

KenGen Goes to the Market with Largest Rights Issues Ever

This signals an opportunity for all KenGen employees to own a part of the company and for Kenyans, it is another window to invest in one of Kenya's most profitable companies.



By Frank D. Ochieng'

The Capital Markets Authority (CMA) has approved KenGen's Rights Issue which aims to raise up to Ksh.28 billion as part of the company's capital restructuring strategies.

KenGen which was listed on the Nairobi Securities Exchange (NSE) in May 2006 in one of the largest Initial Public Offers (IPO) is now coming back to the market with yet again the largest Rights Issues in the History of Kenya's money market.

In his message to staff the Managing Director and CEO Eng. Albert Mugo could not hide his joy upon receiving the news of CMA's approval of the cash call.


Eng. Mugo said: "During the IPO, KenGen gave staff an opportunity to be part owners of the Company. I would encourage those who benefitted then and those who came later to invest more in the Company since you have seen how bright the future of the Company is."

It is expected that proceeds from the cash call will not only boost KenGen's capacity to take on new debt to fund future projects, but also make the company sufficiently capitalized to fund expansion plan particularly geothermal and wind projects over the next two years.

In all, KenGen plans to issue 4.3 billion newly created shares at Sh6.55 per ordinary share at a ratio of two for every share held.

KenGen has appointed Standard Investment Bank and Renaissance Capital as the joint lead transaction advisor while Dyer and Blair Investment Bank and Faida Investment Bank are the joint lead stockbroker among other advisors.

To shareholders and investors this news brings to an end months of anticipation and speculation after KenGen shareholders approved the firm's rights issue at the Annual General Meeting (AGM) last December in Nairobi.

Eng. Mugo encouraged all members of staff to be part of the company's ownership as a show of confidence in the company they work for. Said he: "By taking your Right of ownership, you are also expressing confidence in KenGen and encouraging others to have faith in your Company." 

By taking your right of ownership, you are also expressing confidence in KenGen and encouraging others to have faith in your company.

Eng. Albert Mugo



A SOLDIER'S HEART

Despite having undergone an operation a few weeks ago and still recuperating, nothing could prevent Senior Foreman John Owoko from participating in the tree planting exercise at Sang'oro on May 6. He walked with a slight bend and an unusually slow pace contrary to his vivacious walk when in good health. He simply could not miss doing what he loves most - giving.

Mr. Owoko is a great supporter of KenGen Foundation activities and registered as a 'giver' from the onset. He is also a registered mentor with the 'giver' initiative and gives his time to mentoring students in the scholarship program.

We wish him quick recovery!

Sondu Miriu and Sang'oro Givers Plant 5,000 Trees

By Ernest Nyamasyo

The notice was short and most of the employees were involved in an ongoing Environment Management audit. This however, did not stop the Sondu Givers from coming out in their numbers to participate in a planned tree planting exercise at Sang'oro power station - indeed, it was a memorable event!

Over 5,000 *Terminalia brownii* and *Senna siamea* seedlings were planted in a collaborative afforestation activity organized by KenGen Foundation and the Sondu Miriu Environment Office on May 6, 2016.

45 out of the 53 Sondu Givers had already registered to participate on the eve of the event but on the day, over 60 members of Sondu Miriu and Sang'oro power stations staff and Givers showed up to participate in the tree planting initiative, the first event by the Givers to support the Foundation's Environment pillar.

The tree planting covered a total area of 0.8 acres and within a year or so, their action that day will change the Sang'oro environment.

The Operations Manager, Western Hydros Frank Konuche, kicked off the event and urged the participants to not only plant the trees but also nurture them to maturity.

The Foundation's Managing Trustee, Mike Njeru, led the team in the day's activities which saw each participant planting more than 30 seedlings.

"I am extremely proud of the impressive turnout from staff and Givers of Sondu Miriu and Sang'oro power stations for this tree planting event." said Mike Njeru adding, "This is the first location where this activity has taken place and its success can only be attributed to your participation"

The choice of seedlings was deliberate. *Terminalia brownie* is a fast growing tree favored for construction, and is also good for charcoal and



firewood, while *Senna siamea* is primarily used as a source of timber.

The event coordinators, Lydia Gathuku, KenGen's Senior Environment Officer and Faith Kihara, Western Hydros Chief Human Resources and Administration Officer played a major role in mobilizing and motivating the participants for the afforestation activity, which the Foundation plans to replicate across all areas. [📌](#)





Rich Discussions as KenGen MD meets with Better Globe Chairman

By Ernest Nyamasyo

Rino Solberg, the Better Globe Forestry limited Chairman and Chief Executive Officer recently paid a courtesy call to KenGen's Managing Director and CEO Eng. Albert Mugo.

The Better Globe Chairman and Eng. Mugo exchanged views on the sustainable greening of the 7-Forks area through commercial tree planting as well as broad issues touching on poverty alleviation and entrepreneurship.

The two also touched on the longstanding collaboration of their two organizations' mainly in environment issues over the last ten years, and a proposed in-vitro laboratory to be set up by Better Globe and partners at Kamburu. This will enhance multiplication and propagation of Mukau tree in the dry parts of Kenya.

Rino Solberg is a well-known Norwegian Inventor, Entrepreneur, Industrialist, Philanthropist and Author, who has built businesses on 4 continents and written and published 10 Books and many training programs over a lifetime and has written hundreds of articles within the area of "Personal Development.

During the visit, Mr. Solberg presented the KenGen MD with a book titled "Put Integrity First" that is about being successful in Africa while fighting poverty and corruption. They also explored a possible collaboration in afforestation program within the KenGen land in 7Forks area in collaboration with KenGen Foundation, as well as setting up of forested buffer zones to prevent encroachment of Company land.

Better Globe Forestry is a KenGen Foundation partner in the Schools Green Initiative Challenge, a ten-year afforestation competition aimed at greening over 500 acres of land with commercial and fruit trees within the counties of Embu, Kitui and Machakos.

Also present during the visit was KenGen Foundation's Managing Trustee Mike Njeru and Better Globe Forestry's Managing Director Jean-Paul Deprins.



During the visit, Mr. Solberg gifted KenGen MD with a book titled: "Put Integrity First" that is about being successful in Africa while fighting poverty and corruption.

KenGen... an Endless Story



By Judith Mbogo

If there is a way to do it better, KenGen employees are finding it!

Updated Conceptual Model of Olkaria

There is need to update the conceptual model of Olkaria. This will help to delineate geothermal resource, provide accurate information for well sitting committee and use in refining geothermal reservoir numerical models.

At the end of the project, it is expected that citing of wells would be more successful and lead to continuous generation in Olkaria.

Initiated by Ammon Omiti, Joyce Okoo, Kennedy Kamunya and Vincent Koech.

Implemented by geothermal resource development.

Automatic Blockage of Grid Energy Back-feed



This will minimize expensive grid energy back-feed and avoid exposing staff to safety concerns associated with manual switching.

It will in turn eliminate or optimize energy back-feed imports to minimum levels.

The Olkaria II power plant back-feed blockage designs was completed in December 2015. Expected completions of designs for major stations is May 2016 which will result in a successful in-house implementation of the project.

Initiated by Francis Makabwa and Winnie Apiyo. Implemented by Francis Makabwa, Winnie Apiyo and Walter Waziri.



Transformer Design

The objective is for old plants to have shared strategic spare transformers and new plants to be designed for redundancy of transformers. Measure of success of the project will be approval of the paper and implementation as design policy, also purchase of strategic spare transformers.

Initiated by Michael Ogonji. Implemented by Solomon Kariuki.

Integrated Geothermal Development; Silica Extraction from Olkaria Brine



An integrated geothermal development defines a value addition process aimed at making use of both steam and water phases for power generation, direct uses, silica recovery and other chemical processes. Silica has a ready market and rising demand at 5% annual rate. The silica extraction could increase

the revenues generated from the Olkaria Geothermal project. Olkaria Geothermal field has a large mineral reserve which could be exploited. However, there is a need to study the ageing of the Olkaria geothermal brine in the laboratory and also set up pilot plants which would incorporate the lithium extraction. The lithium extraction feasibility has been discussed in a different paper already published in a previous *KenGen Weekly*.

Initiated by E. Kemboi, Samuel Githiyi and Catherine Leech.

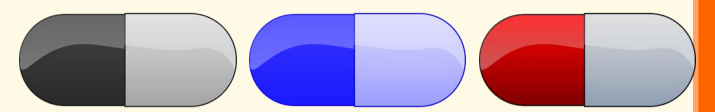
Water Recovery Project at Kipevu III Diesel Plant



There is need to reduce water consumption at Kipevu III Diesel Plant (KDP III) by utilizing the rejected water from the reverse osmosis (RO) system.

This will in turn benefit by reducing raw and treated water consumption, reduce maintenance cost on the RO and reduce costs due to truck water. The project has achieved a partial completion, which involves the computation of specific fuel consumption, breakdown data and emission testing. Targeted completion date of whole project is June 2016.

Initiated and implemented by Omar Salim.



Brokerage - The Enemy of Timely Service Delivery



With James Obondo

This brokerage business spreads and probably permeates a good number of service sections in the organization. It is a culture that we all need to fight.

We had a very healthy conversation on the family last week, or so we believe. It was one those emotionally draining conversations. We heard your voice and resolve to make right what may have gone wrong in our families in the past.

It is never too late in life to make any bold and positive step.

We also unanimously agreed that we shall ensure we have clean records in the eyes of our family members so that in the event that one day they are called upon to be our referees, then we shall be sure of good recommendations.

We further agreed that we shall spend more time at home than we have done before.

As had been agreed in one of our past articles in this column, we shall keep at bay and arm's length those triggers of family disharmony like Mr. Alcohol. We shall remain on our knees on this.

Praying.

That was last week. This week we want to leave the home front and come back to the workplace for a very 'brief' stint.

We have termed our stay at the workplace 'brief' because we would be very casual as

our week's choice does not warrant any serious thinking.

Yours truly was in Eastern Hydros in the last week of April on a working tour. It was a very nostalgic trip that took him up to Upper Tana- one of those Stations any normal human being would definitely miss.

It looked like homecoming in many ways albeit without welcoming drumbeats. But it was meeting old pals that made it more sublime.

It was during one of these nostalgic experiences that gave birth to our week's conversation. Read on and enjoy.

You see after many years working in various 'areas', yours truly bounced back in Central Office.

That was three and half years ago. Being in Central Office, it is in the mind of many of those old time pals that yours truly is their representative in the big office.

Their 'son' is in 'government in the city'. What this casually means is that their 'son' must be their **broker**. Their son must intercede on their behalf.

So in those many conversations we had in Kamburu, Wanjii and Tana this broker thing kept raising its head.

It triggered a memory and experience in Medicare. We often get calls from some staff on behalf of their colleagues.

It goes like this: one falls sick, goes to a medical facility, finds a hitch in whatever form, and calls the friend who is probably in the office who in turn calls Medicare!

So Medicare listens and get details of the distress and offers way forward which then the broker passes to the distressed patient.

You see the broker handles the matter as an emergency on behalf of the patient.

Remember it is the patient who called the broker to call Medicare.

The patient who is holding his/her card which bears all the emergency numbers, finds it extremely hard to call directly and so must use the broker!

What this means is this: the patient has:

- 1. No trust in the system in place.**
- 2. The patient would rather expose their ailments to their broker than deal with Medicare team directly.**
- 3. The patient cares very little about confidentiality.**
- 4. Patient cares very little in terms of communication cost incurred in between and even time it takes to resolve matters.**

This brokerage business spreads and probably permeates a good number of service sections in the organization.

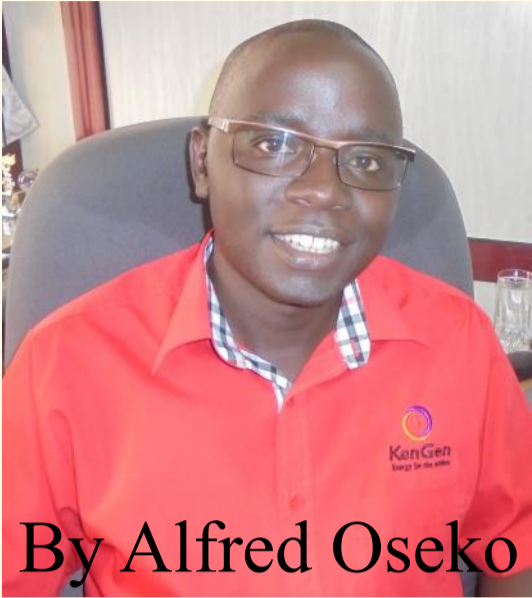
It is a culture that we all need to fight. We need to develop trust in our processes and believe in our colleagues in delivering in their mandates.

We do not need to 'push' our issues through others who may not even be directly related to the issue.

We are one family and must not create impressions of mistrust amongst us. 🕒

James

Life Powered by PPA



By Alfred Oseko

Every staff's wages, salary, per diems, allowances, trainings, employee welfare and other benefits (referred in this article as 'Staff Costs') are considered operational costs. This means that all your Staff Costs for the period of the PPA are provided for in the tariff.

Hey, attention! Did you know that your daily life as a KenGen staff is powered by a simple document referred to as the Power Purchase Agreement? If in doubt, then walk with me in this article.

In the Financial year ended 30th July 2015, KenGen generated revenue amounting to Ksh.26 billion out of which Ksh.25 billion came from KenGen's core business - power generation.

All revenues from power generation are currently secured in thirteen (13) documents referred to as the Power Purchase Agreement.

Power Purchase Agreement are long-term contracts between a power generator (KenGen or Independent Power Producers - IPPs) and off-taker (Kenya Power) to buy electricity generated by a power plant.

The tariff at which power is sold by the generator to the off-taker is arrived at through a rigorous and delicate balancing process of long term projections, assumptions and financial/economic acumen. This tariff takes into account the investment costs, operation and maintenance costs for the entire period of between 15 to 25 years.

So, why is the PPA a critical document in our daily lives?

The PPA has a direct influence on the decisions you make on our daily lives in the following ways:

At a Personal Level:

PPAs provide every KenGen staff with their daily bread and provides value for shareholders and other stakeholders.

Every staff's wages, salary, per diems, allowances, trainings, employee welfare and other benefits (referred in this article as 'Staff Costs') are considered operational costs. This means that all your Staff Costs for the period of the PPA are provided for in the tariff.

Any interruption on the revenue stream created under our PPAs means a direct interruption to your daily bread.

Therefore, the performance of each PPA is a personal concern to each and every staff. Each staff should take a personal initiative to understand the PPA and take a personal lead in ensuring that it is properly implemented.

At the Corporate Level:

The KenGen budgeting process is anchored on revenue projections emanating from the PPA.

Every time you procure a pen, spare parts, a new Power Plant, drill a new geothermal well or even communicate on the KenGen phone system, your expense or cost is provided for within the tariff in the PPA.

Any exorbitant expense or wastage will only diminish KenGen profit margins, hence make the business unsustainable.

So, what is your personal contribution to the success of the PPA implementation?

All staff in the company are either consciously or subconsciously involved in the implementation of the PPA. This is true with all staff in all KenGen functional areas. In fact, we all spend most of the time in the office implementing the PPA. A legal officer is either drafting a contract for supplies or a contract for procuring a new power plant.

An engineer/technician is either working on some equipment that requires repair/maintenance or drawing plans for future Megawatts.

A Personal Assistant is either typing letters to stakeholders on some operational issues or arranging itinerary for a boss who has to attend a meeting to resolve outstanding PPA issues.

A procurement officer is either procuring supplies for an existing power plant or future power plants and so on and so forth... So our lives revolve around making this document, the PPA, work.

This means each one of us has a role to play in making the PPA work.

Some of the ways of making the PPA work include:

Understanding the PPA:

The first step is to understand the PPAs. As a matter of fact, you cannot be implementing that which you do not know.

So each one of us should endeavor to understand this document. The Regulatory Affairs Department has been undertaking PPA awareness programs in all KenGen areas, dubbed *Tuongane Tuokoe I Billi*.

The response has been fair and welcoming. The idea is that this should be a continuous exercise aimed at sensitizing every staff on the document.

Further, our offices remain open to all staff who seek to understand this document.

Effective and Efficient Management of Costs:

The PPA can only be sustainable if we manage our costs effectively and efficiently.

Managing costs can be analogized with the story of, 'A Goose that Laid Golden Eggs'.

The owner has a choice of killing the Goose only to find nothing inside the Goose or feed the Goose to continue getting a Golden Egg daily.

So, efficient and effective cost management requires that every staff feeds the Goose by ONLY incurring expenses that creates value for the company.

In our work places we have various kinds of resources including paper, pens, water, electricity, time etc.

So if we use our resources prudently, it means we will have more savings that may be used into making our life even more comfortable.

Further, productivity is a must for each one of us.

Embracing our Core Values:

The KenGen core values shapes the KenGen culture and provides a compass for undertaking various decisions.

These values include team spirit, integrity, professionalism and safety culture.

If every staff was to uphold these values, then decisions shall be made based on the common good and not on partisan and egocentric basis.

If decisions are made for the common good, then the Goose can only fatten and continue giving us the Golden Eggs. 🐓

Dental Care



Peter Esekun, MA, BCP.

Floss once a day. Flossing gets rid of food and plaque between the teeth, where your toothbrush cannot reach. If plaque stays between teeth, it can harden into tartar, which must be removed by a dentist.



I have been out of circulation and when I meet anyone who has been reading my articles, the second question after the usual niceties is.... ‘Why have you stopped writing? I used to like your articles a lot!’

I am glad to have found some time to share with you what is evidently a major item in our current Medicare expenditure - Oral health.

Before we get to our main topic of the week, it's imperative that, we bring you home by saying something about Oral Health.

Besides smiling, laughing, and communicating, the mouth and teeth serve important functions in the body.

Teeth and saliva break down food, making it easier for the stomach to process it further for absorption by the intestines. The teeth provide structural support for the face.

The mouth and throat contain immune cells that help protect the body against pathogens. Therefore, taking good care of the mouth and teeth is an essential part of maintaining good health.

Here is a guide to some common oral health problems and procedures.

Abscessed Tooth

Some kind Dentists will disclose your diagnosis, albeit in a scientific name. An abscessed tooth occurs when an infection moves up tooth pulp and settles into the root near the jaw bone and forms a swollen, pus-filled area.

Symptoms include pain, fever, gum redness, bad breath, and swelling.

An untreated tooth abscess may lead to a dangerous infection of the jaw bone and other tissues.

Treatment of a tooth abscess depends on the extent of the infection. Some abscesses may be treated with antibiotics or drainage.

In cases in which a cavity or a cracked tooth has exposed the pulp, a root canal may be necessary to treat the abscessed tooth.

Cavities (Tooth Decay)

Cavities are areas of damaged tooth enamel that form when acid erodes away at a tooth.

Bacteria are normally present on teeth as plaque. Bacteria produce acid as a by-product from feeding on sugar in the diet.

Good dental hygiene that includes brushing, flossing, and regular teeth cleanings, can help prevent cavities.

Treatment of a cavity depends on the extent of the tooth decay. A small or superficial cavity may be treated with a filling.

Larger cavities may require more extensive drilling to remove decay and then placement of a crown over the remaining portion of the tooth. Decay that extends to the tooth pulp may require root canal treatment.

How Should I Care for My Teeth and Gums?

There are four basic steps to caring for teeth and gums:

Brushing - Brush at least twice a day. If you can, brush after every meal. Brushing removes plaque, a film of bacteria that clings to teeth. When bacteria in plaque come into contact with food, they produce acids.

Flossing- Floss once a day. Flossing gets rid of food and plaque between the teeth, where your toothbrush cannot reach. If plaque stays between teeth, it can harden into tartar, which must be removed by a dentist.

Eating right - Eat a variety of foods but eat fewer foods that contain sugars and starches. These foods produce the most acids in the mouth and the longer they stay in the mouth, the more they can damage the teeth. Hard "sucking candies" are especially harmful because they stay in the mouth a long time.

Visiting the dentist - Visit your dentist at least once every six months. To maintain healthy teeth and gums, it's important to have regular check-ups and professional cleanings.

You can also ask your dentist about dental sealants. Sealant is a material used to coat the top, chewing surfaces of the teeth. This coating protects the tooth from decay and usually lasts a long time. ⓘ



The two types of Sins Humans Commit



By Nick Odimo

There are two types of sins any human can commit, sins of commission and sins of omission. Both of these sins are wicked in God's eyes, and it is guaranteed that you have committed both types of sins in your lifetime, probably many times.

As Christians, we need to be on high alert for sin in our lives, for it can hinder our prayers, lead to chastisement, and even lead to death and misery.

Sins of Commission Defined

Sins of commission are sins that we commit by doing something we should not do. It is the type of sin in which we are most familiar. For example, if a man brutally beat an elderly lady on the highway, we would all be infuriated and disgusted. Another example is if a man cheated on his wife.

Here are other examples of sins of commission:

- Adultery, fornication, bestiality, homosexuality, bisexuality, molestation, pornography.
 - Theft, covetousness.
 - Murder, physical abuse, bullying, mental abuse.
 - Gossip, slander, backbiting.
 - Lying, manipulating, cursing.
- and much more.

Sins of Omission Defined

As you might have guessed, sins of omission are sins we commit by not doing something we should do. This is a sin that is easy to hide from others. It is difficult to commit a sin of commission and get away with it, but it is quite easy to commit a sin of omission without others knowing.

Therefore, I think this type of sin is perhaps the most dangerous for us in our Christian walk. Anyone, then, who knows the good he ought to do and does not do it, sins. Here are some examples of sins of omission we may commit:

1. **Failing to pray regularly**, or failing to pray for others in our lives.
2. **Failing to tithe** or be faithful stewards in our finances.
3. **Failing to help another person** when we have both the capacity and nudging from the Holy Spirit to do so.
5. **Failing to read and study the Bible regularly**. Faith comes by hearing, and hearing by the word of God. The great evangelist D.L.

Moody once said this about the Bible: "Either this book will keep you from sin, or sin will keep you from this book."

6. **Failing to fellowship** with other Christians or attend some type of church fellowship.

There are many other types of sins of omission. In summary, we commit a sin of omission when we neglect to do something God commands us to do.

Conclusion:

Sins of Commission and Sins of Omission

Sin is sin, and God hates any and all sin. Sin will keep you out of fellowship with God, hinder your prayers, cause God to chastise us, and even lead to an early death.

As Christians, we must guard ourselves from the temptation to sin in all areas of our lives.

By recognizing both types of sins commission and omission, we can ensure that we are walking blamelessly before the Lord.

Of course, the most important sin to overcome is that of rejecting the Holy Spirit. Have you received Christ as your savior?

If you died today, do you know for sure that you'd go to heaven? The Bible teaches that all have sinned and fall short of God's glory.

However, we can receive forgiveness of our sins and eternal life by believing in the Lord Jesus Christ.

Kipevu Holds 2nd Knowledge Exchange Forum

By Barnice Mumbua

When knowledge is shared, it never decreases but it increases. Knowledge is the only true wealth because it belongs only to those who have it and are brave enough to know that when shared they do not lose it but increase it.

Kipevu held yet again its second Knowledge Exchange Forum. This time at Best Western Creekside Hotel.

Last year the forum had only the operations and the technical services teams. This year all the other sections also requested to be involved.

The three-day forum started with the operations manager's remarks. He spoke about the performance of the previous

forum and how each section had performed.

This enabled the teams that had not performed well to get together and plan their tasks such that in the next forum they would be the best.

The section heads had prepared presentations which covered the following areas:

1. **Achievements from the previous forum**
2. **Gains**
3. **New pains in the section and**
4. **Way forward**

Notable was the 95% attendance for the three days and willingness to objectively participate during the discussions and way forward.

Most of the issue from the previous forum had

been solved/achieved. This showed the seriousness of the individuals. This time round the teams formed were all inclusive since all the departments were present.

As usual when the forum came to an end the management further embedded the action plans on the individuals and teams appointed as their Key performance indicators for their appraisal.

Moreover, every task assigned to the teams was given a timeline so that the individuals/teams work within a specified period.

During this second knowledge Exchange Forum we all realized from the overall Kipevu performance that together we can achieve exceedingly beyond our expectations!

Kudos Kipevu Team!!!

Happy Birthday



This Week, 'KenGen Families' shares in the joy of Judith Mbogo as she celebrates her birthday with colleagues at work. Keep Smiling Judith!

Do you have something to share with us? A bundle of Joy, an engagement, a wedding, or just a party back home? Send it to us and we will help you celebrate that great milestone.

Be Part of the Growth

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KenGen RIGHTS ISSUE

IMPORTANT DATES:
Opens: May 23, 2016
Closes: June 10, 2016

TAKE UP YOUR RIGHTS



Don't Miss Out!

INVESTOR **WORD** OF THE WEEK

WACC

Also, Weighted Average Cost of Capital. Is an average representing the expected return on all of a company's securities. Each source of capital, such as stocks, bonds, and other debt, is assigned a required rate of return, and then these required rates of return are weighted in proportion to the share each source of capital contributes to the company's capital structure.

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