalued by Mott MacDonald, Registered Valuers (London) as at 30 June 2002 on a depreciated replacement cost basis. The book values of the lines were adjusted to the revaluations, and the resulting surplus, net of deferred tax, was credited to the revaluation reserve. The cost of distribution lines were arrived after adjusting the actual total cost of the lines of KShs 17,430,335,000 with the customers contributions of KShs 10,443,127,000.

### NET BOOK VALUE (COST BASIS)

	Freehold land and building KShs'000	Transmission lines KShs'000	Distribution lines KShs'000	Machinery KShs'000	Motor vehicles KShs'000	Furniture equipment and other KShs'000	Total KShs'000
At 30 June 2007	<u>794,840</u>	<u>7,620,318</u>	<u>7,244,364</u>	<u>41,270</u>	<u>1,081,614</u>	<u>1,277,888</u>	18,060,294
Capital work-in-progress							<u>6,206,944</u>
							<u>24,267,238</u>
At 30 June 2006	<u>729,049</u>	<u>7,691,433</u>	<u>4,849,383</u>	<u>44,086</u>	<u>662,433</u>	<u>1,149,533</u>	15,125,897
Capital work-in-progress							<u>2,955,157</u>
							<u>18,081,054</u>

### 12 PREPAID LEASES ON LAND

#### COST

At 30 June 2006 and 2007

133,698

#### AMORTISATION

At 1 July 2006

1,657

Amortisation for the year

55

At 30 June 2007

1,712

#### NET BOOK VALUE

At 30 June 2007

131,981

At 30 June 2006

132,037

This relates to leases on land that is under use by the Company companywide mainly hosting substations.



**19. RESERVES**

The revaluation reserve was as a result of revaluation of transmission lines less transfers to reserves.

	2007
	KShs'000
KenGen	6,025,633
Other electricity suppliers	1,150,636
Customers' deposits	2,932,308
Capital contributions	1,008,950
Other suppliers' accounts	597,466
Rural Electrification Programme Levy	1,552,874
Electricity Regulation Board Levy	29,016
Rural Electrification Programme Schemes	1,111,707
Other payables and accruals	1,843,039
	<u>16,251,629</u>
Less: Non-refundable and payable after one year	<u>(3,941,258)</u>
	<u>12,310,371</u>

	2006
	KShs'000
	3,290,222
	1,275,571
	2,537,919
	760,910
	441,537
	1,484,910
	27,018
	1,565,081
	1,513,949
	<u>12,897,127</u>
	<u>(3,298,829)</u>
	<u>9,598,298</u>

**20. TRADE AND OTHER PAYABLES**

The amount due to KenGen represents outstanding amounts arising from power purchases. GOK power purchase subsidy and Sondu Miru transmission line project as disclosed in note 26 (d). The non-refundable and payable amounts after one year relate to deposits and capital contributions received from customers.

Rural Electrification Programme Levy represents levies collected by the Company from electricity customers on behalf of the Government, while Rural Electrification Programme Schemes relate to amount received from Government of Kenya for implementation of Rural Electrification Projects.



**17. SHORT TERM DEPOSITS, BANK AND CASH BALANCES**

The average effective interest rate on the short-term deposits as at 30 June 2007 was 6% (2006 - 7.5%).

(b) Bank and cash balances	2007 KShs'000	2006 KShs'000
Bank and cash balances comprise:-		
Cash at bank	731,055	263,487
Cash on hand	15,433	11,503
	<u>746,488</u>	<u>274,990</u>

**(a) Ordinary share capital**

	2007 KShs'000	2006 KShs'000
<b>(a) Ordinary share capital</b>		
Authorised:		
97,850,000 ordinary shares of KShs 20 each	<u>1,957,000</u>	<u>1,957,000</u>
Issued and fully paid:		
79,128,000 ordinary shares of KShs 20 each	<u>1,582,560</u>	<u>1,582,560</u>
<b>(b) Redeemable non-cumulative preference share capital</b>		
Authorised:		
800,000,000 - 7.85% preference shares of KShs 20 each	<u>16,000,000</u>	<u>16,000,000</u>
Issued and fully paid:		
794,962,500 - 7.85% preference shares of KShs 20 each	<u>15,899,250</u>	<u>15,899,250</u>

**18. SHARE CAPITAL**

The issued and fully paid redeemable non-cumulative preference share capital relates to debts from the Government of Kenya converted into redeemable 7.85% non-cumulative preference shares in the year 2004. The preference shares are redeemable at the option of the Company.

	2007 KShs'000	2006 KShs'000
Accumulated reserve/ (deficit)	1,862,443	(74,276)
Revaluation surplus	<u>2,715,240</u>	<u>3,034,179</u>
	<u>4,577,683</u>	<u>2,959,903</u>



	2007 KShs'000	2006 KShs'000
General stores	3,037,144	1,991,538
Engineering spares	21,199	10,029
Fuel and oil	129,109	48,841
Transformers	980,714	740,428
Motor vehicle spares	90,810	63,915
Goods in transit	<u>753,644</u>	<u>78,835</u>
	<u>5,012,620</u>	<u>2,928,586</u>

**15. INVENTORIES**

General stores, engineering spares, fuel and oil, transformers and motor vehicle spares are stated at weighted average cost and adjusted with provision for obsolete and slow moving stocks of KShs 699,950,012 (2006 - KShs 985,411,525) while goods in transit are at cost.

	2007 KShs'000	2006 KShs'000
Electricity customers	4,452,454	3,978,091
Prepayments	390,985	94,099
Recoverable fuel costs	1,113,195	1,206,716
VAT recoverable	1,924,082	775,488
Government of Kenya - Power purchase subsidy	1,858,602	-
Staff receivables	316,434	143,837
Other receivables	<u>98,408</u>	<u>351,690</u>
	<u>10,154,155</u>	<u>6,550,221</u>

**16. TRADE AND OTHER RECEIVABLES**

Trade and other receivables are stated net of provision for bad and doubtful debts amounting to KShs 2,805,061,999 (2006 - KShs 3,418,566,379).

	2007 KShs'000	2006 KShs'000
(a) Short term deposits - maturing within 3 months		
Housing Finance Company of Kenya Limited	228,662	216,071
Standard Chartered Bank Kenya Limited	2,475,589	3,167,822
Co-operative Bank of Kenya Limited	141,811	2,552,355
	<u>2,846,062</u>	<u>5,936,248</u>





**13. UNQUOTED INVESTMENT**

The investment is stated at cost less provision for impairment. The investment represents equity shares held in Consolidated Bank of Kenya Limited. The shares were acquired in return for deposits previously held with Jimba Credit Finance Limited, one of the insolvent rehabilitated finance houses amalgamated to form the Consolidated Bank.

**14. DEFERRED TAX**

Deferred tax is calculated on all temporary differences under the liability method using the enacted rate, currently at 30%. The net deferred tax asset at year-end is attributable to the following items:

Deferred tax assets:		
Tax losses Provisions	(1,913,033) (1,233,732)	(2,362,209) (1,504,619)
	(3,146,765)	(3,866,829)
Deferred tax liabilities:		
Accelerated capital allowances	2,431,677	2,272,902
Unrealised exchange gains	110,496	59,119
Revaluation surplus	1,163,677	1,300,365
	3,705,850	3,632,386
Movement on the deferred tax account is as follows:		
At 1 July	(234,442)	(951,518)
Credit to revaluation reserve	(136,687)	(136,687)
Adjustment		11
Income statement charge (note 8(b))	930,214	853,752
At 30 June	559,085	(234,442)

The deferred taxation assets have been recognised in the financial statements on the basis of profit forecasts which indicate that the Company will generate sufficient profits in the foreseeable future to facilitate utilisation of the tax losses and provisions. Under the Kenya tax legislation, tax losses can be carried to perpetuity.



**21. BORROWINGS**

(a) Balances	2007 KShs'000	2006 KShs'000
6.125% Kenya Government/Swiss mixed credit 1996-2007 (CHF 2,370,574)	127,388	147,211
4% Kenya Government/European Investment Bank Loan - Olkaria line (Euro 23,544,887) 2005 - 2020	2,095,694	2,386,094
7.63% East Africa Development Bank (Kiambere - Nairobi 220KVA line - USD 33,346) 2003-2007	2,208	118,192
4% FMO (Kipevu - Rabai line - USD 750,000) 2003-2007	49,665	166,050
7.7% Kenya Government/IDA 2966 KE loan 1997-2017	186,096	186,096
4.5% GOK/IDA 3958 KE ESRP (USD 3,317,854) 2004-2024	219,708	112,539
GOK/ Nordic Development Fund 435 ESRP ( Euro 1,054,045) 2006 - 2024	93,820	-
4.5% GOK/Agence Francaise de Development 3008 ESRP (Euro 1,484,143) 2006 - 2024	132,103	-
Standard Chartered Bank - Money Market	3,000,000	-
Barclays Bank - Money Market	500,000	-
Accrued interest	<u>37,798</u>	<u>29,444</u>
	6,444,480	3,145,626
Less: amounts repayable within 12 months	<u>(3,761,363)</u>	<u>(443,904)</u>
Non current	<u>2,683,117</u>	<u>2,701,722</u>

East African Development Bank Limited, FMO and Barclays Bank money market loans are guaranteed by letters of negative pledge. Standard Chartered bank money market is secured by corporate guarantee and standby letters of credit and confirmed by Stanbic (K) Limited and Co-operative Bank of Kenya Limited. All other loans are guaranteed by the Government of Kenya.

Under the terms of the Kenya Government/Swiss mixed credit, the balance of this loan upon full payment of 50% of the amount lent, is to become a grant. The last instalment on this loan is falling due in December 2007.

**(b) Analysis of borrowing by currency**

	Borrowings in KShs KSh'000	Borrowings in US\$ KShs'000	Borrowings in CHF KShs'000	Borrowings in EURO KShs'000	Total Borrowings in KShs'000
2007					
Loans	<u>3,714,775</u>	<u>272,758</u>	<u>127,388</u>	<u>2,329,559</u>	<u>6,444,480</u>
2006					
Loans	<u>200,426</u>	<u>400,854</u>	<u>147,211</u>	<u>2,397,135</u>	<u>3,145,626</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

	2007 KShs'000	2006 KShs'000
<b>(c) Maturity of borrowings</b>		
Due within 1 year	3,761,363	443,904
Due between 1 and 2 years	169,521	608,509
Due between 2 and 5 years	508,563	717,262
Due after 5 years	<u>2,005,033</u>	<u>1,375,951</u>
	<u>6,444,480</u>	<u>3,145,626</u>

### 22. PREFERENCE SHARES

	2007 KShs'000	2006 KShs'000
Authorised issues and fully paid:		
350,000 - 7% cumulative preference shares of KShs 20 each	7,000	7,000
1,800,000 - 4% cumulative preference shares of KShs 20 each	<u>36,000</u>	<u>36,000</u>
	<u>43,000</u>	<u>43,000</u>

The preference shares are treated as financial liabilities because the Company has a contractual obligation to pay preference dividends on the shares.

### 23. RETIREMENT BENEFITS OBLIGATION

The Company operates a defined retirement benefits scheme for all full time permanent employees and defined benefit scheme for pensioners and deferred pensioners who existed as at 30 June 2006. The scheme is administered by an inhouse team and is funded by contributions from the Company and its employees. The benefits provided by the defined benefit scheme are based on a formula taking into account years of service and remuneration levels, whilst the benefits provided by the defined contribution scheme are determined by accumulated contributions and returns on investments.

AIG Global Investment (EA) Company Limited and Co-optrust Investment Services Limited jointly manage the scheme's funds. Under the defined benefit scheme, the employees are entitled to retirement benefits varying between 2 and 3 percent of final pensionable emoluments on attainment of the retirement age of 55.

Both schemes are governed by the Retirement Benefits Act, 1997. This requires that an actuarial valuation be carried out at least every three years for the defined benefit scheme. An actuarial valuation of the defined benefit scheme for the year ended 31 December 2006 was underway at the time of approval of these financial statements.

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefits plan is as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)



	2007 KShs'000	2006 KShs'000
Net actuarial losses	<u>166,800</u>	<u>166,800</u>

The charge of the year had been included in staff costs (note 6)

The amount included in the balance sheet arising from the company's obligation in respect of its defined benefits plan is as follows:

	2007 KShs'000	2006 KShs'000
Present value of funded obligations	7,713,400	7,713,400
Unrecognised actuarial losses	(1,774,182)	(1,940,982)
Fair value of plan assets	<u>(3,695,200)</u>	<u>(3,695,200)</u>
	<u>2,244,018</u>	<u>2,077,218</u>

Movement in the net liability in the current year were as follows:

At beginning of the year	1,697,218	1,850,418
Amounts paid	(804,000)	(320,000)
Amounts charged to income	<u>166,800</u>	<u>166,800</u>
At 30 June	<u>1,260,018</u>	<u>1,697,218</u>

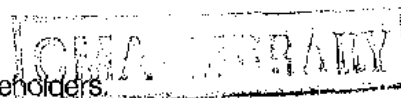
Key assumptions used:

Rate of interest	10%	10%
Expected return on plan assets	10%	10%
Expected rate of salary increases	8%	8%
Future pension increases:		
- Post 31/12/99 service	0%	0%
- Pre 31/12/99 service	3%	3%

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 KShs 200 per employee per month.

24. DIVIDENDS PAYABLE

These relate to unclaimed dividends payable to different ordinary shareholders.





## 25 NOTES TO THE CASH FLOW STATEMENT

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

	2007 KShs'000	2006 KShs'000
Operating profit	2,544,460	2,358,311
Depreciation	1,513,451	1,382,855
Amortisation	55	55
Loss on disposal of property and equipment	19,478	9,390
Bank charges	(162,126)	(152,567)
Net exchange gains/ (losses)	21,183	(2,590)
Operating profit before working capital changes	3,936,481	3,595,454
Increase in inventories	(2,084,034)	(773,251)
Increase in trade and other receivables	(3,609,120)	(720,310)
Increase in trade and other payables	3,354,502	1,930,644
Decrease in staff retirement benefits scheme	(437,200)	(153,200)
Increase in provision for leave pay obligation	123,719	-
Movement in non current deposits	-	340,684
Cash generated from operations	<u>1,284,348</u>	<u>4,220,021</u>

## (b) ANALYSIS OF CHANGES IN LOANS

At the beginning of the year	3,145,625	3,696,633
Receipts	3,864,212	215,666
Repayments	(420,715)	(764,534)
Exchange gains	(182,440)	(31,583)
Accrued interest	37,798	29,443
At the end of the year	<u>6,444,480</u>	<u>3,145,625</u>

## (c) ANALYSIS OF CASH AND CASH EQUIVALENTS

Short term deposits	2,846,062	5,936,248
Bank and cash balances	746,488	274,990
	<u>3,592,550</u>	<u>6,211,238</u>

For the purpose of the cash flow statement, cash and cash equivalents include short term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired; less advances from banks repayable within three months from date of disbursement or date of confirmation of the advance.



**26. RELATED PARTY TRANSACTIONS**

The Government of Kenya is the principal shareholder in The Kenya Power and Lighting Company Limited (KPLC) and also holds 70% of the equity interest in Kenya Electricity Generating Company Limited (KenGen). The Company is related to KenGen through common control.

During the year, the following transactions were carried out with related parties:

<b>(a) Government of Kenya</b>	2007 KShs'000	2006 KShs'000
(i) Ministries		
Electricity sales to Government Ministries	<u>1,284,991</u>	<u>1,150,469</u>
(ii) Outstanding balances		
Included in trade and other receivables:		
Ministries	318,537	414,539
Strategic parastatals	738,516	930,676
VAT recoverable	1,924,082	775,488
GOK power purchase subsidy	<u>1,858,602</u>	<u>-</u>
	<u>4,839,737</u>	<u>2,120,703</u>
Included in trade and other payables		
Rural Electrification Programme levy	1,552,874	1,484,910
Electricity Regulatory Commission levy	29,016	27,018
Rural Electrification Schemes	<u>1,111,707</u>	<u>1,565,091</u>
	<u>2,693,597</u>	<u>3,077,019</u>
Net amount from / (due to) Government of Kenya	<u>2,146,140</u>	<u>(956,316)</u>

The tariffs applicable to Government institutions are similar to other ordinary customers.

<b>(b) Staff</b>		
(i) Sales		
Electricity sales to staff	<u>16,778</u>	<u>17,177</u>
Outstanding balances included in electricity customers	<u>5,220</u>	<u>3,166</u>
(ii) Advances staff included in trade and other receivables	<u>316,434</u>	<u>143,937</u>
The tariff charged to staff is KShs 2.26 per kWh.		
(iii) Key management compensation	<u>55,582</u>	<u>48,245</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

### (c) Rural Electrification Programme

During the year, the Company continued to manage the Rural Electrification Programme (REP) on behalf of the Government of Kenya.

The Rural Electrification Programme (REP) was established in 1973 by the Government of Kenya following an agreement between it and East African Power & Lighting Company, the predecessor to The Kenya Power & Lighting Company Limited. The programme was established with the specific objective to extend electricity to the sub economic rural areas. During the year, the Rural Electrification Authority (REA) was established to manage the REP activities that are currently carried out by the Company.

The REP is funded by the Government of Kenya. Any property acquired by REP remains the property of the Government of Kenya. KPLC only acts as a management agent on behalf of the Government.

The scheme's financial details not included in these financial statements are as follows:

	2007 KShs'000	2006 KShs'000
Electricity sales	1,721,279	1,538,526
Expenditure	<u>(2,840,061)</u>	<u>(2,346,726)</u>
Net deficit	<u>(1,118,782)</u>	<u>(808,200)</u>
Assets	<u>13,000,412</u>	<u>8,277,243</u>

The balance outstanding in the current account with the Government of Kenya is disclosed in note 20 under trade and other payables.

### (d) KenGen

	2007 KShs'000	2006 KShs'000
Electricity purchases	<u>20,680,828</u>	<u>14,437,556</u>
Amounts due to KenGen on account of electricity purchases	<u>3,539,959</u>	<u>2,960,342</u>
Amounts due to KenGen on account of GOK subsidy	<u>1,858,602</u>	-
Amounts due to KenGen on account of Sondu Miriu project	<u>627,071</u>	<u>329,880</u>
Electricity sales	<u>60,079</u>	<u>52,905</u>
Amounts due from KenGen on account of electricity sales	<u>5,727</u>	<u>16,393</u>

Transactions with KenGen are at arm's length and in the normal course of business.



**(e) KPLC Staff Retirement Benefits Scheme**

The Company rents property owned by the staff retirement benefits scheme for office accommodation. Rent paid to the scheme in the year amounted to KShs56,787,360 (2006 - KShs 40,000,000).

**27. RISK MANAGEMENT POLICIES**

The financial risk management objectives and policies are as outlined below:

**Credit risk**

The Company's credit risk is primarily attributable to its trade receivable and bank deposits. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and their assessment of the current economic environment. The credit risk on trade receivables is limited as the Company is a monopoly in the distribution of electricity which is a basic necessity for the consumer. In addition, the Company has no significant concentration of credit risk, with exposure spread over a large number of customers. The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings.

**Interest rate risk**

The interest rate risk exposure arises mainly from interest rate movements on the Company's borrowings. To manage the interest rate risk, management has endeavoured to only sign and obtain borrowings from institutions that offer contracts with fixed interest rates. At year-end, borrowings with no fixed interest rates were minimal.

**Liquidity risk**

The risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments has been and continues to be addressed by management through debt rescheduling, conversion of loan into equity and re-negotiating with energy suppliers for tariff reductions.

**Currency risk**

The foreign currency risk arises due to change in exchange rates. Exposure due to foreign currency risk is managed by recovering from customers the realised fluctuations in the exchange rates not factored in the retail tariffs.

**28. FAIR VALUE**

The Directors are of the opinion that there is no material difference between the fair value and carrying value of the Company's financial assets and liabilities where fair value details have not been presented.





**29. CAPITAL COMMITMENTS**

	2007 KShs'000	2006 KShs'000
Authorised and contracted for	12,284,100	3,378,711
Less: Amount incurred and included in work-in-progress	(4,873,180)	(606,817)
	7,410,920	2,771,894
Less: Capital contributions received from customers	(688,962)	(168,494)
	<u>(6,721,958)</u>	<u>2,603,400</u>

**30. CONTINGENT LIABILITIES**

	2007 KShs'000	2006 KShs'000
Bank guarantees	657,110	406,826
Claims on the Company	<u>6,145,286</u>	<u>9,429,803</u>
	<u>6,702,396</u>	<u>9,836,629</u>

Included in the claims on the Company are:

- (i) Some employees whose employment was terminated in the year 2003 went to court seeking additional compensation for termination. The advice from the external lawyers is that the plaintiffs' claim cannot succeed against the Company.
- (ii) KShs1.355 billion in 2004 relating to a claim by Tana & Athi River Development Authority (TARDA) for Masinga and Kiambere power stations lease hire charges for the period prior to 1998. In line with Government directive in 1988, the Company has been released from its obligation to pay this amount. The matter is awaiting clearance by GoK Cabinet.
- (iii) Other claims on the Company relate to civil suits lodged against the Company by various parties in the normal course of business.
- (iv) Kenya Electricity Generating Company Limited (KenGen) has claimed an amount of KShs 826 million relating to an actuarial deficit determined on the separation of the Staff Retirement Benefit Schemes in 2004.

The likely outcome of these suits cannot be determined as at the date of signing these financial statements. Based on the information currently available, the Directors believe that the ultimate resolution of these legal proceedings would most likely not have a material effect on the results of the Company's operations, financial position or liquidity.



**31. OPERATING LEASE COMMITMENTS**

**AS LESSEE:**

The total future minimum lease payments due to third parties under non-cancellable operating leases are as follows:

	2007 KShs'000	2006 KShs'000
Not later than 1 year	109,407	65,956
Later than 1 year and not later than 5 years	<u>351,055</u>	<u>168,144</u>
	<u>460,462</u>	<u>234,100</u>

**AS LESSOR:**

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2007 KShs'000	2006 KShs'000
Not later than 1 year	46,489	38,851
Later than 1 year but not later than 5 years	<u>109,003</u>	<u>77,414</u>
	<u>155,492</u>	<u>116,265</u>

**32. COMPARATIVES**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

**33. INCORPORATION**

The Company is incorporated in Kenya under the Kenyan Companies Act under certificate of Incorporation No.C.1/22 and is domiciled in Kenya.

**34. CURRENCY**

These financial statements are prepared in Kenya shillings thousands (KShs'000).



# TEN YEAR FINANCIAL AND STATISTICAL RECORDS

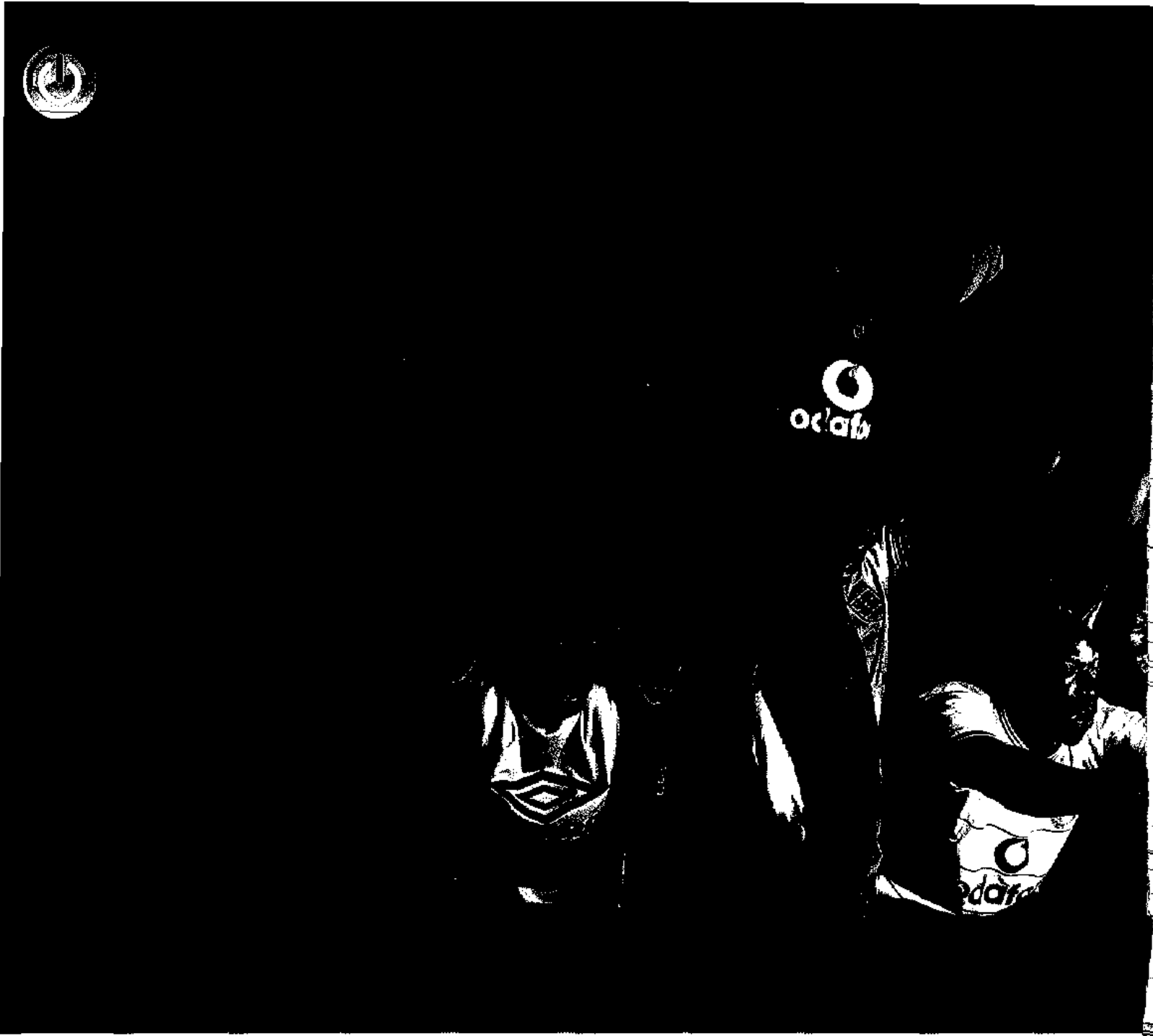
	30th June 1998	30th June 2000	30th June 2002	30th June 2004	30th June 2006	30th June 2007
<b>UNITS SOLD (Millions)</b>	3,498	3,365	3,498	3,940	4,444	4,168
<b>Average yield of units sold (cents)</b>	516.67	700.28	709.20	591.96	764.39	765.00
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Revenue from sale of electricity	18,073,232	23,564,465	24,807,649	23,323,083	33,965,730	31,544,254
<b>PROFIT/(LOSS) for the Year</b>						
Before exceptional item	2,005,343	(4,155,863)	(1,868,780)	975,614	2,499,913	(2,445,521)
Exceptional item	-	1,581,594	(978,426)	-	-	-
<b>PROFIT/(LOSS) for the Year before taxation</b>	2,005,343	(2,574,269)	(2,847,186)	975,614	2,499,913	(2,445,521)
TAXATION (CHARGE/ CREDIT)	(658,612)	966,287	969,563	(415,877)	(863,752)	(520,214)
<b>NET PROFIT/(LOSS) AFTER TAXATION</b>	1,346,731	(1,607,982)	(1,877,623)	459,737	1,646,161	(1,925,307)
Preference dividends (gross)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)
<b>NET PROFIT/(LOSS) ATTRIBUTABLE TO</b>						
<b>ORDINARY SHAREHOLDERS</b>	1,344,801	(1,609,312)	(1,879,553)	457,807	1,644,231	(1,918,477)
ORDINARY DIVIDENDS (gross)	(422,016)	(158,256)	-	-	(118,692)	(27,364)
<b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b>	922,785	(1,768,168)	(1,879,553)	457,807	1,525,539	(1,891,841)
<b>FUNDS GENERATED FROM OPERATIONS</b>						
Profit/(Loss) for the year	922,785	(1,768,168)	(1,879,553)	457,807	1,525,539	(1,891,841)
Depreciation	579,494	926,201	1,101,236	1,518,396	1,382,910	1,155,568
	1,502,279	(841,967)	(778,317)	1,976,203	2,908,449	(736,273)
<b>CAPITAL EMPLOYED</b>						
Fixed Assets less depreciation	7,648,159	12,022,675	19,357,165	20,599,403	22,416,459	21,010,000
Prepaid leases on land	-	-	132,257	132,147	132,037	87,000
Loans to KenGen	80,871	-	-	-	-	-
Investment	4,300	4,300	4,300	4,300	4,300	4,300
Other non current assets	-	-	187,500	351,886	-	-
Net current assets/(Liabilities)	(389,532)	(2,445,301)	1,319,233	1,139,951	3,816,718	(1,277,000)
	7,243,798	9,581,674	21,000,455	22,227,087	26,369,514	29,716,300

TEN YEAR FINANCIAL AND STATISTICAL RECORDS (continued)

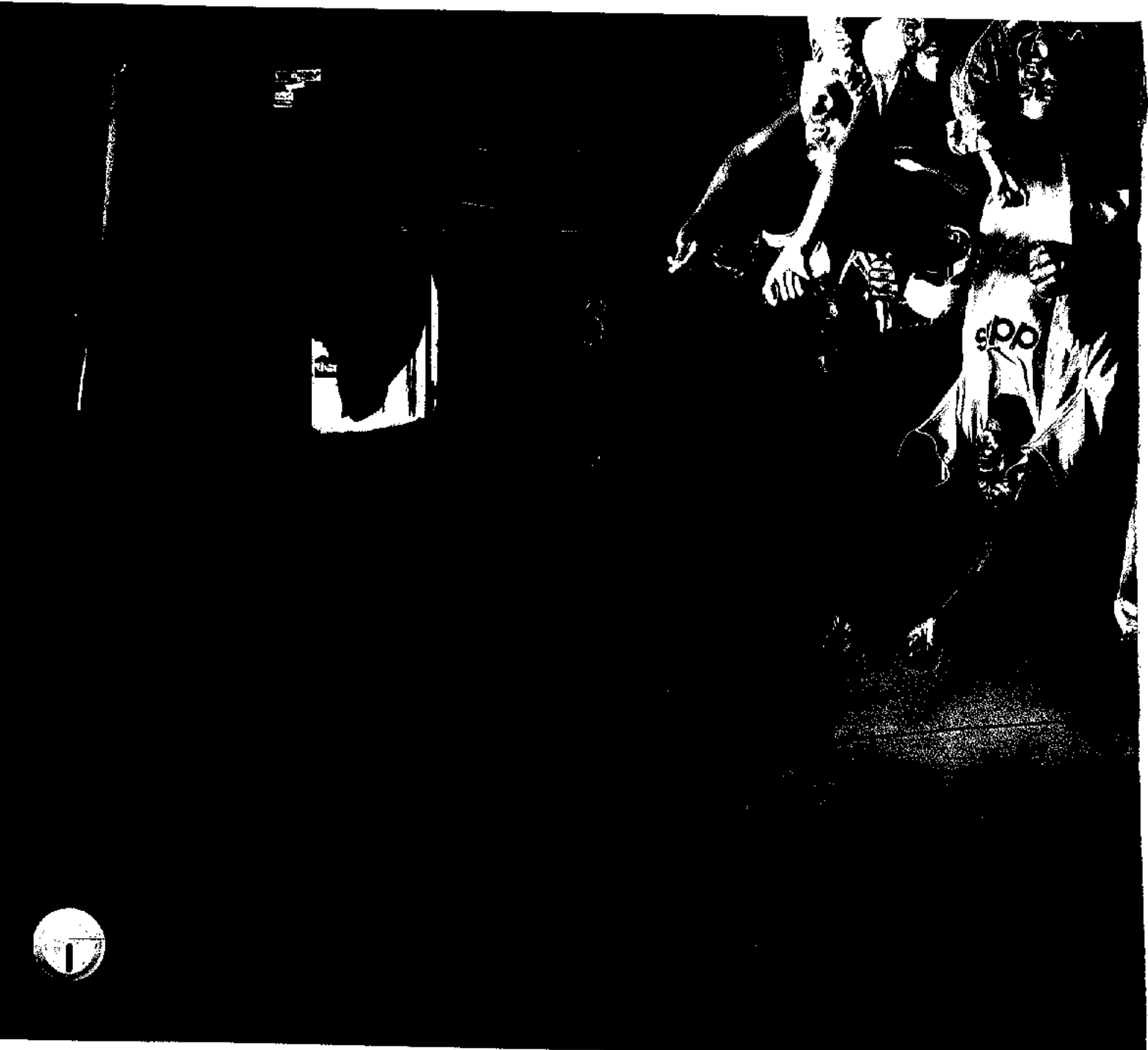


	30th June 1998	30th June 2000	30th June 2002	30th June 2003	30th June 2004	30th June 2005	30th June 2006	30th June 2007
<b>FINANCED BY:</b>								
Ordinary shareholders' equity	5,060,357	3,962,497	3,516,188	1,591,969	1,591,969	4,661,165	4,661,165	4,661,165
Non cumulative preference shares	-	-	-	-	15,899,250	15,899,250	15,899,250	15,899,250
Cumulative preference shares	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
Loan capital	1,153,273	1,268,999	5,048,326	3,769,347	3,769,347	2,701,722	2,701,722	2,701,722
Deferred taxation	987,168	241,263	(110,389)	(1,523,834)	(1,523,834)	(234,442)	(234,442)	(234,442)
Non current liability	-	4,065,915	12,612,135	2,447,355	2,447,355	3,298,629	3,298,629	3,298,629
	7,243,798	9,581,674	21,110,240	22,227,067	22,227,067	26,369,514	26,369,514	26,369,514
<b>CAPITAL EXPENDITURE</b>	1,542,191	4,669,768	1,969,535	3,111,203	3,111,203	2,979,534	2,979,534	2,979,534
Average cost of units sold (cents)	471	803	856	584	584	736.95	736.95	736.95
Profit/ (Loss) for the year before taxation as a								
percentage of average capital employed	27.63%	-26.87%	-13.56%	3.94%	3.94%	9.48%	9.48%	9.48%
<b>ORDINARY DIVIDENDS RATES</b>	40%	10%	0%	0%	0%	7.50%	7.50%	7.50%
Earnings per share	17	(20.35)	(23.75)	5.79	5.79	20.78	20.78	20.78
Customers/employees ratio	63.20	71.31	98.26	110.62	110.62	129.00	129.00	129.00
Sales (KWh) per employee	488,070	474,278	597,444	833,848	833,848	716,543	716,543	716,543

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Soccer fans watch football in Kibera, Nairobi. KPLC is using novel technology to supply electricity to informal settlements





# STATISTICAL INFORMATION

**TABLE 1: POWER SYSTEM OPERATION STATISTICS FOR 6 YEARS**

COMPANY	Capacity (MW)		2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
	Installed	Effective						
<b>KenGen Hydro:</b>								
Tana	14.4	10.4	76	65	65	59	56	68
Wanjil	7.4	7.4	52	51	34	21	22	36
Kamburu	94.2	90.0	330	470	470	381	399	464
Gitaru	225.0	216.0	665	945	938	757	795	945
Kindaruma	40.0	40.0	162	224	221	170	190	215
Small Stations	6.3	5.6	23	25	28	23	20	21
Masinga	40.0	40.0	127	206	230	169	170	183
Kiambere	144.0	144.0	703	999	1,010	814	852	973
Turkwel	106.0	106.0	264	136	263	475	520	372
<b>Hydro Total</b>	<b>677.3</b>	<b>659.4</b>	<b>2,402</b>	<b>3,120</b>	<b>3,259</b>	<b>2,669</b>	<b>3,025</b>	<b>3,277</b>
<b>Thermal:</b>								
Kipevu Steam			94	83	56	48	0	0
Kipevu I Diesel	75.0	60.0	268	144	279	330	399	326
Fiat - Nairobi South	13.5	10.5	1	0.2	-0.02	3	18	4
Kipevu Gas Turbines	60.0	60.0	77	20	4	97	194	75
Garissa & Lamu	5.2	4.6	11	12	13	13	15	16
<b>Thermal Total</b>	<b>153.7</b>	<b>135.1</b>	<b>451</b>	<b>260</b>	<b>352</b>	<b>491</b>	<b>626</b>	<b>421</b>
<b>Geothermal:</b>								
Olkaria I	45.0	45.0	377	277	266	371	324	360
Olkaria II	70.0	70.0	0	0	417	549	562	540
<b>Geothermal Total</b>	<b>115.0</b>	<b>115.0</b>	<b>377</b>	<b>277</b>	<b>682</b>	<b>920</b>	<b>886</b>	<b>900</b>
<b>Wind</b>								
Ngong	0.4	0.4	0.0	0.3	0.4	0.4	0.4	0.2
<b>KenGen Total</b>	<b>946.4</b>	<b>909.9</b>	<b>3,230</b>	<b>3,657</b>	<b>4,294</b>	<b>4,280</b>	<b>4,538</b>	<b>4,699</b>
<b>Government of Kenya (Rural Electrification Programme)</b>								
Off-grid Thermal Stations	5.6	4.4	10	10	10	11	11	12
<b>Independent Power Producers (IPP) - Thermal &amp; Geothermal</b>								
Iberafrica	56.0	56.0	348	251	240	330	408	321
Westmont <sup>2</sup>	0.0	0.0	149	29	15	3	0	0
Tsavo	74.0	74.0	550	473	200	508	570	547
Murnias - Cogeneration	2.0	2.0	1	0	0	0	9	4
OrPower 4 -Geothermal	13.0	13.0	103	109	105	115	117	112
<b>IPP Total</b>	<b>145.0</b>	<b>143.0</b>	<b>1151.0</b>	<b>861.5</b>	<b>559.9</b>	<b>956.3</b>	<b>1,103</b>	<b>984</b>
<b>Emergency Power Producers (EPP)<sup>3</sup></b>								
Aggreko	100.0	98.0	0	0	0	0	30	561
<b>EPP Total</b>	<b>100.0</b>	<b>98.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>561</b>
<b>Imports</b>								
UETCL			172	222	171	99	15	13
TANESCO			0	0	0	0.3	0.4	0.5
<b>Total Imports</b>	<b>0.0</b>	<b>0.0</b>	<b>172.0</b>	<b>222</b>	<b>171</b>	<b>99.0</b>	<b>15.0</b>	<b>13.1</b>
<b>SYSTEM TOTAL</b>	<b>1,191.7</b>	<b>1,113.3</b>	<b>4,563</b>	<b>4,740</b>	<b>5,035</b>	<b>5,247</b>	<b>5,697</b>	<b>6,169</b>



TABLE 1 (Continued)

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
<b>SUMMARY OF KEY STATISTICS</b>						
SALES <sup>4</sup> - KPLC System (GWh)	3,498	3,654	3,940	4,200	4,391	4,771
- REP System (GWh)	130	147	150	164	165	221
- Export to Uganda (GWh)				15	24	73
<b>TOTAL SALES (GWh)</b>	<b>3,628</b>	<b>3,801</b>	<b>4,090</b>	<b>4,379</b>	<b>4,580</b>	<b>5,065</b>
System Losses (GWh) <sup>5</sup>	936	949	946	968	1,117	1,104
System Peak Demand (MW) <sup>6</sup>	760	786	830	899	920	987
System Load Factor	69.0%	69.4%	69.4%	68.4%	70.9%	71.5%
Sales % of Energy Purchased	79.5%	80.0%	81.2%	81.9%	80.4%	82.1%
Losses as % of Energy Purchased	20.5%	20.0%	18.8%	18.1%	19.6%	17.9%
Annual growth- Energy Purchased	10.6%	4.1%	6.0%	6.2%	6.6%	8.3%
- KPLC Sales	11.5%	4.5%	7.8%	6.6%	4.5%	8.7%
- REP Sales	6.2%	12.9%	2.0%	9.3%	0.6%	33.9%

**Notes:**

- 1) Maximum output from the station under normal operating conditions.
- 2) Westmont was retired in August 2004 upon expiry of the supply contract with KPLC.
- 3) Aggreko was commissioned in June 2006 to address the generation shortfall.
- 4) Sales for year 2005/06 have been restated in this Annual Report.
- 5) System losses comprise of technical and non-technical losses.
- 6) The demand shown includes the export demand. The Country's peak demand was 884MW, 916MW and 979MW for years 2004/05, 2005/06 and 2006/07, respectively.



## STATISTICAL INFORMATION

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

REGION	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Nairobi	385	405	427	453	481	522
Coast	158	145	141	152	164	179
West Kenya	158	157	166	176	178	195
Mt. Kenya	76	78	81	86	90	100
<b>TOTAL SYSTEM (SIMULTANEOUS)</b>	<b>760</b>	<b>786</b>	<b>830</b>	<b>884</b>	<b>916</b>	<b>987</b>
<b>% INCREASE P.A.</b>	<b>5.0%</b>	<b>3.4%</b>	<b>5.6%</b>	<b>6.5%</b>	<b>3.7%</b>	<b>7.7%</b>

**TABLE 3: KPLC SALES IN GWh BY CUSTOMER CATEGORY**

TARIFF	TYPES OF CUSTOMERS COVERED BY THIS TARIFF	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
A0	Domestic	769	834	900	956	1,028	1,113
A1	Small Commercial	446	460	476	522	522	558
B	Commercial (Medium) and and Industrial(Medium)	696	748	819	885	901	985
C	Commercial (Large) and Industrial (Large)	1,513	1,557	1,683	1,776	1,877	2,054
D	Off-peak	55	59	55	53	54	50
E	Street lighting	19	7	7	8	9	11
	<b>TOTAL</b>	<b>3,498</b>	<b>3,654</b>	<b>3,940</b>	<b>4,200</b>	<b>4,391</b>	<b>4,771</b>
	<b>% INCREASE P.A.</b>	<b>13.1%</b>	<b>4.5%</b>	<b>7.8%</b>	<b>6.6%</b>	<b>4.5%</b>	<b>8.7%</b>

**TABLE 4: TOTAL UNIT SALES BY REGION IN GWh**

REGION	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Nairobi	1,806	1,923	2,075	2,234	2,371	2,595
Coast	688	708	759	808	844	908
West Kenya	685	702	741	792	805	872
Mt. Kenya	319	321	365	366	371	396
<b>KPLC Sales</b>	<b>3,498</b>	<b>3,654</b>	<b>3,940</b>	<b>4,200</b>	<b>4,391</b>	<b>4,771</b>
R.E.P. Schemes	130	147	150	164	165	221
Export Sales				15	24	73
<b>TOTAL</b>	<b>3,628</b>	<b>3,801</b>	<b>4,090</b>	<b>4,379</b>	<b>4,580</b>	<b>5,065</b>
<b>%INCREASE P.A.</b>	<b>13.0%</b>	<b>4.8%</b>	<b>7.6%</b>	<b>7.1%</b>	<b>4.6%</b>	<b>10.6%</b>

\* The Sales shown in Yr 2005/06 have been restated in this Annual Report.



**TABLE 5: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "A0" DOMESTIC LOAD**

REGION	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Nairobi	503	541	582	622	666	719
Coast	132	142	153	165	178	194
West Kenya	87	97	104	112	122	132
Mt. Kenya	46	51	54	57	62	68
<b>TOTAL</b>	<b>768</b>	<b>831</b>	<b>892</b>	<b>956</b>	<b>1,028</b>	<b>1,113</b>
<b>% INCREASE P.A.</b>	<b>13.1%</b>	<b>8.2%</b>	<b>7.4%</b>	<b>7.1%</b>	<b>7.6%</b>	<b>8.3%</b>

**TABLE 6: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "A1" SMALL COMMERCIAL LOAD**

REGION	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Nairobi	214	217	230	245	244	263
Coast	67	65	70	79	79	85
West Kenya	105	109	114	120	126	134
Mt. Kenya	60	59	62	79	73	76
<b>TOTAL</b>	<b>446</b>	<b>450</b>	<b>476</b>	<b>522</b>	<b>522</b>	<b>558</b>
<b>% INCREASE P.A.</b>	<b>15.9%</b>	<b>0.8%</b>	<b>5.8%</b>	<b>9.7%</b>	<b>-0.1%</b>	<b>6.9%</b>

**TABLE 7: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "B0" IRRIGATION LOAD**

REGION	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Nairobi	21.5	4.4	5.0	4.3	7.0	6.8
Coast	0.6	0.4	0.4	0.5	0.4	0.3
West Kenya	0.5	11.0	13.5	15.6	18.0	17.7
Mt. Kenya	1.2	20.3	19.0	17.7	22.0	17.5
<b>TOTAL</b>	<b>33</b>	<b>36</b>	<b>38</b>	<b>38</b>	<b>47</b>	<b>42.3</b>
<b>% INCREASE P.A.</b>	<b>-40.0%</b>	<b>10.6%</b>	<b>4.7%</b>	<b>0.7%</b>	<b>24.5%</b>	<b>-10.8%</b>



## STATISTICAL INFORMATION

**TABLE 8: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "B1"  
MEDIUM COMMERCIAL AND INDUSTRIAL LOAD(240V or 415V)**

Region	2017	2018	2019	2020	2021	2022
Nairobi	353	381	424	459	472	524
Coast	107	124	126	133	129	139
West Kenya	128	133	146	154	159	173
Mt. Kenya	54	52	58	64	69	74
<b>TOTAL</b>	<b>642</b>	<b>690</b>	<b>754</b>	<b>811</b>	<b>829</b>	<b>910</b>
<b>% INCREASE P.A.</b>	<b>15.4%</b>	<b>7.5%</b>	<b>9.3%</b>	<b>7.6%</b>	<b>2.2%</b>	<b>9.8%</b>

**TABLE 9: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "B2"  
MEDIUM COMMERCIAL AND INDUSTRIAL LOAD(11kV or 33kV)**

Region	2017	2018	2019	2020	2021	2022
Nairobi	9.5	13.5	10.1	13	13	20.8
Coast	3.7	5.2	11.2	9	5	5.5
West Kenya	3.0	3.1	2.7	3	3	3.8
Mt. Kenya	0.9	1.0	1.4	2	3	2.6
<b>TOTAL</b>	<b>17</b>	<b>23</b>	<b>25</b>	<b>27</b>	<b>24</b>	<b>32.7</b>
<b>% INCREASE P.A.</b>	<b>13.9%</b>	<b>34.5%</b>	<b>11.2%</b>	<b>7.7%</b>	<b>-12.1%</b>	<b>36.3%</b>

**TABLE 10: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "B3"  
MEDIUM COMMERCIAL AND INDUSTRIAL LOAD (66kV or 132kV)**

Region	2017	2018	2019	2020	2021	2022
Nairobi	0.9	0.0	0.0	2	1	0.03
Coast	0.0	0.0	0.0	0	0	0.02
West Kenya	0.0	0.0	0.0	0	0	0
Mt. Kenya	0.0	0.0	0.0	0	0	0
<b>TOTAL</b>	<b>0.9</b>	<b>0.0</b>	<b>0.0</b>	<b>2.0</b>	<b>1.0</b>	<b>0.05</b>
<b>% INCREASE P.A.</b>	<b>-81.3%</b>	<b>-100.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>-48.8%</b>	<b>-95.0%</b>



**TABLE 11: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "C1"  
LARGE COMMERCIAL AND INDUSTRIAL LOAD (415V)**

Region	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	211	218	227	250	271	283
Coast	94	91	85	93	106	109
West Kenya	127	127	138	134	123	147
Mt. Kenya	89	89	99	95	94	104
<b>TOTAL</b>	<b>521</b>	<b>526</b>	<b>549</b>	<b>572</b>	<b>594</b>	<b>643</b>
<b>% INCREASE P.A.</b>	<b>17.3%</b>	<b>1.0%</b>	<b>4.4%</b>	<b>4.2%</b>	<b>3.9%</b>	<b>8.2%</b>

**TABLE 12: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "C2"  
LARGE COMMERCIAL AND INDUSTRIAL LOAD (11kV or 33kV)**

Region	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	303	320	370	392	423	489
Coast	221	217	238	255	268	292
West Kenya	98	96	100	119	132	148
Mt. Kenya	46	48	49	46	46	52
<b>TOTAL</b>	<b>666</b>	<b>681</b>	<b>757</b>	<b>812</b>	<b>869</b>	<b>981</b>
<b>% INCREASE P.A.</b>	<b>9.7%</b>	<b>2.2%</b>	<b>11.1%</b>	<b>7.2%</b>	<b>7.1%</b>	<b>12.9%</b>

**TABLE 13: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "C3"  
LARGE COMMERCIAL AND INDUSTRIAL LOAD (66kV or 132kV)**

Region	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	147	168	183	193	196	174
Coast	59	63	72	76	77	82
West Kenya	0	0	0	0	0	0
Mt. Kenya	0	0	0	0	0	0
<b>TOTAL</b>	<b>206</b>	<b>231</b>	<b>256</b>	<b>269</b>	<b>273</b>	<b>256</b>
<b>% INCREASE P.A.</b>	<b>8.1%</b>	<b>11.9%</b>	<b>11.0%</b>	<b>4.9%</b>	<b>1.7%</b>	<b>-6.2%</b>



## STATISTICAL INFORMATION

**TABLE 14: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "C4"**

**LARGE COMMERCIAL AND INDUSTRIAL LOAD (66kV OR 132kV)**

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	0	0	0	0	21	60
Coast	0	0	0	0	0	0
West Kenya	0	0	0	0	0	0
Mt. Kenya	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>60</b>
<b>% INCREASE P.A.</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>185.7%</b>

Note: Category C4 was introduced in March 2006

**TABLE 15: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "C5"**

**LARGE COMMERCIAL AND INDUSTRIAL LOAD (66kV OR 132kV)**

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	0	0	0	0	0	0
Coast	0	0	0	0	0	0
West Kenya	121	120	117	125	120	114
Mt. Kenya	0	0	0	0	0	0
<b>TOTAL</b>	<b>121</b>	<b>120</b>	<b>117</b>	<b>125</b>	<b>120</b>	<b>114</b>
<b>% INCREASE P.A.</b>	<b>0.9%</b>	<b>-0.5%</b>	<b>-2.5%</b>	<b>6.4%</b>	<b>-3.6%</b>	<b>-5.0%</b>

**TABLE 16: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "D0" OFF- PEAK LOAD**

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	48.6	53.3	51.0	50.2	51.0	47
Coast	1.4	1.3	1.0	0.7	1.0	1
West Kenya	2.7	2.1	1.7	1.2	1.0	1
Mt. Kenya	2.7	1.9	1.4	1.5	1.0	1
<b>TOTAL</b>	<b>55</b>	<b>59</b>	<b>55</b>	<b>53</b>	<b>54</b>	<b>50</b>
<b>% INCREASE P.A.</b>	<b>9.1%</b>	<b>5.8%</b>	<b>-6.0%</b>	<b>-2.9%</b>	<b>1.0%</b>	<b>-7.8%</b>


**TABLE 17: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "E0"**
**STREET LIGHTING**

Nairobi	4.6	5.4	5.6	6.1	7.0	6.9
Coast	0.7	0.5	0.6	0.5	0.6	0.6
West Kenya	0.5	0.5	0.5	0.5	0.9	0.9
Mt. Kenya	0.4	0.4	0.5	0.5	0.7	0.7
<b>TOTAL</b>	<b>6.2</b>	<b>6.8</b>	<b>7.2</b>	<b>7.7</b>	<b>9.2</b>	<b>9.1</b>
<b>% Increase P.A.</b>	<b>6.5%</b>	<b>10.1%</b>	<b>5.3%</b>	<b>8.0%</b>	<b>18.9%</b>	<b>-1.1%</b>

**TABLE 18: REGIONAL SALES OF ELECTRICITY IN GWh FOR R.E.P. SCHEMES**

Nairobi	25	26	28	31	32	42
Coast	8	7	8	9	9	14
West Kenya	65	69	75	83	85	113
Mt. Kenya	32	45	38	40	39	52
<b>TOTAL</b>	<b>130</b>	<b>147</b>	<b>150</b>	<b>164</b>	<b>165</b>	<b>221</b>
<b>% Increase P.A.</b>	<b>8.1%</b>	<b>12.8%</b>	<b>2.0%</b>	<b>9.1%</b>	<b>0.8%</b>	<b>33.9%</b>

**TABLE 19: NUMBER OF CUSTOMERS BY REGION**
**AS AT 30th JUNE**

Nairobi	286,004	308,056	331,108	355,673	388,202	445,595
Coast	74,659	81,138	85,017	90,796	98,790	109,645
West Kenya	98,112	106,438	112,753	118,734	130,044	149,806
Mt. Kenya	55,905	60,467	63,875	68,148	74,489	86,436
<b>KPLC Customers</b>	<b>514,680</b>	<b>556,099</b>	<b>592,753</b>	<b>633,351</b>	<b>691,525</b>	<b>791,282</b>
R.E.P. Customers	78,941	87,175	93,442	101,793	110,724	133,047
<b>TOTAL</b>	<b>593,621</b>	<b>643,274</b>	<b>686,195</b>	<b>735,144</b>	<b>802,249</b>	<b>924,329</b>
<b>% Increase P.A.</b>	<b>10.5%</b>	<b>8.4%</b>	<b>6.7%</b>	<b>7.1%</b>	<b>9.1%</b>	<b>15.2%</b>



## STATISTICAL INFORMATION

**TABLE 20: NUMBER OF CUSTOMERS BY TARIFF CATEGORY**

TARIFF	MAIN TYPE OF CUSTOMERS COVERED BY THIS TARIFF	AS AT 30TH JUNE					
		2002	2003	2004	2005	2006	2007
A0 only	Domestic						
	KPLC	380,240	413,303	444,785	482,812	534,743	626,099
	REP	50,340	55,545	59,750	65,439	72,794	91,672
A0 & D0	Domestic						
	KPLC	46,140	49,266	50,290	50,843	52,338	54,284
	REP	284	316	319	325	338	358
A1 only	Small Commercial						
	KPLC	81,974	86,923	90,727	93,021	97,236	103,617
	REP	28,164	31,080	33,190	35,874	37,412	40,752
A1 & D0	Small Commercial						
	KPLC	937	1,124	1,134	1,162	1,146	1,150
	REP	67	160	82	80	75	
B0	Irrigation Load						
	KPLC	225	247	251	226	225	185
	REP	3	2	2	2	2	213
B1	Medium Commercial and Industrial						
	KPLC	2,512	2,591	3,006	2,863	3,291	3,208
	REP	56	48	76	46	78	53
B2	Medium Commercial and Industrial						
	KPLC	47	58	61	66	68	65
B3	Medium Commercial and Industrial						
	KPLC	1	1	1	4	2	2
C1	Large Commercial						
	KPLC	282	279	269	287	305	317
	REP	2	1	1	1	1	2
C2	Large Commercial and Industrial						
	KPLC	124	126	135	142	155	168
C3	Large Commercial and Industrial						
	KPLC	16	19	19	16	18	18
C4	Large Commercial and Industrial						
	KPLC	0	0	0	0	1	1
C5	Large Commercial and Industrial						
	KPLC	1	1	1	1	1	1
D0 only	Off-peak						
	KPLC	645	1,056	918	734	705	677
	REP	13	12	9	8	10	8
E0	Street lighting						
	KPLC	1,536	1,105	1,156	1,178	1,291	1,462
	REP	12	11	13	14	14	14
	<b>TOTAL (KPLC)</b>	<b>514,680</b>	<b>556,099</b>	<b>592,753</b>	<b>633,355</b>	<b>691,525</b>	<b>791,282</b>
	<b>TOTAL (R.E.P.)</b>	<b>78,941</b>	<b>87,175</b>	<b>93,442</b>	<b>101,789</b>	<b>110,724</b>	<b>133,047</b>
	<b>GROSS TOTAL</b>	<b>593,621</b>	<b>643,274</b>	<b>686,195</b>	<b>735,144</b>	<b>802,249</b>	<b>924,329</b>
	<b>% INCREASE P.A.</b>	<b>10.5%</b>	<b>8.4%</b>	<b>6.7%</b>	<b>7.1%</b>	<b>9.1%</b>	<b>15.2%</b>


**TABLE 21: REVENUE (KShs 'MILLION) BY CUSTOMER CATEGORY**

TARIFF	MAIN TYPE OF CUSTOMERS COVERED BY THIS TARIFF	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
A*	Domestic, small commercial and small industrial	10,023	8,841	8,855	10,386	12,742	15,576
A0	Domestic			5,233	6,481	8,092	9,718
A1	Small commercial and small industrial			3,622	3,905	4,650	5,858
B	Commercial and industrial (medium)	4,910	5,220	5,329	6,509	7,338	7,607
C	Commercial (large) Industrial (large)	9,682	8,743	8,816	10,891	13,294	14,225
D	Off-peak	106	276	272	472	320	298
E	Street Lighting	87	51	51	83	95	132
	<b>TOTAL (KPLC)</b>	<b>24,808</b>	<b>23,130</b>	<b>23,323</b>	<b>28,341</b>	<b>33,789</b>	<b>37,838</b>
	R.E.P.	979	1,011	978	1,208	1,538	1,721
	Export				92	178	106
	<b>GROSS TOTAL</b>	<b>25,787</b>	<b>24,142</b>	<b>24,301</b>	<b>29,641</b>	<b>35,505</b>	<b>39,665</b>
	<b>%INCREASE P.A.</b>	<b>-12.2%</b>	<b>-6.4%</b>	<b>0.7%</b>	<b>22.0%</b>	<b>19.8%</b>	<b>11.7%</b>

\*Revenues for A0 & A1 are shown collectively as category A for Years 2001/02 & 2002/03. They are thereafter shown collectively as well as separately split as A0 & A1.

**TABLE 22: STAFF ANALYSIS**

	2002	2003	2004	2005	2006	2007
<b>Number of Staff in Each Region</b>						
Central Office	822	744	675	704	698	736
Nairobi	2,520	2,423	2,451	2,372	2,405	2,438
Coast	623	739	735	732	743	755
West	1,635	1,544	1,538	1,532	1,543	1,613
Mt Kenya	823	819	817	790	813	857
<b>Total Number of Staff*</b>	<b>6,423</b>	<b>6,269</b>	<b>6,216</b>	<b>6,130</b>	<b>6,202</b>	<b>6,399</b>
<b>% INCREASE P.A.</b>	<b>-6.9%</b>	<b>-2.4%</b>	<b>-2.4%</b>	<b>-1.4%</b>	<b>1.2%</b>	<b>3.2%</b>
<b>Gender:</b>						
Male	5,326	5,181	5,156	4,991	5,056	5,158
Female	1,097	1,088	1,060	1,139	1,146	1,241
<b>Ratio- Male/Female</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>4</b>

\* All staff employed in the organization are Kenyan Citizens.





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**TABLE 23: TRANSMISSION AND DISTRIBUTION LINES, CIRCUIT LENGTH IN KILOMETERS**

VOLTAGE	AS AT 30th JUNE					
	2002	2003	2004	2005	2006	2007
220 kV	941	941	1,323	1,323	1,323	1,323
132 kV	2,032	2,035	2,035	2,035	2,035	2,122
66 kV	580	580	600	600	630	632
40 kV	58	58	58	58	58	29
33 kV	5,265	5,430	5,973	6,570	7,826	11,163
11 kV	13,788	13,879	15,267	16,794	18,532	21,918
<b>TOTAL</b>	<b>22,664</b>	<b>22,923</b>	<b>25,256</b>	<b>27,380</b>	<b>30,404</b>	<b>37,186</b>
<b>% INCREASE P.A.</b>	<b>19.2%</b>	<b>1.1%</b>	<b>10.2%</b>	<b>8.4%</b>	<b>11.0%</b>	<b>22.3%</b>

**TABLE 24: TRANSFORMERS IN SERVICE, TOTAL INSTALLED CAPACITY IN MVA**

	AS AT 30th JUNE					
	2002	2003	2004	2005	2006	2007
<b>Generation Substations</b>						
11/220kV	388	388	472	472	472	472
11/132kV	675	675	675	675	675	675
11/66kV	90	90	90	90	146	146
11/33kV	263	279	279	279	279	280
11/40kV	5	5	5	5	5	5
3.3/11/40kV	8	8	8	8	8	10
3.3/40kV	4	4	4	4	4	4
3.3/33kV	4	4	4	4	4	4
<b>TOTAL</b>	<b>1,437</b>	<b>1,453</b>	<b>1,537</b>	<b>1,537</b>	<b>1,593</b>	<b>1,596</b>
<b>Transmission Substations</b>						
132/220kV	540	540	620	620	620	620
220/132kV	730	730	810	810	810	811
220/66kV	180	180	360	360	360	360
132/66kV	375	375	255	255	375	375
132/33kV	637	637	637	660	621	629
<b>TOTAL</b>	<b>2,462</b>	<b>2,462</b>	<b>2,682</b>	<b>2,705</b>	<b>2,786</b>	<b>2,795</b>
<b>Distribution Substations</b>						
66/11kV	675	675	743	743	966	1,058
66/33kV	61	61	67	67	77	77
40/11kV	11	11	11	11	11	11
33/11kV	512	512	563	619	666	729
<b>TOTAL</b>	<b>1,259</b>	<b>1,259</b>	<b>1,384</b>	<b>1,440</b>	<b>1,720</b>	<b>1,874</b>
<b>Distribution Transformers</b>						
11/0.415kV and 33/0.415kV	2,531	2,546	2,801	3,061	3,271	3,515