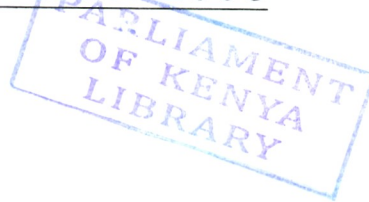


THE KENYA POWER AND LIGHTING COMPANY LIMITED

PRESENTATION TO PARLIAMENTARY COMMITTEE ON 20TH FEBRUARY 2006 AT 10.00AM

REPORT ON PROCUREMENT OF TREATED WOOD POLES FROM 2001 TO JANUARY 2006



1. INTRODUCTION

The Kenya Power and Lighting Company Limited ("KPLC" or the "Company") uses wooden poles for expansion and maintenance of electricity network and supply electricity to new customers. Towards this, the Company has a target to connect about 150,000 new customers per year.

Prior to 2001 KPLC was procuring treated wood poles from local firms namely EATEC(M/s Logging System Ltd.) and Wananchi Sawmills. During the period that followed there was a shortage of wood in the country and management had to look out to foreign suppliers for supply of treated wood poles.

After a visit to South Africa by an official of KPLC it was confirmed that poles were available in South Africa. Since then tenders were advertised in the press for supply of treated wood poles. M/s Original Technology supplied treated wood poles in 2001 vide tender No. LP/01/00.

Thereafter tender No.PP/01/01 was advertised in the daily newspapers and closed on 18th December 2001 and a contract for supply of quantity 37,520 of treated wood poles sizes 9.8M medium, 11M medium and 12.2 M medium was awarded to M/s Treated Timber Products PTY at total C&F USD 1,272,288.00. The poles were fully supplied in 2003.

M/s Treated Timber Products PTY whose local representatives since 2003 are M/s Four Ways Ltd. (prior to 2003 the local representatives were M/s H.K Builders) have always participated in the tenders for supply of products manufactured by themselves without going openly through the local representatives.

2. TENDER NO.KPLC/S/39/03

On 4th November, 2003, KPLC invited tenders for the supply of treated wood poles of varying sizes through advertisement in the daily newspapers. The tender closed on 31st December, 2003 and was opened publicly on the same date.

The Tenders were evaluated by a Committee appointed by the Managing Director comprising representatives from Distribution & Customer Service Division, Research and Development Division, Supplies and Finance Divisions. The Tender Evaluation Report, together with the Paper to the Central Tender Committee (CTC) are attached hereto as per Appendix I.

At its meeting held on 29th January, 2004, the CTC approved the award of the contract for the supply of varying sizes of the wooden poles to Messrs. Treated Timber Products (Pty) at a total cost of US\$4,486,067.93 FOB. The total cost of the poles and transportation cost to be met by the Company amounted to Kshs.467,607,930, excluding VAT. This was vide CTC Minute No.46/04. This approval was, however, rescinded by the CTC on 6th February, 2004 vide Minute No.CTC/47/04 at the request of the Managing Director on the basis that the total landed expenditure exceeded the funds allocation in the 2003/2004 budget of Kshs.386 million, excluding VAT. The CTC Minutes No.CTC/46/04 and CTC/47/04 referred to herein are attached as Appendix II.

At the same meeting of 11th March, 2004, the CTC considered a paper which showed that there was going to be a shortage of poles if the Tender No.KPLC/S/39/2003 was canceled. The paper recommended purchase of a stop gap of a quantity of 23,625 of varying sizes of poles, from the previous supplier M/s Treated Timber Products PTY under the 2001 prices which were 37% lower than the 2004.

Under Minute No.CTC/83/04 of the meeting held on 11th March, 2004, the CTC approved the purchase of the 23,625 poles from Messrs. Treated Timber Products (Pty) at a total cost of ZAR 10,234,998 CIF, as a stop gap measure, subject to approval of the Directorate of Public Procurement as this was single sourcing.

The paper to the CTC and the Minutes No. CTC/83/04 are attached hereto as Appendix III.

KPLC wrote to the Permanent Secretary, Ministry of Energy vide letter Ref.PM.0013/JOO/ang of 16th March, 2004 requesting that the Ministry obtains approval for us from the Directorate of Public Procurement for the stop gap purchase through single sourcing. The Permanent Secretary Ministry of Finance responded through their letter Ref.PPD.2/20/30 Vol.II(35) dated 22nd March, 2004 and stated that KPLC upholds the earlier award by the CTC and negotiates the quantities to fit within the available budget of Kshs.386 million. This letter is attached hereto as Appendix IV.

Consequently the CTC vide Minute No. CTC/112/04(7) of 1st April, 2004, authorised Management to negotiate with the Supplier. This Minute is attached hereto as Appendix V.

Management negotiated both quantities and a discount of 7% on the prices. The Central Tender Committee approved the negotiated award to M/s Treated Timber Products PTY for purchase of quantity 45,950 poles at total FOB USD 2,561,121.60 vide CTC Minute NoCTC/130/04 of 22nd April, 2004.

The Contract was signed and orders were placed with Treated Timber Products as follows:

No.	ORDER NO.	SIZE	QUANTITIES	TOTAL VALUE
1	745477	10M	12,393	C&F US\$ 827,264.99
		15M	100	
2	745522	10M	12,393	C&F ZAR 10,234,998.00
		11M	6,561	
		12M	4,671	
3	754476	10M	16,867	C& F US \$ 2,604,860.41
		12M	15,390	
		14M	1,200	

The poles were to be delivered in partials from May, 2004 to November 2004. However, due to difficulties of clearing the poles at the port of

Mombasa, which were exposing us to demurrage charges, the supplier was requested to spread the deliveries to February, 2005.

3. TESTING OF POLES BY KENYA BUREAU OF STANDARDS (KEBS)

SPECIFICATIONS

KPLC has always had technical specifications for treated wood poles which are based on the Kenyan Standards (KS 02-94 and KS 02-516).

The specifications applicable for treated wood poles purchased in 2001 are attached as Appendix VI.

The specifications applicable for the treated wood poles purchased under the Contract made in April 2004 attached as Appendix VII. The two standards are specific on the treatment, dimensions and requirements. In addition, the suppliers are required by our Tender Documents to have ISO certification (foreign bidders) or the KEBS Diamond Mark of Quality (local bidders). Further, in February 2003, KPLC Engineers had made a factory inspection visit of the Supplier's facilities. The Factory audit Report gave us confidence of the supplier's technical abilities. This Report is attached as Appendix VIII.

4. TESTING OF POLES BY KEBS

While carrying out their routine inspections at Mombasa, KEBS sealed the poles consignment received in January 2005, for testing for compliance with Kenyan Standards.

On 7th March, 2005, KEBS instructed KPLC to re-ship the treated wood poles, vide their letter Ref.BS/IMP/ICDN/M/08/25.

However, details of the test report appeared in the press before the same was received by KPLC. Following the press reports that the imported poles were substandard, it was noted that the tests carried out were not conclusive according to our technical specifications requirements and KEBS requirements and a letter Ref:SM/LP/P.3.11/PT/39/ea dated 10th March, 2005 was sent to the Kenya Bureau of Standards requesting for re-testing of another sample of poles.

In the letter Ref:BS/IMP/ICDN/M/09/14 dated 15th March 2005, KEBS requested us to ignore their instructions given in Letter Ref:BS/IMP/ICDN/M/08/25 dated 7th March, 2005 to re-ship the treated wood poles.

The final shipment of quantity 3,776 and 3,162 of 10 and 11 meters medium treated wood poles on the contract with M/s Treated Timber Products valued at USD 525,668.66 (Kshs.41,002,155.00) was cleared from the port and received in the store at Nairobi from 23rd March, 2005 having been released by KEBS under seal. In our letter Ref.S&TM.083/JWM dated 24th March, KEBS was requested to carry out tests on 4th April, 2005 in the presence of KPLC and the supplier M/s Treated Timber Products.

The tests were carried out and the test results from the Kenya Bureau of Standards were received on 20th April, 2005 through their letter Reference No.CON/00/1//108 dated 19th April, 2005.

Test reports received from the KEBS showed that the treated wood poles failed to meet the ground line diameter and the strength requirements for medium size poles supplied. However the poles passed the tests for length and treatment as confirmed by the level of creosote penetration.

The affected poles had been segregated pending tests results. The supplier had already received payment through the letter of credit for the affected poles of US\$ 525,668.66 (KShs. 41,002,155). Following receipt of the KEBS Report, a meeting of the CTC was convened for 25th April 2005 to consider the options of the redress to the Company. These include:

- i) Rejection of the non-conforming poles, requiring replacement, suing and blacklisting the supplier if they fail to make good the default.
- ii) de-classification of the poles according to strength grades for low voltage distribution lines and demanding appropriate refund of difference in cost between the light and medium sizes poles.

CTC there after approved declassification of the poles to be received and used according to strength grades for low voltage distribution lines

and demanding appropriate refund of difference in cost between the light and medium sizes poles .

5. OTHER TENDERS FLOATED FOR POLES AND EFFORTS TO ENCOURAGE LOCAL SUPPLIERS

From the experience learnt from the earlier Tender of 2003, only one bidder namely Treated Timber Products was technically compliant with all tender requirements for failure by bidders to submit test certificates with their tenders. KPLC has since then tried to encourage wider participation and explanation of the technical requirements, including inviting KEBS to meetings with bidders.

No.KPLC/PT/LP/05/04- March, 2004

Therefore, for the requirements of year 2004/2005 advertised under Tender No.KPLC/PT/LP/05/04 in the media on 1st March 2004, a pre-bid conference was held with the prospective bidders on 16th March, 2004 to clarify all the technical and commercial requirements of the tender, with a view to widening the participation of the bidders. The tender closed on 15th April 2004, and a tender committee was appointed by the Managing Director to evaluate the tender. In spite the pre-bid conference, no bidder was found to be fully compliant and this led to the cancellation of the tender.

Tender No. Kplc/S/17/04- August, 2004

Tender No. KPLC/PT/S/17/04 was advertised in the press on 27th August 2004 with a closing date of 18th October 2004.

- (i) A pre-tender conference was held on 21st September 2004 and all tenderers had been invited to attend.
- (ii) Kenya Bureau of Standard (KEBS) and Directorate of Public Procurement were invited for the conference.
- (iii) KEBS confirmed that they would carry out all the tests and certifications for the local firms was received on 12th October 2004. This necessitated an extension of the tender closing date from 18th October 2004 to 1st November 2004.
- (iv) The tender was opened in public on 1st November 2004. Nine (9) firms responded. Among them were seven (7) local bidders.

The tender underwent a Technical and Financial Evaluation by Engineers from the Distribution & Customer Service Division, and Research & Development.

This tender paper appeared twice in the CTC after the Managing Director raised his concerns. The contract was approved by Central Tender Committee in the meeting of 12th January 2005 (Appendix IX attached) having noted that though M/s Cabro East Africa had quoted for lower quantities than awarded, their prices were lower and by taking advantage of the lower prices, KPLC was going to realize a saving of approximately Ksh. 200million. A sub-Committee of the CTC was then requested to do post award negotiation with M/s Cabro East Africa on the issues arising from award of additional quantities and the delivery schedule.

On submission of the sub-committee's report, the Central Tender Committee in the meeting of 17th February 2005 under Minute No.CTC/32/05 (c) awarded the contract for supply of poles as follows:-

a. All the big sizes of poles (100%) to M/s. Treated Timber Products at total ZAR 13,276,934.08 Cost & Freight Mombasa, which is equivalent to Kshs. 184,220,115.74 VAT inclusive delivered to Mombasa only.

It will be noted that this award equals to quantity 8,210 poles awarded to M/s. Treated Timber Products, which is 8.9% of the total tender requirement of quantity 92,149 poles. Order No. 777889 was placed and deliveries are as follows;

	14 M Poles	15M Poles	17M poles	18M Poles
Order Qty	5,000	1,828	864	518
Delivered to date	1,993	1,375	543	220
Outstanding Qty	3,007	453	321	298

The outstanding quantities are expected to be shipped end of March 2006.

The Kenya Power & Lighting Co. Ltd. then transports and delivers them to the required hinterland destinations.

b) All the small sizes of poles (100%) to M/s. Cabro East Africa, a local supplier as per their quoted prices to the quoted destinations. The total award to M/s. Cabro East Africa amounts to Kshs. 614,294,150.00 VAT inclusive.

This award to the local supplier amounts to 91.1% of the total tender requirement of quantity 92,149 poles, which is 83,939 poles. Delivery of Poles by M/s Cabro East Africa to date is as follows;

Pole Size	Quantity Delivered
10M	4,824
11m	2,413
12M	2,415
Total Delivered	9,652

Enhancement for future Tenders

Before payments for each consignment, the suppliers are expected to submit Test Certificates for approval by KPLC. They are also required to submit test reports certified by the Kenya Bureau of Standards (KEBS) before delivery is allowed.

KPLC engineers continuously monitor the manufacturing process for local suppliers factory(s) while foreign suppliers will be required to provide test certificates for approval before every shipment. This is to ensure that KPLC only receives quality poles.

Tender No. KPLC/ST/LP/115/05- July 2005

In order to circumvent shortage of poles during this period as M/s Cabro was not supplying adequate quantities of poles as per contract, CTC requested management to source for poles on ex-stock basis. Tender no. KPLC/ST/LP/115/05 was done through selective tender sent to the suppliers on 26.07.05. The firms invited included local manufacturers and previous suppliers. These were as follows;

- i. M/s. Timber Treatment International Ltd.
- ii. M/s. Treated Timber Products
- iii. M/s. Kakuzi Ltd.

iv. M/s. Gilgil Telecommunications

The tender closed on 19.08.05 with only two of the invited bidders responding. The respondents were M/s. Timber Treatment International and M/s. Treated Timber Products.

A Technical Evaluation was carried out by a team from Distribution & Customer Service and Research & Development Divisions. The offer by M/s. Timber Treatment International was technically acceptable. The offer by M/s. Treated Timber Products was acceptable for sizes 10Metres, 11Metres and 12Metres while for sizes 14Metres, 15Metres, 17Metres and 18Metres was not acceptable as the supplier indicated that cantilever tests are available for poles up to 12Metres.

The CTC in the meeting of 22nd August 2005, under minute No. CTC/270/05 approved the award of Supply of Quantity 50,000 poles to M/s. Timber Treatment International (EATEC) at a total cost of Kshs. 484,762,659.00 VAT Inclusive. CTC paper and CTC minutes attached as Appendix X. The awards were as follows;

Item Code	Item Description	Qty	Unit Price Del to Nbi. VAT Incl	Total Price Del to Nbi. VAT Incl
186187	Pole Wood Treated 10.0 Metres Medium CCA	25,000	6,771.50	169,287,500
186188	Pole Wood Treated 11.0 Metres Medium Creosote	12,000	9,907.72	118,892,640
186189	Pole Wood Treated 12.0 Metres Medium CCA	6,000	9,137.41	54,824,460
186190	Pole Wood Treated 14.0 Metres Medium Creosote	2,500	16,780.46	41,951,150
186191	Pole Wood Treated 15.0 Metres Medium Creosote	2,500	20,157.90	50,394,750
186144	Pole Wood Treated 17.0 Metres Medium Creosote	1,100	23,927.44	26,320,184
186192	Pole Wood Treated 18.0 Metres Medium Creosote	900	25,657.75	23,091,975
Total Cost Delivered VAT Inclusive (Kshs.)				484,762,659

Delivery was to commence in December 2005. The supplier has so far delivered 64 pieces and have indicated that they are accelerating the process to deliver more quantities as per the delivery schedule.

Other efforts to procure stop-gap quantities from M/s Treated Timber International(PTY)

The local supplier M/s Cabro was expected to have supplied 4,000 poles by August 2005. However due to logistical challenges they were not able to supply and the stock of poles continued to deteriorate.

It is noted that the other local supplier M/s Timber Treatment International (EATEC) did not also supply any poles ex-stock and to date in spite of facilitation by KPLC have only supplies 64 pieces.

In the Board meeting of 9th August 2005 in which Mr. Howard Holley of M/s Treated Timber Products was invited, the Board noted the serious shortage of treated wood poles and requested Mr. Howard Holley to advise management of their stocks of various sizes of treated wood poles and to give his prices. The Board requested management to procure poles from M/s Treated Timber Products that they were able to deliver on ex – stock basis subject to approval of Government.

A quotation dated 10th August 2005 was received from M/s Treated Timber Products. Management presented the same to the CTC of 17th August 2005. It was noted that the prices quoted were much higher than the prices on the contract with M/S Cabro East Africa the local supplier and therefore award was not made on M/S Treated Timber Product's offer for supply on ex stock basis as M/s Cabro had promised to improve their delivery .

However, M/s Cabro did not supply poles as per delivery schedule and shortages continued to bite. Consequently a paper was presented to CTC recommending purchase of quantity 13,000 poles at total USD1,871,500.00 (Total cost Del. VAT Incl. Ksh.209,062,071.00) from M/s Treated Timber Products but CTC under CTC/365/05 of 18th October 2005 rejected the proposal and recommended that all poles must be bought locally. CTC paper and CTC minutes of 17th August 2005 and CTC/365/05 of 18th October 2005 are attached as Appendix XI.

Tender No. KPLC/PT/S/51/05- September 2005

Tender No. KPLC/PT/S/51/05 for supply of concrete poles was advertised in the press on 30th August 2005 with a closing date of 29th September 2005.

The tender was opened in public on 1st November 2005. Out of Six (6) firms that bought the tender document, only one (1) firm namely M/s BETT Co. Ltd. responded. The tender underwent a Technical Evaluation and the supplier was found to be Technically Compliant.

The CTC in the meeting of 18.10.05, under minute No. CTC/364/05 approved the purchase of Concrete Poles sizes 10m, 11m, and 12m from M/s. Bett Company (K) Ltd. at a total cost of Kshs. 839,294,510.00 VAT Inclusive.

However, the CTC in the same award requested management to negotiate with the supplier and obtain a fairer price since there was only one bidder and the price was considered to be on the higher side. A negotiation team was set up to carry out the negotiations with the supplier in line with the CTC recommendations.

Negotiations were carried out and the supplier offered a six percent (6%) discount and a further Kshs. 400.00 per pole. The CTC in the meeting of 29.12.05 under minute no. CTC/405/05 approved the purchase of 25,000 poles of various sizes of Poles at a total Ex-factory price of Kshs. 629,203,778.00 VAT Inclusive.

6. OTHER INITIATIVE ON LOCAL SUPPLY OF TREATED WOOD POLES

During the CTC meeting of 29.12.2005, the CTC was briefed on the development of meetings that were being held between KPLC and Stakeholders in the Poles Business. It was reported that there was good progress and that there was hope that deliveries on outstanding contracts would improve.

In the meeting members were informed that through the initiative of the Ministry of Energy M/s Sao Hill Industries of southern Tanzania had been identified as having ex-stock quantities of poles.

It was noted that the company operations were almost grinding to a halt due to lack of poles. It was decided that considering the company had pursuant to the Board resolution in December 2005 notified the Treasury and the Ministry of Energy that it had ceased to be a state corporation after sale of NSSF shares, the poles from Tanzania should be procured on an emergency basis directly from suppliers who had indicated they had them ex-stock.

During the same meeting, a letter from M/s. Muwa Trading Company (an agent of M/s. Duville Woodworks of Tanzania) offering treated wood poles ex-stock was circulated to the CTC members. Approval was granted under Minute No. CTC/420/05 for a factory visit to be made to M/s. Duville Woodworks and any other factories in South Tanzania including M/s. Sao Hill Industries also of Tanzania.

A team comprising KPLC Staff and Directors made the four factory visits from 10th to 14th January and a paper of the findings and recommendations was presented to the CTC of 19th January 2005. The four factories visited were;

- M/s Duville Woodworks
- M/s Mufindi Woodpole & Timber Ltd.
- M/s Sao Hill Industries
- M/s Tanganyika Wattle Company Ltd.

Approval for Purchase of Poles to bridge the shortage arising from the slow deliveries from the local suppliers was given as follows;

- i. Qty. 12,600 of pole sizes 9metres, 10metres and 11metres, quantity 3,500, 6,500 and 2,600 respectively to M/s. Sao Hill Industries at a total cost of CIF US\$ 2,033,000.00 VAT Exclusive estimated at Kshs. 176,883,375.00 VAT Inclusive.
- ii. Qty 7,000 various sizes of poles to M/s. Muwa Trading Company at a total cost of CIF US \$ 1,095,000.00 estimated at Kshs. 95,265,000.00 VAT Inclusive as follows;

Pole Size	Qty Duville	Qty Mufindi	Total Qty	Unit Price CIF NBI USD	Total Cost CIF NBI VAT Incl. USD
9 Metres	1,000	-	1,000	140.00	140,000.00
10 Metres	2,000	1,500	3,500	155.00	542,500.00
11 Metres	1,000	1,500	2,500	165.00	412,500.00
Total	4,000	3,000	7,000		1,095,000.00

iii. Qty. 19,000 of various pole sizes to M/s. Mint Holdings Ltd. at

Pole Size	Qty	Unit Price CIF NBI USD	Total Cost CIF NBI VAT Inclusive USD
9 Metres	6,600	150.00	990,000.00
10 Metres	12,150	159.48	1,937,682.00
12 Metres	250	189.66	47,415.00
Total	19,000		2,975,097.00

The total Estimated Cost Delivered is to Nairobi is CIF Kshs. 530,969,439.00 VAT Inclusive. CTC minutes of 29th December 2005 and 19th January 2006 and CTC papers are attached as Appendix XII and XIII respectively.

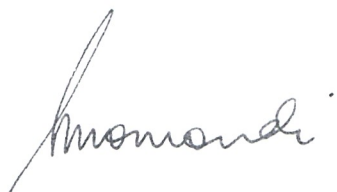
7. COMPARISON OF PRICES OFFERED FROM TANZANIA & SOUTH AFRICA

A comparison of the prices offered by the local suppliers and those from the two countries on the basis of delivered prices in Ksh. is attached for reference as Appendix XIV. Other correspondences on poles prices are also attached as Appendix XV.

8. CONTINUOUS INITIATIVE

The initiative for supply of treated wood poles from local suppliers is still in progress and management is preparing to advertise local tenders for purchase of supply of locally grown and treated wood poles from interested local suppliers of poles so as to ensure continuous availability

from the local market. In all the initiatives to procure poles the management does not procure any poles without CTC approval.

A handwritten signature in black ink, appearing to read 'Jasper Oduor', written in a cursive style.

ENG. JASPER ODUOR
MANAGING DIRECTOR

17th FEBRUARY 2006

PAPER TO THE CENTRAL TENDER COMMITTEE

PREPARED BY: RUTH OYILE - PROCUREMENT OFFICER (L)

SUBJECT: MATTERS ARISING ON PURCHASE OF VARIOUS TREATED WOOD POLES & CROSSARMS - CTC MEETING OF 28.01.2004.

1. INTRODUCTION

The paper was presented to the CTC meeting of 28.01.04 but since it did not have a specific recommendation for purchase, it was deferred for further evaluation & recommendation for re-submission to the CTC.

These items are stocked at various stores countrywide after receipt at Nairobi South main stores. The proposed quantity is for stock replenishment and for use in our customer base expansion programme. The authority to procure was approved by the Central Tender Committee vide minute no. CTC/223/03(ii) of 14.10.03 at Kshs. 386,760,260.11 plus VAT.

2. SCOPE OF WORK

The item is used in line construction

3. STOCK POSITION & STOCK LEVELS AS AT 23.01.04

The Stock position shown is for the various standardised & un - standardised poles. However the poles to be purchased and advertised in the tender are the quantities arrived at after standardisation and compilation of the various sizes' requirement. This is as per the attached appendix I

4. LAST PURCHASE:-

This is as per the attached appendix II.

5. TENDER INVITATION

This was done through Public Tender No. KPLC/S/39/03 on 4.11.03. The following suppliers 26 purchased the tender documents.

- | | |
|----------------------------------|--------------------------------|
| 1. M/s. Modern Investments | 14. M/s. Leonflora Kenya |
| 2. M/s. Kuza Farms & Allied Ltd. | 15. M/s. Gilgil Telecoms |
| 3. M/s. Treated Timber Products | 16. M/s. Pumwani Timber |
| 4. M/s. Quiver International | 17. M/s. Supply Linkages |
| 5. M/s. Premier Investments | 18. M/s. Riveton Industries |
| 6. M/s. Affiliated B Contacts | 19. M/s. Uni - Communications |
| 7. M/s. Crosslynx Ltd. | 20. M/s. Back Barrow (PVT) |
| 8. M/s. Original Technology | 21. M/s. British Engineering |
| 9. M/s. Logging Systems | 22. M/s. Rousant International |
| 10. M/s. Sun City Resort Ltd. | 23. M/s. Kakuzi Ltd. |
| 11. M/s. Haidery P. Ltd | 24. Kapkabus Imports & Exports |
| 12. M/s. Switchgear & Controls | 25. Thankwood Traders |
| 13. M/s. Proland Ltd. | 26. Tri Central Kenya Ltd. |

[Signature]

6. TENDER OPENING & RESPONSE

The tender was opened on 31.12.03 by the Senior Procurement Officer (L), Chief Legal Officer and the Ag. Stores & Transport Manager. The opening was witnessed by various bidders and the opening certificate (copy attached- Appendix III) was also signed by six (6) representatives from among the nine (9) suppliers who responded. The responses are as per the attached appendix IV

7. TECHNICAL EVALUATION

The technical evaluation was carried out by the Distribution & Customer Service and Research & Development Divisions as approved by the CTC. The evaluation report is as per attached (Appendix VI).

8. COMMERCIAL EVALUATION

The commercial evaluation was carried out by Procurement Department and Finance Division. Arising from the technical evaluation, only 4 (four) bidders out of 9 (nine) who responded have been found technically acceptable. M/s. Primia Investments submitted a tender security from Apollo Insurance Co. Ltd and Gilgil Teclcoms submitted the KPLC form stamped by African Merchant Assurance Co Ltd. The offers are therefore commercially unacceptable. The commercial evaluation is as detailed in the attached Appendix IVa and V.

9. SOURCE OF FUNDS

Funds are available under stock inventory year 2003/2004

10. PURCHASE RECOMMENDATION

Only one firm namely M/s. Treated Timber Products was fully compliant at a total cost of FOB USD 4,607,870.89 (FOB Kshs. 352,527,927.16) and total estimated landed cost of Kshs 529,128,856.09 VAT exclusive. Should the CTC award subject to provision of Test Certificate and factory visit before delivery of the first partial, then award should be made to M/s. Riveton Investments Ltd at total cost delivered of Kshs. 382,948,099.00 inclusive of VAT as shown below

ITEM CODE	ITEM DESCRIPTION	QTY	UNIT PRICE DELIVERED KSHS INCLUSIVE OF 16% VAT	TOTAL PRICE DELIVERED KSHS INCLUSIVE OF 16% VAT
186178	Pole Wood Treated 10 Metres Medium	47,837	3,900.00	186,564,300.00
186179	Pole Wood Treated 11.0 Metres Medium	6,482	4,600.00	29,817,200.00
186180	Pole Wood Treated 12.0 Metres Medium	20,324	7,500.00	152,430,000.00
186181	Pole Wood Treated 14.0 Metres Medium	1,256	6,600.00	8,289,600.00
186182	Pole Wood Treated 15.0 Metres Medium	100	8,500.00	850,000.00
182929	Crossarm Wood 33Kv 3"6"x5"x5" Treated	113	440.00	49,720.00

ITEM CODE	ITEM DESCRIPTION	QTY	UNIT PRICE DELIVERED KSHS INCLUSIVE OF 16% VAT	TOTAL PRICE DELIVERED KSHS INCLUSIVE OF 16% VAT
182934	Earth Stalk Wood 33Kv 5'8"x5"x5" Treated	280	645.00	180,600.00
182939	Crossarm Wood 5'6"x4"x3" Treated	2,581	640.00	1,651,840.00
182940	Crossarm Wood 9'8"x5"x4" Treated	2,865	920.00	2,635,800.00
182941	Crossarm Wood 11'x5"x4" Treated	2	1,005.00	2,010.00
182944	Crossarm Wood 14'x5"x5" Treated	107	1,282.00	137,174.00
186932	Crossarm Fuse - Bar 7'6"x5"x4" Treated	489	695.00	339,855.00
Total Cost VAT Inclusive				382,948,099.00

The delivery schedule is as per the tender requirement.

11. AUTHORITY

CTC authority is hereby sought to award the tender to M/s. M/s Riveton Investments Ltd. as recommended above at a total cost of Kshs. 382,948,099.00 inclusive of VAT.

PREPARED BY SIGNED *[Signature]* DATE 29/01/09

CHECKED BY SIGNED *[Signature]* DATE 29/01/09

RECOMMENDED BY SIGNED DATE

[Signature]

APPENDIX I

STOCK POSITION & STOCK LEVELS AS AT 23.01.04

Item Code	Item Description	Total Stock	On Order	AMC	Project Requirement	Annual requirement
1	186177 Pole Wood Treated 8.5ML	211	Nil	1029		12,348
2	186178 Pole Wood Treated 9.6ML	7	Nil	449		5,388
3	186186 Pole Wood Treated 8.5MM	675	Nil	954	12,402	11,448
4	186187 Pole Wood Treated 9.8MM	8,142	Nil	560		6,720
5	186188 Pole Wood Treated 11.0MM	4,511	Nil	702	3,774	8,424
6	186189 Pole Wood Treated 12.2MM	1,821	Nil	359	522	4,308
7	186190 Pole Wood Treated 13.7MM	145	Nil	47		564
8	186179 Pole Wood Treated 11.0ML	318	Nil	284		3,408
9	186180 Pole Wood Treated 12.2ML	134	Nil	43		516
10	Crossarm Wood 33Kv 3'6" x 5' x 5"	10,925	Nil	27		324
11	182929 Treated Earth Spik Wood 33Kv 5'8" x 5' x 5"	6,365	Nil	12		144
12	182934 Treated Crossarm Wood 5'6" x 4" x 3"	2,691	Nil	185		2,220
13	182939 Crossarm Wood 9'8" x 5" x 4"	133	Nil	80		960
14	182940 Crossarm Wood 11' x 5" x 4"	2,674	Nil	5		60
15	182941 Crossarm Wood 14' x 5" x 5"	31	Nil	4		48
16	182944 Crossarm Fuse - Bar 7'6" x 5" x 4"	1,662	Nil	55		660

APPENDIX II

LAST PURCHASE

Item Code	Item Description	Qty	Price	LPO No. & Date	Authority & Date	Supplier	Supply Status
1	Pole Wood Treated 8.5ML	7000	2,308.10	674963 of 13.10.2000	CTC/215/98 of 14.10.98	Integrated Wood Complex	Fully Supplied
2	Pole Wood Treated 9.8ML	5,000	2,753.44	674963 of 13.10.2000	"	"	Fully Supplied
3	Pole Wood Treated 8.5MM	8,800	3,395.52	674963 of 13.10.2000	"	"	Fully Supplied
4	Pole Wood Treated 9.8MM	21,600	USD 27.95	715985 of 13.11.02	Spec. Approv. Ref. PM/	Treated Timber Products	Fully Supplied
5	Pole Wood Treated 11.0MM	11,500	USD 39.68	"	Poles/JMK of 15.10.2002	"	Fully Supplied
6	Pole Wood Treated 12.2MM	4,420	USD 48.02	"	"	"	Fully Supplied
7	Pole Wood Treated 13.7MM	No Details					
8	Pole Wood Treated 11.0ML	2,500	3,918.00	694307 of 19.07.01	CTC/12/2001 of 28.03.01	Logging Systems	Fully Supplied
9	Pole Wood Treated 12.2ML	No Details					
0	Crossarm Wood 33Kv 3'6" x 5" x 5"	No Details					
1	Crossarm Wood 33Kv 5'3" x 5" x 5"	No Details					
2	Crossarm Wood 5'6" x 4" x 3" Treated	12,000	243.75	601279 of 25.09.98	No details on authority	New Integrated Forest Prod	Fully Supplied
3	Crossarm Wood 9'8" x 5" x 4" Treated	No Details					
4	Crossarm Wood 11' x 5" x 4" Treated	No Details					
5	Crossarm Wood 14' x 5" x 5" Treated	No Details					
6	Crossarm Fuse - Bar 7'6" x 5" x 4" Treated	No Details					

THE KENYA POWER & LICENSING COMPANY

Supply of Treated Wood Poles & Crossarms

TENDER NO. KPLC/S/39/U3 - SUPPLY OF TREATED WOOD POLES & CROSSARMS
 OPENED ON 31.12.2003 AT 2.30 PM AT STIMA PLAZA

NO	CODE	ITEM DESCRIPTION	Thawick Wood Trades		Prime Timber Products Ltd		Swilling Country Ltd		Kipetun Kwana		Kipetun Kwana		Kipetun Kwana	
			QTY	UNIT PRICE	UNIT PRICE	UNIT PRICE	UNIT PRICE	UNIT PRICE	UNIT PRICE	UNIT PRICE	UNIT PRICE	UNIT PRICE	UNIT PRICE	UNIT PRICE
1	186178	Pole Wood Treated 10.0 Metres Medium	47,837	7550	6200	49,994	368	3900	930	11289	5904	4841	4841	
2	186179	Pole Wood Treated 11.0 Metres Medium	6,482	8930	6268	6557	672	1600	18352	6827	6827	6827	6827	
3	186180	Pole Wood Treated 12.0 Metres Medium	20,924	10680	9819	7558	517	7500	21670	28200	28200	28200	28200	
4	186181	Pole Wood Treated 14.0 Metres Medium	1,256	12950	14056	9619	1414	6500	940	570	570	570	570	
5	186182	Pole Wood Treated 15.0 Metres Medium	100	14930	1635	12769	1990	440	925	9262	9262	9262	9262	
6	182929	Crossarm Wood 33KV 3' 6" x 5" x 5" Treated	113	395	822	1007	645	645	875	1263	1263	1263	1263	
7	182934	Earth stake Wood 5' 6" x 4" x 3" Treated	280	520	1344	1526	640	640	550	1430	1430	1430	1430	
8	182939	Crossarm Wood 9' 8" x 5" x 4" Treated	2,581	330	601	2591	920	920	900	2289	2289	2289	2289	
9	182940	Crossarm Wood 11' x 5" x 4" Treated	2,865	650	1895	2779	1005	1005	850	817	817	817	817	
10	182941	Crossarm Wood 14' x 5" x 5" Treated	107	770	3135	4678	1282	1282	850	850	850	850	850	
11	182944	Crossarm Fuse - Bar 7' 6" x 5" x 2" Treated	489	930	1321	2040	695	695	850	850	850	850	850	
12	186932			NIL										
BID BOND					INSURANCE BOND	15 M BOND								
OPENED BY:			DESIGNATION	SIGNATURE		DATE								
1. R. Anchi			SP (T)	[Signature]		31/12/03								
2. W. Mwangi			CLO	[Signature]		31/12/03								
3. W. Mwangi			AGST/M	[Signature]		31/12/03								
WITNESSED BY:			NAME OF FIRM	SIGNATURE		DATE								
1. MATHINDI K. BENT			THAWICK WOOD TRADES	[Signature]		31/12/03								
2. K. N. Mwangi			THAWICK LIMITED	[Signature]		31/12/03								
3. B. Mwangi			FATEC	[Signature]		31/12/03								
4. M. Mwangi			M. Mwangi	[Signature]		31/12/03								
5. ANTONY MWINJI			ANTON MWINJI LTD	[Signature]		31/12/03								

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OPENED ON 31.12.2003 AT 2.30 PM AT STIMA PLAZA

BIDDING FILMS

ODE	ITEM DESCRIPTION	QTY	UNIT PRICE	UNIT PRICE	UNIT PRICE	UNIT PRICE	UNIT PRICE	UNIT PRICE	UNIT PRICE
186178	Pole Wood Treated 10.0 Metres Medium	47,837	4,544.28		\$ 171 #				
196179	Pole Wood Treated 11.0 Metres Medium	6,482	5,884.47		\$ 907.44				
186180	Pole Wood Treated 12.0 Metres Medium	20,324	6,354.85		7,472.4				
186181	Pole Wood Treated 14.0 Metres Medium	1,256	8,054.61		11,344.5				
186182	Pole Wood Treated 15.0 Metres Medium	100	10,591.60		5,702				
182929	Crossarm Wood 33KV 3.6"x 5"x 5" Treated	113	4,212.5		2,554				
182934	Earth stalk Wood 33KV 5.8"x 5"x 5" Treated	290	319.50		2,602				
182939	Crossarm Wood 5.6"x 4"x 3" Treated	2,581	122.50		2,470				
182940	Crossarm Wood 9.8"x 5"x 4" Treated	2,865	4,485.00		6,680				
182941	Crossarm Wood 11"x 5"x 4" Treated	2	5,65.45		5,420				
182944	Crossarm Wood 14"x 5"x 5" Treated	107	720.50		4,895				
186932	Crossarm Fuse - Bar 7" 6"x 5"x 4" Treated	489	281.50		5,146				
	BID BOND		NIL		NIL				

OPENED BY:

R. Amador
B. Rodriguez
MILSON ESCOBAR

DESIGNATION

SPOLE
C-123
ASTM

SIGNATURE

[Signatures]

DATE

21/12/03
21/12/03
31/12/03

ATTENDED BY

HARON OMAR

NAME OF FIRM

QVEION

SIGNATURE

[Signature]

DATE

31/12/03

SECTION TITLE

TRAFIC SIGN

[Signature]

DATE

31/12/03

ITEM DESCRIPTION

KAKA (K)

[Signature]

DATE

31/12/03

ITEM DESCRIPTION

ORIGINAL SIGNATURE

[Signature]

DATE

21/12/03

[Handwritten mark]

KENYA POWER & LIGHTING COMPANY LIMITED

ATTENDANCE REGISTER

TENDER NO. KPLC/S/39/03

SUPPLY OF TREATED WOOD POLES & CROSSARMS

DATE OPENED: 31.12.2003

TIME :

NO	NAME OF FIRM	REPRESENTATIVE	SIGNATURE
1.	HANK WOOD TRADERS ✓	MATHEW K. BOIT	
2.	TANWAT LIMITED ✓	K. NGAIBA	
3.	RIVETON INVESTMENTS ✓	H. OMEKE	
4.	IBERIA WOOD PRODUCTS ✓	JUSTIN ...	
5.	IBERIA WOOD PRODUCTS ✓	M. ...	
6.	ERTEC-LOGGING SYSTEMS ✓	B. RONDO	
7.	HANK WOOD TRADERS ✓	DAVID K. TEGO	
8.	Switchgear & Controls ✓	Anthony Muniro	
9.	Telematic Wireless ✓	Princa Inest ✓	
10.	ORIGINAL TECHNOLOGY ✓	N. ...	
11.	GILFIT Telecoms ✓	A. ...	
12.	KAKUZI LTD. ✓	P. ERSON	
13.	HANK WOOD TRADERS ✓	SMULU-K. SAMBEI	
14.			
15.			
16.			
17.			
18.			
19.			
20.			

APPENDIX IV a LANDED COSTS FOR ALL BIDDERS KSHS. (VAT EXCLUSIVE)

KPLC/S/39/03 - SUPPLY OF TREATED CROSSARMS

QUOTATIONS

NO.	ITEM CODE	ITEM DESCRIPTION	QTY.	COMPLIANT BIDDERS				NON - COMPLIANT BIDDERS						
				Treated Timber	Riveton Investments	Original Technology	Switchgear & Controls	Primia Investments	Thankwood Traders	Gigli Telcoms	Kakuzi Ltd.	EATEC Option 1		
1	186178	Pole Wood Treated 1.0m Medium	47,837	5,241.73	3,362.07	8,898.71	4,618.03	6,402.45	7,530.00	5,676.72	4,477.96	5,517.38		
2	186179	Pole Wood Treated 1.0 Medium	6,482	6,821.94	3,965.52	11,131.95	5,930.82	6,884.14	8,930.00	6,894.83	5,460.97	6,487.57		
3	186180	Pole Wood Treated 2.0 Medium	20,324	7,818.92	6,465.52	17,517.16	6,871.18	10,094.00	10,680.00	8,077.59	6,314.24	7,207.95		
4	186181	Pole Wood Treated 1.0 Medium	1,256	9,884.11	5,689.66	20,500.99	17,764.52	13,921.48	12,950.00	10,512.07		9,182.79		
5	186182	Pole Wood Treated 1.5.0 Medium	100	13,133.05	7,327.59	56,082.68	25,008.13	15,894.46	14,930.00	14,068.97		11,514.74		
6	182929	Crossarm Wood 33 cv 3' 6" x 5" x 5" Treated	113	884.10	379.31	1,510.65	NO	778.50	395.00	5,682.76	532.41	293.25		
7	182934	Earth Stalk Wood 33 cv 5' 8" x 5" x 5" Treated	280	1,472.97	556.03	1,418.69	NO	1,273.98	520.00	4,059.48	848.92	419.80		
8	182939	Crossarm Wood 5' 1' x 4" x 3" Treated	2,581	899.35	551.72	1,378.54	NO	570.04	330.00	3,911.21	396.16	222.50		
9	182940	Crossarm Wood 9' 1' x 5" x 4" Treated	2,865	2,244.21	793.10	1,338.59	NO	1,470.39	650.00	11,060.34	1,158.02	546.50		
10	182941	Crossarm Wood 11' x 5" x 4" Treated	2	2,406.29	866.38	1,398.62	NO	1,796.71	769.14	9,323.28	1,319.09	665.45		
11	182944	Crossarm Wood 14' x 5" x 5" Treated	107	4,186.27	1,105.17	1,438.76	NO	2,973.66	930.00	15,600.00	2,098.36	820.50		
12	186932	Crossarm Fuse Bar 7' 6" x 5" x 4" Treated	489	1,753.28	599.14	1,318.71	NO	1,252.33	600.00	8,214.66	748.79	481.50		

A.N.GATUKU SPQR
 R. Ojide
 M. Mwanja
 Principal Accountant - Mwanja, 29/10/04

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APPENDIX IV - PRICE SCHEDULE AS QUOTED

KPLC/S/39/03 - SUPPLY OF TREATED WOOD POLES & CROSSARMS

DE	DESCRIPTION	Original Technology FOB USD	Switchgear & Controls SAR landed VAT Incl.	Treated Timber FOB USD	Primaria Investments FOB USD	Timberwood Traders Delivered Kshs VAT Incl.	Rivetoni Investments Delivered Kshs VAT Incl.	Gilgil Telecoms Kshs Ex-factory	Kakuzi Ltd Delivered Kshs FOB Excl	EATTEC Delivered Kshs VAT Incl. Option 1 & Option 2
178	Pole Wood Treated 10 Metres Medium	93.00	496.00	49.99	63.00	8,758.00	3,900.00	5,171.00	4,841.00	1 - 6,400.16
179	Pole Wood Treated 11.0 Metres Medium	112.89	637.00	65.57	62.68	10,358	4,600.00	5,907.00	5,904.00	1 - 7,525.58
180	Pole Wood Treated 12.0 Metres Medium	183.50	738.00	75.58	98.19	12,388.00	7,500.00	7,473.00	6,287.00	1 - 8,361.22
181	Pole Wood Treated 14.0 Metres Medium	216.70	1,908.00	96.19	140.56	15,022.00	6,600.00	8,732.00*	-	1 - 10,652.04
182	Pole Wood Treated 15.0 Metres Medium	282.00	2,686.00	127.69	163.30	17,318.80	8,500.00	15,702.00	-	1 - 13,357.10
129	Crossarm Wood 33KV 3/6"x5"x5" Treated	9.90	-	10.07	8.22	458.20	440.00	3,584.00	570.00	1 - 340.17
34	Earth Stalk Wood 33KV 5/8"x5"x5" Treated	9.25	-	16.79	13.44	603.20	645.00	2,602.00	926.25	1 - 486.97
39	Crossarm Wood 5/6"x4"x3" Treated	8.75	-	10.26	6.01	382.80	640.00	2,470.00	432.25	1 - 258.10
40	Crossarm Wood 9/8"x5"x4" Treated	8.50	-	25.91	15.50	754.00	920.00	6,980.00	1,263.50	1 - 633.94
41	Crossarm Wood 11"x5"x4" Treated	9.00	-	27.79	18.95	892.20	1,005.00	5,920.00	1,439.50	1 - 771.92
44	Crossarm Wood 14"x5"x5" Treated	9.50	-	48.78	31.35	1,078.80	1,282.00	9,895.00	2,289.50	1 - 951.78
2	Crossarm Fuse - Bar 7/6"x5"x4" Treated	8.50	-	20.40	13.21	696.00	695.00	5,196.00	817.00	1 - 558.54

Note: Offer for Gilgil Telecoms - The prices for three items were read incorrectly against unmatching codes. Correct prices are shown in asterix (*)

A.N. GATUKU, 500 (P) *Abulidic* 29/11/04
 R. Dyre *POC* 29/11/04
 M. Mwanza, *POC* 29/11/04
Abulidic
Abulidic

APPENDIX V -- COMMERCIAL EVALUATION

KPLC/S/39/03 -- SUPPLY OF TREATED WOOD POLES & CROSSARMS

		Original Technology FOB USD	Switchgear & Controls SAR landed	Treated Timber FOB USD	Prima Investments FOB USD	Thankwood Traders Delivered Kshs	Riveton Investments Delivered Kshs	Gilgil Telcoms Kshs Ex-factory	Kakuzi Ltd Delivered Kshs
1	Purchase Receipt	0201546	0200809	201496	0201500	0172441	0172253	0200877	0172362
2	Tender Security	Trust Bank Exp. 30.5.04	Investment & Mortgage Exp. 2.05.04	First Rand Bank Exp. 22.4.04	Apollo Insurance Not acceptable	None	City Bank Exp. 22.4.04	Not acceptable	Barclays/Standard Chartered Exp. 20.04.04
3	Percentage of Tender Security	9.84 of FOB 8.20 of C&F	3	3.22	N/A	N/A	2.5	N/A	2.98
4	Price Schedule & Opening Certificate	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
5	Business Questionnaires	Distributor of Treated Poles	Industrial Electrical Equipment	Manufacturers	Agent for Manufacturers	New Business	Wholesale/Distribution	Manufacturers	Agriculture/Forestry Paintations
6	VAT No.	N/A	N/A	N/A	0131240U	Not Indicated	Not Indicated	Not Indicated	Not Indicated
7	Annual Accounts	No	No	Yes	No	No	No	No	No
8	Payment Terms	Irrevocable LC at sight	LC at 60 days after delivery	Irrevocable LC at sight	60 day after delivery	60 day after delivery	60 day after delivery	60 day after delivery	Irrevocable LC against Delivery notes
9	Price	As in Appendix IV & IV a	As in Appendix IV & IV a	As in Appendix IV & IV a	As in Appendix IV & IV a	As in Appendix IV & IV a	As in Appendix IV & IV a	As in Appendix IV & IV a	As in Appendix IV & IV a

A-IV GIATUKU SP0 (P) 29/11/04

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APPENDIX V - COMMERCIAL EVALUATION

KPLC/S/39/03 - SUPPLY OF TREATED WOOD POLES & CROSSARMS

	Original Technology FOB USD	Switchgear & Controls SAR landed	Treated Timber FOB USD	Primary Investments FOB USD	Trankwood Traders Delivered Kshs	Riveton Investments Delivered Kshs	Gilgill Telcoins Kshs Ex-factory	Kakuzi Ltd Delivered Kshs	EATTEC Delivered Kshs Option 1 & Option 2
Base Receipt	0201546	0200809	201496	0201500	0172441	0172253	0200877	0172362	0201493
Transfer Security	Trust Bank Exp. 30.3.04	Investment & Mortgage Exp. 2.05.04	First Rand Bank Exp. 22.4.04	Apollo Insurance Not acceptable	None	Exp. 22.4.04	Not acceptable	Chartered Exp. 20.04.04	None
Percentage of Tender Security	9.84 of FOB 8.20 of C&F	3	3.22	N/A	N/A	2.5	N/A	2.98	N/A
Indicate Schedule & Openings	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed	Confirmed
Business Questionnaires	Distributor of Treated Poles	Industrial Electrical Equipment	Manufacturers	Agent for Manufacturers	New Business	Wholesale/ Distribution	Manufacturers	Agriculture/Forestry Palntations	Treatment & sale of Power Transmission Poles
Ref. No.	N/A	N/A	N/A	0131240U	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not indicated
Initial Accounts	No	No	Yes	No	No	No	No	No	No
Payment Terms	Irrevocable LC at sight	LC at 60 days after delivery	Irrevocable LC at sight	60 day after delivery	60 day after delivery	60 day after delivery	60 day after delivery	Irrevocable LC against delivery notes	60 day after delivery
	As in Appendix IV & IV a	As in Appendix IV & IV a	As in Appendix IV & IV a	As in Appendix IV & IV a	As in Appendix IV & IV a	As in Appendix IV & IV a	As in Appendix IV & IV a	As in Appendix IV & IV a	As in Appendix IV & IV a

A.N. GATUKU SPO (A) *Production* 29/11/2004
 R. Ogie *POLES* 29/01/04
 M. Mwanu, *Perman. Accountant, Kibungu,* 29/01/04

TENDER NO. KPLC/09/2003- TREATED WOOD POLYMER AND CROSS ARMS -
TECHNICAL EVALUATION

The following 5 (five) bidders are not technically compliant for the following reason:-

1. Original Technology (PYT) Ltd
 - (i) ISO Certification* not provided
 - (ii) Test certificates for both Strength and Treatment were not provided.
2. EA TEC
 - (i) ISO Certification not provided
 - (ii) Test certificates for both Strength and Treatment were not provided.
3. Kakuzi Ltd & James Finlay (k) Ltd
 - (i) ISO Certification not provided
 - (ii) Test certificates for both Strength and Treatment were not provided.
4. Thankwood Timbers
 - (i) ISO Certification not provided
 - (ii) Test certificates for both Strength and Treatment were not provided.
5. Switchgear & Controls Ltd

The documents are from Tzaneng Treated Timbers CC yet the Manufacturer's Authorisation Form is given by Montrose Timber C.C

NOTES

1. CROSS ARMS:- None of the bidders met the technical requirements for cross arms and therefore none is recommended for financial evaluation.
2. *ISO Certification is very critical and it is unlikely that any Company can be ISO certified in less than one year. This requirement cannot therefore be met within reasonable time of the contract.
3. Procurement Manager will ask the supplier to be informing KPLC the time each seasoning and manufacturing process for each batch starts to enable the company's technical staff to witness the whole manufacturing process.

NAME	DEPARTMENT	DESIGNATION	SIGNATURE
C. Muzira	R&D	Srv. Eng.	<i>[Signature]</i> 29/11/04
Humphrey R. Ndwiga	R&D	Chief Eng	<i>[Signature]</i>
Joseph K. Kiatyira	Distribution	Chief Engineer	<i>[Signature]</i>
Nash Omwami	Distribution	Chief Eng	<i>[Signature]</i> 25/11/04
<i>[Signature]</i>	IST		<i>[Signature]</i> 28/11/04

**TENDER NO. KP/LC/S/39/2003 - TREATED WOOD POLES AND CROSS ARMS -
TECHNICAL EVALUATION**

Country of Origin of Poles & Cross Arms	Original Technology (P.YT) Ltd (Zimbabwe)	Primia Investment Ltd (Kenya)	Switchgear & Controls Ltd (Kenya)	EATTEC (Kenya)	Riveton Investments Ltd (Kenya)	H.K. Builders and General Contractors (Kenya)	Kakuzi Ltd & James Finlay (k) Ltd (Kenya)	Gilgil Telecommunications Industries - G.T.I (Kenya)	Thankwood Traders (Kenya)
Manufacturer's Authorisation Form (Wood Treatment)	Yes (HWJ Timber (Kv) Ltd)	Yes (Nauri Forest Products)	Yes (Montrose Timber Co)	Yes (G.T.I for treatment)	Yes (for cri)	Yes (Treated Timber (Gv) Ltd)	None	Yes	None
ISO Certification	None	Yes (Nauri Forest Products)	None	None	Yes (for cri)	Yes (Treated Timber (Gv) Ltd)	None	Yes	None
Test Certificate	Strength	None	None	None	None	Yes (Creosote)	None	None	None
		None	None	None	None	Yes (Creosote)	None	None	None
Wood Species	Poles (Eucalyptus)	Eucalyptus	Eucalyptus	Eucalyptus	Eucalyptus	Eucalyptus	Eucalyptus	Eucalyptus	Eucalyptus
	Cross Arms (Hardwood - Muhi)	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated	Not Indicated

[Signature] 29/1/04

[Signature] 29/1/04

[Signature] 29-1-04

[Signature] 29/1

- The following 4 (four) bidders are recommended for Financial Evaluation subject to meeting the conditions given under each of them:-
1. E.K. Builders and General Contractors
No conditions. They have substantially met all the conditions.
 2. Gilgil Telecommunications Industries
Test Certificate for Strength must be provided before manufacturing process of first batch begins
 3. Riveton Investments Ltd
Test Certificate for Strength must be provided before manufacturing process of first batch begins
 4. Primia Investment Ltd
Test Certificates for the following two tests must be provided before manufacturing process of first batch begins:-
(i) Strength
(ii) Treatment

[Signature]

APPENDIX II

THE KENYA POWER AND LIGHTING COMPANY LIMITED

MINUTES

OF A REGULAR MEETING OF THE CENTRAL TENDER COMMITTEE
HELD IN THE EXECUTIVE COMMITTEE ROOM, 7TH FLOOR, STIMA
PLAZA, NAIROBI ON THURSDAY 29TH JANUARY 2004 AT 3.00 P.M

PRESENT:

- | | |
|--------------|--|
| F. Nyaga | Chairman |
| S. Ima | Vice Chairman |
| J. Oduor | Managing Director |
| J. Riungu | Deputy Managing Director |
| L. Njagi | Company Secretary |
| Z. Ayieko | Chief Manager, Finance |
| R. Muiru | Chief Manager Distribution & Customer Services |
| Nganga Munyu | Ministry of Energy |

IN ATTENDANCE

- | | |
|-----------|-------------------------|
| M. Wambua | Ag.-Procurement Manager |
|-----------|-------------------------|



IN ATTENDANCE BY INVITATION


- | | |
|------------|---|
| A. Gatukui | Senior Supplies Officer, Planning |
| O. Omondi | Chief Engineer Operations & Maintenance |

ABSENT WITH APOLOGY

- | | |
|--------------|--|
| J. Ole Nchoe | Chief Manager Information Technology & Telecomm. |
|--------------|--|

The Meeting started with a prayer.

CHAIRMAN		DATE	01/02/2004
SECRETARY		DATE	01/02/2004



CTC/46/04

MATTER ARISING ON CTC/39/04 OF 28TH JANUARY, 2004
PURCHASE OF TREATED WOOD POLES AND CROSS-ARMS

A paper prepared by Ruth Oyile Procurement Officer, Local was considered.

The following was noted.

- The recommended firm namely M/S Riveton Industries did not provide test certificates for the offered poles as required in the Tender document. The certificate referred to on M/S Riveton Industries' offer was not for their sample but GTI Gilgil gave them a certificate of treatment done for earlier for supply to another firm.
- The price quoted by M/S Riveton Industries is much lower than those quoted by other bidders.
- If only one firm meets all tender conditions then award to another firm that is not compliant cannot be justified.
- None of the offers was technically compliant for supply of treated wood cross-arms.

The CTC APPROVED the tender as follows:-

1. Treated Wood – Cross Arms

Review the specifications and Re-tender

2. Treated Wood Poles

Award purchase of treated Wood poles to the only compliant bidder M/S Treated Timber Products Ltd as follows

CHAIRMAN

SECRETARY

DATE

DATE

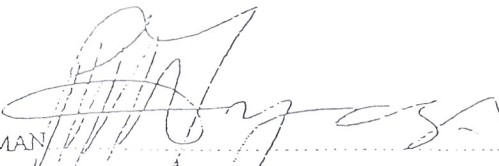
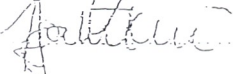
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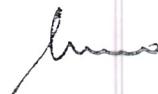
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ITEM CODE	ITEM DESCRIPTION	QTY	UNIT PRICE FOB USD	TOTAL PRICE FOB USD	ESTIMATED LANDED COST VAT EXCLUSIVE (KSh)
186178	Pole Wood Treated 10 Metres Medium	47,837	49.99	2,391,371.63	250,748,638.03
186179	Pole Wood Treated 11.0 Metres Medium	6,482	65.57	425,024.74	44,219,815.08
186180	Pole Wood Treated 12.0 Metres Medium	20,324	75.58	1,536,087.92	158,911,730.08
186181	Pole Wood Treated 14.0 Metres Medium	1,256	96.19	120,814.64	12,414,442.16
186182	Pole Wood Treated 15.0 Metres Medium	100	127.69	12,769.00	1,313,305.00
Total Cost				3,448,067.93	KSh. 467,607,930.33

The meeting ended at 5.00p.m.

CHAIRMAN  DATE 1/4/2004
 SECRETARY  DATE 01/04/2004



Arms

CTC/47/04

MATTERS ARISING

(i) PURCHASE OF TREATED WOOD POLES AND CROSS-ARMS- MATTERS ARISING ON CTC/46/04 OF 29TH JANUARY 2004

A cost analysis schedule was tabled by the Managing Director on the approval for purchase of treated wood poles and cross-arms which had been discussed in the CTC meeting of 29th January, 2004.

It was noted that;

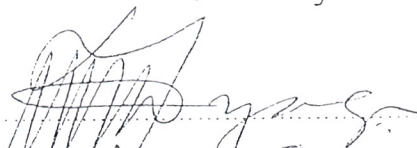
- After award the Managing Director re-considered the award of poles at a total landed cost of Kshs 467,607,930.33 plus VAT vis -a- vis an estimated cost of Ksh 386 million mentioned in the authority to procure paper and was concerned about the procurement efficiency in the award.
- Compared to last prices of poles tendered for in the year 2002 and delivered in 2003, by the same firm M/S Treated Timber Products Ltd., the price had gone up by around 23%.
- Budgetary allocation for Poles is not clear.

Members were informed that budgetary allocation of the poles under projects is not itemized clearly in the budget as a lump sum amount is allowed for each project which includes the estimated cost of the various materials required

It was agreed that;

- In future there should always be clear relationship between the budget allocations and the funds set aside for the purchases of stock items.
- The award had been made to the compliant bidder and CTC could vary its earlier decision.

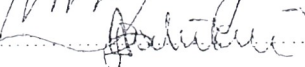
CHAIRMAN



DATE

30/3/2004

SECRETARY



DATE


30/3/2004

- Re-tender was imperative for procurement efficiency and that the poles requirement shall also be included in the request for procurement enhancement paper to the Ministry of Energy.
- The Company Secretary shall seek guidance from Director of Public Procurement on the interpretation of the Managing Director's powers to control expenditure of funds vis -a -vis the role of the Central Tender Committee.

The CTC **RESOLVED** to;

- Rescind the earlier award of treated wood poles and nullify the award to allow for **RE-TENDERING** for treated wood poles and cross-arms so as to achieve procurement efficiency.
- Authorise re-tender through open international tender for a shorter period than the statutory 42 days, and firm the award in less than 21 days subject to authority from the Directorate of Public Procurement.

CHAIRMAN



DATE

30/3/2004

SECRETARY



DATE

30/3/2004

CTC/83/04 ANY OTHER BUSINESS

(i) PURCHASE OF POLES ON STOP-GAP BASIS

A paper prepared by Annie Gatukui, Senior Procurement Officer, Planning was considered.

Members were informed that:

There is a serious shortage of poles as the last tender was cancelled before award due to pertinent complications that would also not allow partial award on the tender.

The most feasible option as management awaits the re-advertised tender to close is to enlist the dispensation of the Directorate of Public

CHAIRMAN.....

DATE

20/4/2004

SECRETARY.....

DATE

20/4/2004

Procurement and procure stop-gap quantities for three to four months consumption from the market on single sourcing.

It was noted that;

- Various projects, some of National importance like the Garsen, Lunga Lunga & Vanga Projects were coming up and they required poles. The leaning poles also needed to be replaced without delay.
- Procurement of poles on the advertised Tender will take several months.
- Upon consultation with the Government Management was allowed to accelerate procurement to ensure that business continues and projects do not stall.
- Stop-gap quantities for actual three months consumption are required to bridge the duration before awards are made on the annual tender.
- The shortage of poles required urgent attention warranting purchase on single sourcing with the approval of the Directorate of Public Procurement.
- M/s Treated Timber Products Ltd is the only firm who had qualified technically in the last tender, and had been identified to have ex-stock quantities for immediate delivery.

Members expressed concern that the paper under consideration had not brought out the urgency of the poles requirement.

The CTC **APPROVED** purchase of treated wood poles from M/s Treated Timber Products Ltd on single sourcing basis as follows

Item Code	Pole Size	Qty	Unit price		Total Price	
			CIF	SA R	CIF	SA R
187187	10MM	12393	340		4,213,620	
187188	11MM	6561	497		3,260,817	

CHAIRMAN

SECRETARY

DATE

DATE

20/4/2004

20/4/2004

187189	12MM	4671	591	2,760,561
	Total Cost FOB	23625		10,234,998

KSh. Equivalent CIF 114,260,447.17

Exchange Rate used 1Ksh. = SAR 11.1637

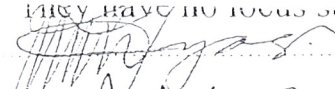
Estimated Total Landed Cost KSh.125,642,739.33

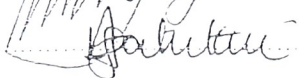
Delivery: Ex-stock quantity to be shipped immediately as follows;

Pole Size	Quantity
10MM	8,000
11MM	1,000
12MM	4,671

Balance to be shipped by May 2004.

The CTC further **AUTHORISED** Management to request for approval to proceed with the purchase from the Directorate of Public Procurement.

CHAIRMAN:  DATE: 20/4/2004

SECRETARY:  DATE: 20/4/2004

REPUBLIC OF KENYA
MINISTRY OF FINANCE

Telegraphic Address: 22921
FINANCE-NAIROBI
Fax No.: 330426
Telephone: 338111
When replying please quote



THE TREASURY
P.O. Box 301
NAIROBI
KENYA

Ref. No. PPD.2/20/30 VOL II(35)

22nd March, 2004

Mr. Patrick Nyoike
Permanent Secretary
Ministry of Energy
P.O. Box 30582
NAIROBI. Fax. 240910

Dear *Patrick*,

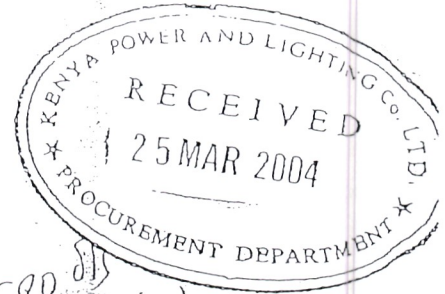
RE: AUTHORITY TO PROCURE TREATED POLES AND TRANSFORMERS THROUGH DIRECT PROCUREMENT BY KPLC

Your letter ref. ME/CONF/2/1/1 of 19th March, 2004 refers.

The contents of your letter have been well noted and the following are recommended:-

1. Purchase of treated poles

The contract as awarded by the corporation tender committee should be approved as regards unit cost of the poles. The quantities to be purchased may be negotiated with the supplier to fit into the available budget of Ksh.386 million.



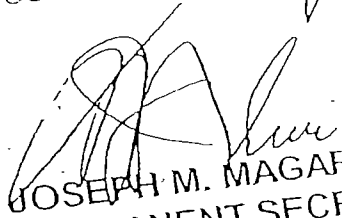
*SPO (S)
SPO (L)
PS Prepare the awards. You u
NB SPO (L) also prepare matters and if to c/c on no*

2. Purchase of Transformers

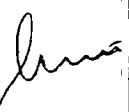
The request to purchase the ex-stock transformers from identified sources at a total cost of Ksh.17,402,866.89 is acceptable since the corporation had failed to secure a contract through the open tender.

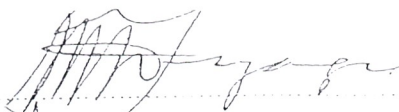
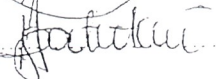
The contract award decisions have to be made by the corporation's tender committee.

Yours *sincerely,*



JOSEPH M. MAGARI
PERMANENT SECRETARY/TREASURY



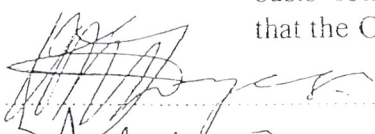
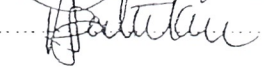
CHAIRMAN.......... DATE 12/5/04
 SECRETARY.......... DATE 12/5/2004

2

7. SUPPLY OF TREATED WOOD POLES – CTC/83//04(i) OF 11/03/04

A paper prepared by Ruth Oyile, Procurement Officer (Local), was considered and the committee noted the following:

- a) That the Directorate of Public Procurement had declined to approve KPLC's application for purchase of poles on stop – gap basis following cancellation of the tender and had recommended that the Central Tender Committee approves purchase on the

CHAIRMAN.......... DATE 12/5/04
 SECRETARY.......... DATE 12/5/2004

6

KPLC CTC.1ST APRIL 2004

earlier cancelled tender but scale down the quantity to fit available the budget of Ksh 386 million.

- b) That order number 745477 for the first shipment of quantity 12,393, 10 metre and quantity 100, 15 metre pole at total cost USD 827,264.99 was already placed with M/S Treated Timber Products Ltd.

CTC UPHOLD the approval for purchase of the stop-gap quantity of poles at total cost FOB ZAR 10,234,998 awarded under CTC/83/2004 and REQUESTED management to ;

- i) Negotiate the unit prices of poles with M/S Treated Timber Products Ltd., and report back to the next CTC meeting.
- ii) Negotiate and obtain a credit note from M/S Treated Timber Products Ltd, on the first partial order, on the basis of the revised unit prices.

THE KENYA POWER AND LIGHTING CO. LTD.

SPECIFICATION *for* WOOD POLES

REVISION RECORD

REVISION	DESCRIPTION OF REVISION	DATE	APPROVAL
0	Original	1998-01-12	
1	2 nd Issue	1999-05-05	
2	3 rd Issue	2000-06-21	
2A	Amendments to clauses 2.4.1, 3.4 and 4.2	2000-10-18	

TSP 03 - 001: WOOD POLES (REV 2A * 2000-10-18)



SPECIFICATION FOR WOOD POLES FOR ELECTRIC POWER DISTRIBUTION

CONTENTS

- 0 Foreword
- 1 Scope
- 2 Requirements (Preparation)
- 3 Impregnation
- 4 Banding
- 5 Standard sizes
- 6 Markings
- 7 Testing
- 8 References



0. FOREWORD

- 0.1. This standard specification has been prepared by the Standards department of the Technical Audit, Research and Development Division of KPLC. It lays down the requirements for wood poles.
- 0.2. This specification is intended for procurement of materials and does not include provision of contract.
- 0.3. This specification is based on Kenya standard specification KS-02-516. It is subject to revision as and when it becomes necessary.
- 0.4. This specification supersedes all specifications for Wood Poles published before the current revision date.

1. SCOPE

- 1.1. This specification is for wooden poles preserved with creosote or with a solution of copper, chromium and arsenic salts, and intended to be used as upright supports for power transmission and distribution lines.

2. PREPARATION AND SEASONING

2.1. Strength and species

Wood Poles shall be of *eucalyptus* timber and shall belong to the strength groups, *Light*, *Medium* or *Stout* as specified.

2.2. Moisture content

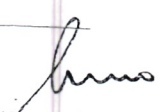
The average moisture content of a pole at the time of impregnation shall not exceed 25% and shall not fall below 20%.

2.3. Defects

2.3.1. The radial width of the sapwood shall be not less than 15 mm.

2.3.2. Poles shall be straight and sound, and shall be free from wood decay, sap rot, large or dead knots, and excessive splits or checks. There shall be no splits or checks across the butt end.

2.3.3. Poles shall be free from insect damage and fungal attack.



2.4. Dimensions

2.4.1 The length of the pole shall conform to the values specified in the tables in clause 5, with a tolerance of ± 75 mm.

The diameter of the pole shall conform to the values specified therein, with a tolerance of $(+20$ mm, -10 mm) for light and medium poles and ± 25 mm for the stout poles

Where the tolerated size of a pole falls within two or more categories, the pole shall be regarded as belonging to the lighter or lighter category

2.4.2 Holes drilled in the pole to support fittings shall have a diameter of 18 mm for pole sizes 8.5 m and 10.0 m and 24 mm for all other sizes with a tolerance of ± 1 mm

2.5 Each pole shall contain the natural butt of the tree and shall not be trimmed or cut from the butt end to reduce its natural size. The ends shall be free from steps, and the butt end shall be cut square to within 5°. The top end shall be cut to an apex of $45^\circ \pm 5^\circ$.

2.6 Shaping and cutting of poles shall be carried out before impregnation. Poles shall be shaved free of the bark, and branches shall be cut off neatly in the direction of growth and be dressed down flush with the trunk before impregnation.

2.7 Where a hole is drilled in the factory it shall be drilled before treatment and a template shall be used to mark off its position.

The template shall be placed parallel to the true centre line of the pole to ensure that the cross arm or other fittings are placed when the pole is erected.

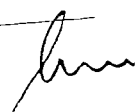
3. IMPREGNATION

3.1 Drilling and scarifying shall be done before impregnation.

3.2 The average moisture content of the pole at the time of impregnation shall be as indicated in clause 2.2, being expressed on the weight before treatment.

3.3 Impregnation shall be carried out using a vacuum-pressure cell (vacuum-pressure) process according to Kenya standard specification KS 02:99

3.4 The preservative used shall be either creosote in mineral oil base, or formulations of water soluble compounds of copper, chromium and arsenic (CCA), in accordance with Kenya standard specification KS 02:99, or as specifically required by the purchaser



- 3.5 The retention shall be complete in the sap wood and shall be at levels not less than the following: -

Creosote	80 kg/m ³
CCA salts	20 kg/m ³

Where specifically required (e.g. for use in a drywood termite area), creosote retention level shall be increased to not less than 100 kg/m³.

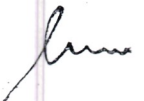
- 3.6 Care shall be taken to ensure that the poles are safe to handle before delivery.

4. BANDING

- 4.1 Both ends of the poles shall be banded before impregnation.
- 4.2 The band shall be fixed not less than 75 mm and not more than 100 mm from the butt end of the pole and from the lower edge of the cut at the apex.
- 4.3 The pole shall be banded by use of galvanised steel tape 0.9 mm (SWG 20) thick and not less than 19 mm wide, fastened tightly round the pole and secured by a suitable clip and galvanised wire nails.

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Please turn over to standard pole sizes
in clause 5.



5. STANDARD POLE SIZES

The standard sizes of the different categories of poles shall be as follows: -

5.1. LIGHT POLES

STANDARD POLE LENGTH m	FORMER IMPERIAL STD LENGTH m (Ft)	MINIMUM GROUNDLINE DIAMETER mm	MINIMUM TOP DIAMETER mm
8.5	8.5 (28)	130	120
10.0	9.8 (32)	130	140
11.0	11 (36)	130	140
12.0	12.2 (40)	130	140

5.2. MEDIUM POLES

STANDARD POLE LENGTH m	FORMER IMPERIAL STD LENGTH m (Ft)	MINIMUM GROUNDLINE DIAMETER mm	MINIMUM TOP DIAMETER mm
8.5	8.5 (28)	210	150
10.0	9.8 (32)	220	150
11.0	11.0 (36)	230	160
12.0	12.2 (40)	240	160
14.0	13.7 (45)	270	160

5.3. STOUT POLES

STANDARD POLE LENGTH m	FORMER IMPERIAL STD LENGTH m (Ft)	MINIMUM GROUNDLINE DIAMETER mm	MINIMUM TOP DIAMETER mm
10.0	9.8 (32)	135	200
11.0	11.0 (36)	145	220
12.0	12.2 (40)	155	220
14.0	13.7 (45)	165	250
15.0	15.3 (50)	160	250
17.0	17.0 (55)	175	250

6. MARKINGS

- 6.1 The pole shall be marked legibly and indelibly at a distance $3.0 \text{ m} \pm 100 \text{ mm}$ from the butt end.
- 6.2 Identification tags shall be at least $60 \text{ mm} \times 35 \text{ mm}$ in size and shall be of aluminium not less than 0.9 mm (SWG 20) thick.
- 6.3 The identification tag shall be stamped with the following information.
- (i) Identification mark or name of the place where the pole was treated
 - (ii) Date of treatment, comprising the first two digits of the month followed by the last two digits of the year.
 - (iii) Length of pole in metres
 - (iv) Category of pole by first letter "L" or "M" or "S" (for Light, Medium or Stout, as appropriate).

The letters and figures shall be at least 10 mm high and shall be neatly arranged on the plate.

7. TESTING

- 7.1. Testing method with regard to preservation shall be in accordance with the requirements of Kenya standard specification KS 02-94.
- 7.2. Determination of dimensions and strength shall be in accordance with the requirements of Kenya standard specification KS 02-516.
- 7.3. All tests on the pole shall conform to the limits specified in this specification.

REFERENCES

- KS 02-94 Kenya standard specification for Preservation of timber
- KS 02-516 Kenya standard specification for Wood poles for power and telecommunications lines

END OF SPECIFICATION. REV 2A: 2000-10-18 / JLO

KPLC/PT/S/17/04

APPENDIX VII

SPECIFICATION

for

TREATED WOOD POLES

REVISION RECORD

REVISION	DESCRIPTION OF REVISION	DATE	APPROVAL
0	Original		
1	2 nd Issue	1998-01-12	
2	3 rd Issue	1999-05-03	
0	4 th Issue	2000-06-21	
0	5 th ISSUE	2003-05-20	
		2004-08-16	<i>[Signature]</i> Sep 04

5TH ISSUE
AUGUST 2004

PLANNING RESEARCH AND PERFORMANCE
MONITORING DIVISION (R&D)

TSP 03-001

SPECIFICATION FOR WOOD POLES 4TH ISSUE MAY 03

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SPECIFICATION FOR TREATED WOOD POLES
FOR ELECTRIC POWER DISTRIBUTION

CONTENTS

Foreword

Introduction

- 1 Scope
- 2 References
- 3 Terms and Definitions
- 4 Requirements
 - 4.1 Preparation
 - 4.2 Impregnation
 - 4.3 Banding
 - 4.4 Standard sizes
 - 4.5 Markings
- 5 Testing
- 6 Information and approval

Appendix A1

Appendix A2



This standard specification has been prepared by the Research and Development Department, KPLC, and it lays down the requirements for wood poles

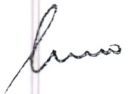
This specification is intended for procurement of materials from manufacturers and does not include provision of contract

This specification is based on Kenya standard specification KS-02-516 and KS-02-94. It is subject to revision as and when it becomes necessary

This specification supersedes all specifications for Wood Poles published before the current revision date.

INTRODUCTION

This specification was prepared to establish and promote uniform requirements for wood poles for use on overhead lines. The specification stipulates the minimum requirements for material acceptable for evaluation.



1 SCOPE

- 1.1 This specification is for wooden poles preserved with creosote or with a solution of copper, chromium and arsenic salts and intended to be used as upright supports for power transmission and distribution lines
- 1.2 This specification covers the following types of wood poles
 - (i) Low voltage (LV) wood poles supports
 - (ii) Medium voltage (MV) wood pole supports

2. REFERENCES

- KS 02-93 Glossary of terms used in timber
- KS 02-94 Kenya standard specification for Preservation of timber
- KS 02-516 Kenya standard specification for Wood poles for power and telecommunications lines

3. TERMS AND DEFINITIONS

For the purpose of this specification, the definitions in the reference standards shall apply

4. REQUIREMENTS

4.1. PREPARATION AND SEASONING

4.1.1. Strength and species

Wood Poles shall be of *eucalyptus* timber and shall belong to the strength groups, *Light, Medium* or *Stout* as specified in the tender document

4.1.2. Moisture content

The average moisture content of timber at the time of impregnation shall not exceed 25%

4.1.3. Defects

- 4.1.3.1 The radial width of the sapwood shall not be less than 15 mm at any point
- 4.1.3.2 Poles shall be straight and sound, and shall be free from wood decay, sap rot, large or dead knots, and excessive splits or checks. There shall be no splits or checks across the butt end
- 4.1.3.3 Poles shall be free from insect damage and fungal attack

The length of the pole shall conform to the values specified in the tables in clause 4.4, with a tolerance of ± 75 mm.

The diameter of the pole shall conform to the values specified therein, with a tolerance of (+20 mm, -10 mm) for light and medium poles, and ± 25 mm for the stout poles.

Where the tolerated size of a pole falls within two or more categories, the pole shall be regarded as belonging to the lighter or lightest category.

4.1.4.2

Holes drilled in the pole to support fittings shall have a diameter of 18 mm for pole size 10.0 m, and 24 mm for all other sizes, with a tolerance of ± 1 mm. Holes shall be on a straight line parallel to the axis of the pole and 90° to the diameter. The set of MV and the LV holes shall be 90° spaced on the surface of the pole. The following table shows the drilling positions. The table below shows the required drilling positions, measured from the top of the pole for .

STANDARD POLE LENGTH (M)	POSITION OF EACH HOLE FROM THE TOP OF THE POLE (mm)						
	MV		LV				
	Hole No. \Rightarrow	1	2	3	4	5	6
10			150	455	760	1065	
11	150	530	1400	1705	2010	2315	
12	150	759	1674	1979	2284	2589	

4.1.4.3

Each pole shall contain the natural butt of the tree and shall not be trimmed or cut from the butt end to reduce its natural size. The ends shall be free from steps, and the butt end shall be cut square to within 5° . The top end shall be cut to a slant angle of $60^\circ \pm 5^\circ$ to the longitudinal axis.

4.1.4.4

Shaping and cutting of poles shall be carried out before impregnation. Poles shall be shaved free of the bark, and branches shall be cut off neatly in the direction of growth and be dressed down flush with the trunk before impregnation.

4.1.4.5

Where a hole is drilled in the factory, it shall be drilled before treatment and a template shall be used to mark off its position.

The template shall be placed parallel to the effective centre line of the pole to ensure that the cross arm or other fittings are plumb when the pole is erected.

4.2 IMPREGNATION

- 4.2.1 Drilling and scarfing shall be done before impregnation
- 4.2.2 The average moisture content of the pole at the time of impregnation shall be as indicated in clause 4.1.2, being expressed as a percentage on dry weight before treatment
- 4.2.3 Impregnation shall be carried out using the full cell (vacuum-pressure) process according to Kenya standard specification KS 02-94
- 4.2.4 The preservative used shall be either creosote in mineral oil base, or formulations of water soluble compounds of copper, chromium and arsenic (CCA), in accordance with Kenya standard specification KS 02-94, but as specifically required by the purchaser in clause 4.2.5
- 4.2.5 The penetration shall be complete in the sap wood and the retention shall be at levels not less than the following -

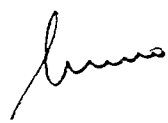
Creosote	100 kg/m ³
CCA salts	20 kg/m ³

Please note that these are weights of the Creosote and CCA retained per meter cubed of sap wood. These preservatives are defined in KS 02-94 clause 4.2.1 and 4.1.2 respectively.

- 4.2.6 Care shall be taken to ensure that the poles are safe to handle before delivery

4.3 BANDING

- 4.3.1 Both ends of the poles shall be banded before impregnation.
- 4.3.2 The band shall be fixed not less than 75 mm and not more than 100 mm from the butt end of the pole and from the lower edge of the cut at the apex.
- 4.3.3 The pole shall be banded by use of galvanised steel tape not less than 0.9 mm (SWG 20) thick and not less than 19 mm wide, fastened tightly around the pole and secured by a suitable clip and galvanised wire nails
- 4.3.4 The band used for Medium poles shall be colour coded to facilitate size identification during handling and storage. The paint used shall be indelible and in accordance with the table below



STANDARD POLE LENGTH	FORMER IMPERIAL STD. LENGTH M (Ft)	COLOUR OF PAINT
M		
10.0	9.8 (32)	GREEN
11.0	11.0 (36)	NAVY BLUE
12.0	12.2 (40)	YELLOW
14.0	13.7 (45)	RED
15.0		SKY BLUE
17.0		WHITE
18.0		

Alternatively a colour coded tag shall be used at both ends of each pole. The tag shall be made of steel at least 100mm x 100mm x 1mm and painted in accordance with the table above. It shall be secured by use of galvanised wire nails.

4.4 STANDARD POLE SIZES

4.4.1 STANDARD POLES

The standard sizes of the different categories of poles shall be as indicated herein. These shall be taken as minimum dimensions, the pole strength shall conform to the requirements of Appendix A2.

(a) LIGHT POLES

STANDARD POLE LENGTH M	MINIMUM GROUNDLINE DIAMETER mm	MINIMUM TOP DIAMETER mm
10.0	180	140
11.0	190	140
12.0	200	140

(b) MEDIUM POLES

STANDARD POLE LENGTH M	MINIMUM GROUNDLINE DIAMETER mm	MINIMUM TOP DIAMETER Mm
10.0	220	150

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110	250	130
120	240	160
140	270	160
150	290	170
170	320	180
180	330	180

© STOUT POLES

STANDARD POLE LENGTH M	MINIMUM GROUNDLINE DIAMETER mm	MINIMUM TOP DIAMETER MM
10.0	285	200
11.0	295	220
12.0	305	220
14.0	335	230
15.0	360	230
17.0	375	230

4.5 MARKINGS

4.5.1 The pole shall be marked legibly and indelibly at a distance $3.0 \text{ m} \pm 100 \text{ mm}$ from the butt end

4.5.2 Identification tags shall be at least $60 \text{ mm} \times 35 \text{ mm}$ in size and shall be of aluminum not less than 0.9 mm (SWG 20) thick.

4.5.3 The identification tag shall be stamped with the following information

- (i) Identification trade mark or name of the plant where the pole was treated
- (ii) Country and forest where the pole was grown
- (iii) Date of treatment, comprising the first two digits of the month followed by the last two digits of the year separated by a slash
- (iv) Length of pole in metres
- (v) Category of pole by first letter "L" or "M" or "S" (for Light, Medium or Stout, as appropriate)

The letters and figures shall be at least 10 mm high and shall be neatly arranged on the plate

Testing method with regard to preservation shall be in accordance with the requirements of Kenya standard specification KS 02-94. Copies of certified Test Reports and Certificate indicating the specifications and the grade of the preservative used, preservative penetration and retention shall be presented with the tender. In addition manufacturers shall provide the method used to calculate the level of retention in the sap wood.

5.2. Determination of dimensions and strength shall be in accordance with the requirements of Kenya standard specification KS 02-516. Copies of certified test reports for dimension and strength tests shall be submitted with the tender. With regard to strength tests, special reference shall be given to Appendix A of KS 02-516.

5.3. All tests on the pole shall conform to the limits specified in this specification.

5.4. All test certificates, certified by the National Standards and Testing Authority of the country of manufacture shall be submitted with the tender. Tenderers, offering to supply treated wood poles from overseas shall ensure, and supply proof, that the body certifying the test reports & certificates is recognised by the Kenya Bureau of Standards as a test certifying body in the source country.

5.5. A clause by clause statement of compliance with the above specifications shall be submitted and supported by detailed relevant manufacturer's specification sheet, brochures and catalogues. See Appendix A1.

5.6. A detailed description of the manufacturing process from harvesting of the poles to packaging, handling and transportation shall be submitted with the tender.

6. INFORMATION AND APPROVAL (in case of award)

6.1. A detailed list of previous supply to other utilities outside the country of manufacture if available may be submitted for reference.

6.2. Complete processing details and drawings for the poles to be supplied, as in Clause 5.6, shall be submitted to the purchaser for approval before manufacturing process starts.

6.3. Complete routine test reports and certificates, for the poles to be supplied, shall be submitted to KPLC for approval before shipment/delivery of the poles.

APPENDIX A1: Statement of Compliance (to be filled by the Supplier for all clauses and submitted for tender evaluation)

Clause Number	Bidder's offer	Manufacturer's catalogue, drawing, technical data or tests certificate Reference Page to support the offer
---------------	----------------	--

NB This schedule does not in any way substitute for detailed information required elsewhere in the specification

Manufacturer's Declaration: I on behalf of.....

Declare that the above specifications matrix conforms to a typical tender item type as clearly marked in the attached technical brochures & drawings, and being offered for this tender.

Signature..... Date.....Stamp/Seal.....



REPORT ON FACTORY VISIT

TREATED TIMBER PRODUCTS (PTY) LTD,
WARBURG, SOUTH AFRICA

April 30, 2003

1. INTRODUCTION

TTL (Treated Timber Products (Pty) Ltd) specializes in the treatment of transmission and telephone poles. It has its headquarters in Warburg, South Africa

2. OBJECTIVE

The objective of the visit was to establish that the poles being sourced from TTL are of the right quality, and that TTL is capable of meeting our requirements as per the order. The visit was also intended as a study tour of pole processing from harvest to dispatch.

3. SCOPE

The visit was limited to the operations of TTL with respect to wood transmission poles.

Visit Dates: March 17th 2003 to March 21st 2003 -
Areas visited - Warburg, Pietermaritzburg & Durban

Order Details:

Order Number	715985
Date	November 2002
Size and Quantity	
32' 9.8MM (186187)	11,500
36' 11.0MM (186188)	21,600
40' 12.2MM (186189)	4,420
Company Address	M/S TREATED TIMBER PRODUCTS (PTY) LTD KWA ZULU NATAL 3233 WARBURG SOUTH AFRICA

4. POLES PRODUCTION PROCESS

TTL owns about 1000Ha of land part of which is under eucalyptus trees, and from which they source some of their poles. However they source most of their requirements from commercial farmers and from the major wood companies in South Africa such as Sappi

Harvesting

Once a target forest is identified and acquired as appropriate, the process of harvesting starts and involves:

- Cutting down the trees and removing the branches
 - De-barking and cutting to size
- The size is measured in accordance with the poles defined in the SABS standard, i.e., the total length from the butt to the maximum length that can be harvested. Cutting to customer specification is done at the factory.

They are then transported to either Ashton (seasoning only), Cramond (seasoning, treatment and dispatch) or Broadmoor (seasoning, treatment and dispatch) for processing.

Factory

Once the poles arrive at the factory, they undergo the following:

- **Off-loading and stacking**

Where there is an immediate demand, the poles are off-loaded and processed immediately, but for long-term storage, they are stacked in order, cross-wise, and undergo natural seasoning.

- **Preparation, Treatment, Storage**

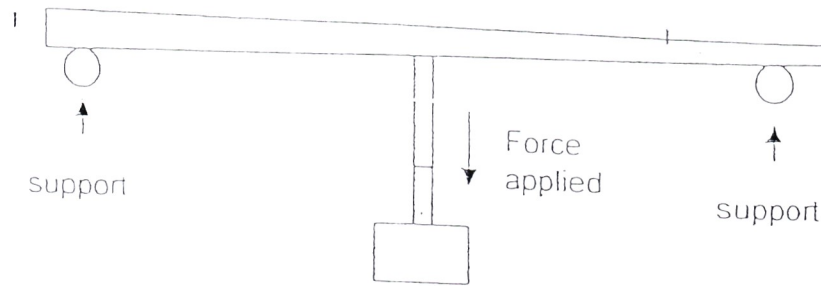
Depending on the particular customer requirements, the poles are:

- Cut to size by reducing the length from the top. Part of the butt may be cut off in cases where it is severely cracked;
- Prepared at the top where required, as in 'A' -shape for KPLC poles, referred to as gable top;
- Banded or nail plated at the top and bottom as applicable. Due to the V-shape at the top, KPLC poles are not nail plated, but are instead banded with a strong wire;
- Labelled with a tag with the following details:



Length in meters
Size - L, M, S etc. for light, medium or stout
Date of treatment - month and year
Applicable SABS standard
Hazard class

At this stage the poles are strength tested by sampling, approximately 13 for every 250 poles, using either of the two methods, Cantilever Loading or Midpoint Loading. The KPLC poles at Broadmoor were being tested using the Midpoint Loading method



Midpoint Loading Test set-up

Seasoning

The poles are then sent to the drying kiln for artificial seasoning. Where the demand is not immediate, the poles are stacked for natural seasoning.

Treatment

After seasoning they are then sent for treatment with the relevant chemical (creosote for KPLC poles). The process involves inserting the stack of poles into the cylinder, closing and vacuuming, injecting the creosote, forcing it in in order to achieve the required retention level, releasing it to leave the cylinder, then removing the now treated poles. The amount of preservative retained in the poles is recorded at this stage.

Inspection

The poles then undergo an elaborate checking procedure for:

1. Penetration of preservative - This is done using an auger bit which will show the depth of penetration;
2. General status of the pole - crooked, knots, etc.
3. etc.

At this stage the poles that pass the test are ready for shipping, whereas the rejects are prepared for other markets, such as as fencing posts.

Distribution

Using either trucks or the railway, they are transported to customer requirements. KPLC poles are transported to the port of Durban from where they are shipped to Mombasa.

5. FACTORIES

Currently there are three factories for processing the harvested poles namely:

Ashton

The plant has one drying kiln for forced seasoning of poles. Once seasoned they are transported to either Broadmoor or Cramond factories for treatment and preparation, as the factory has no treatment facilities.

The kiln can accommodate upto 11m length poles and seasoning to required moisture content takes 2 to 3 days.

Cramond

This is the company's headquarters in as far as poles processing is concerned. Seasoning, treatment and distribution of poles is done here, together with other administrative functions. There are two drying kilns and one creosote tank.

Equipment for strength testing, both types, are available here. Transportation is done by own trucks and railway.

Broadmoor

Seasoning, treatment and distribution of poles is also done here. The creosote tank here is the largest in the company and can accommodate poles of lengths upto 24 meters. KPLC poles were being processed here from delivery from forest to shipping (cutting to size and shape, preparing (banding, marking, tagging, testing, etc.), treating, inspection, storing).

Equipment for midpoint loading tests is available here. Transportation is done by own trucks and railway.

6. OBSERVATIONS, RECOMMENDATIONS, CONCLUSIONS

Observations

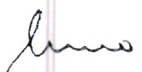
- 1). TTL adheres to a quality management system which complies with ISO 9001:2000, and has been recognised so by the South African Bureau of

Standards (SABS) As such all its processes are properly documented. With this the production of quality products in line with the relevant standards and customer requirements is almost certainly assured;

- 2). Poles are carefully selected and prepared from planting (where possible) to harvesting, preparation, treatment and delivery. This way the final product, is expected to be of high quality,
- 3) Specifications and Quality of Poles
 - SABS insists that all poles produced be tested in accordance with SABS Standards. The SABS standard for poles is quite detailed and to a large extent covers all our requirements (any parameters required by KPLC and not covered in the specification would have to be highlighted to the company (TTL)). All poles that pass bear the SABS mark of quality,
 - SABS randomly checks (approximately every 3 months) the testing process and products;
 - TTL adheres to a quality management system which complies with ISO 9001:2000. Inspection of conformity and adherence is done every six months;
 - They have also been awarded BM TRADA certification.
- 4). Capacity - Considering their business scope, KPLC is a small market and they should be in a position to satisfy our requirements;
- 5). TTL have an elaborate fleet management system for their vehicles which includes an advanced vehicle tracking system employing GPS, that indicates vehicle position and status (stops, route deviation, etc.). It provides feedback via SMS messaging on the mobile network. As such any disruptions in distribution are quickly noticed and addressed;
- 6). TTL is interested in supplying poles to the company (KPLC) on consignment stock basis. The advantage is that KPLC would then pay only for what it uses, and TTL would be able to supply poles with loose scheduling. This system of procurement has been successfully applied to fuels at Ruaraka and Mbaraki and can be extended to cover poles;

Recommendations

- 1). The poles are treated to a retention level of 115kg/m³ or higher as per the SABS and BS 1990 standards as opposed to the KPLC specification requirement of 80kg/m³. According to SABS standard, these poles are expected to last in excess of 40 years. Considering that the level of treatment is the major determinant factor in the life of the pole, it is recommended that our poles also be treated to the same retention level of 115kg/m³ or higher to



improve on their lifespan. With the tags placed on them it is important and possible to keep a record of their performance.

- 2) Our specification needs to be revised to take care of strength requirements. It should stress more on the length, slope and strength rather than the nature of the pole (light, medium, stout).

The specification should also take into account the varied requirements for different parts of the country and recommend appropriate treatment retention and penetration levels.

- 3) TTL use the nail plating method of securing poles against splitting at the bottom and at the top, as opposed to the common KPLC banding tape. KPLC should explore and recommend alternative methods of securing poles against splitting, such as nail plating.

Nail plating is easy to apply as it does not require any mechanical tools.

- 4) KPLC Forest

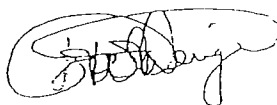
It is important to start preparing for harvesting, treatment, distribution, etc. of the poles expected to be harvested from the KPLC forest in Eldoret. All necessary issues need to be addressed now so that preparations can start early. Among the issues to consider would be sponsoring one or two of our employees to work in companies like TTL, Gilgil Telecom, etc. for a period of time to understand pole processing from harvest to dispatch.

Conclusion

- 1) Quality - TTL poles bear the SABS mark attesting to their adherence to the relevant SABS standard. In addition TTL adheres to a quality management system which complies with ISO 9001:2000. As such the poles they produce for KPLC are expected to be of high quality.

- 2) The poles being sourced from Treated Timber Products meet our requirements.

- 3) TTL are currently the largest suppliers of treated transmission poles in Southern Africa and as such are in a position to supply us as per the order.



H Njenga
C & S C M



PURCHASE OF VARIOUS TREATED WOOD POLES - KPLC/PT/S/17/04

CTC paper prepared by Ruth Oyile - Supplies Officer (Local) was considered

CTC noted the following:

- i. That the tender required bidders to quote for delivery of quantity of poles as given in various locations as follows:

Item Code	Treated Wood Poles Size	Unit	Coast (Mbaraki)	Nairobi (N/South)	Nakurur	Kisumu	Total
186187	10 M Medium	Piece	6,837	18,000	16,000	7,000	47,837
186188	11 M Medium	Piece	2,000	8,496	3,082	2,200	15,778
186189	12 M Medium	Piece	3,000	9,000	6,624	1,700	20,324
186190	14 M Medium	Piece	500	2,100	1,600	800	5,000
186191	15 M Medium	Piece	200	828	600	200	1,828
186144	17 M Medium	Piece	100	464	200	100	864
186192	18 M Medium	Piece	100	218	150	50	518

- ii. That only M/S Cabro (EA) Ltd. and M/S Treated Timber Products were technically compliant bidders.
- iii. That M/S Cabro (EA) Ltd. only bid for partial quantities of poles sizes 10, 11 and 12 Meters for Nairobi; 10 and 12 Meters for Nakuru and only 10 Meter for Kisumu, for a total cost of Ksh.119,996,000.00 delivered to the various locations.
- iv. That M/S Treated Timber Products (PTY)Ltd. quoted for all poles sizes C&F, Mombasa, and KPLC will custom clear through the port and transport to hinterland locations.
- v. That the prices quoted by M/S Cabro (E.A)Ltd which are on "delivered basis" to the specified KPLC locations, are much lower than the prices quoted by M/S Treated Timber Products (PTY) Ltd., whose prices are on cost and freight to Mombasa only and KPLC will then transport to hinterland destinations at additional costs.
- vi. That if M/S Cabro (E.A)Ltd are offered award to supply

CHAIRMAN

DATE

17/2/05

SECRETARY

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17/2/2005

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categories of poles sizes they bid for and on which they are lowest. to the maximum of the required quantities in each location KPLC will save approximately Kshs 200 million

- vii That M/S Cabro (E.A) Ltd submitted sufficient tender security for their bid value
- viii That M/S Cabro (E.A) Ltd. shall be required to submit a performance bond for the full quantity awarded
- ix I Though the quantity recommended for purchase was higher than dictated by historical annual consumption poles are required for the system re-enforcement program, repair and maintenance and new customer creation activities planned for the year

CTC APPROVED award at total cost Kshs.868,776,500.69 delivered to various destinations as follows:
Details of recommendations are as per Appendix 4 i & ii attached.

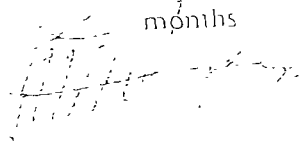
- i Award supply contract to M/S Cabro (EA) Ltd., the poles sizes they are lowest on and the maximum quantities of poles requirement schedules at locations M/S Cabro (EA) Ltd bid for a total cost of Kshs.614,294,150.00 inclusive of VAT.
- ii Award supply contract to M/S Treated Timber Products (PTY) Ltd. for the rest of poles sizes M/S Cabro (EA) Ltd has not quoted for at a total cost of C&F ZAR13,276,934.08 Kshs.184,220,115.74 (Estimated total cost delivered to various destinations is Kshs.254,482,350.69 inclusive of VAT.
- iii In the event that M/S Cabro (E.A)Ltd fails to accept the full additional quantity as awarded. the second lowest bidder shall be awarded the difference.

Payment Terms: M/S Cabro (EA) Ltd.. 60 days after delivery
M/S Treated Timber Products Letter of Credit 60 days from shipment date

Delivery
Shipment of 15m medium 17m medium & 18m medium two partials in two months

Other sizes monthly deliveries/shipments over a period of eight months

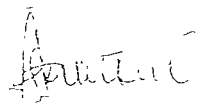
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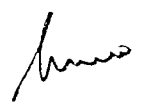
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17/1/2005



CTC also REQUESTED management to invite M/S Cabro (E.A.) Ltd. for post-award negotiation by the CTC sub-committee, on either 17th or 19th January 2005 to settle issues arising from awarding them additional quantities they did not bid for at Nairobi, Nakuru and Kisumu locations and also the delivery schedule.

CHAIRMAN

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17/2/05

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DATE

17/2/05

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APPENDIX IX

CTC Minutes of 12th JANUARY 2005

CTC 10-05

PURCHASE OF VARIOUS TREATED WOOD POLES – KPLC/PT/S/17/04

CTC paper prepared by Ruth Oyile - Supplies Officer (Local) was considered

CTC noted the following:

- i. That the tender required bidders to quote for delivery of quantity of poles as given in various locations as follows:

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- ii. That only M/S Cabro (EA) Ltd., and M/S Treated Timber Products were technically compliant bidders.
- iii. That M/S Cabro (EA) Ltd., only bid for partial quantities of poles sizes 10, 11 and 12 Meters for Nairobi; 10 and 12 Meters for Nakuru and only 10 Meter for Kisumu, for a total cost of Ksh.119,996,000.00 delivered to the various locations.
- iv. That M/S Treated Timber Products (PTY) Ltd. quoted for all poles sizes C&F, Mombasa, and KPLC will custom clear through the port and transport to hinterland locations.
- v. That the prices quoted by M/S Cabro (E.A) Ltd which are on "delivered basis" to the specified KPLC locations, are much lower than the prices quoted by M/S Treated Timber Products (PTY) Ltd., whose prices are on "cost and freight to Mombasa only" and KPLC will then transport to hinterland destinations at additional costs.
- vi. That if M/S Cabro (E.A) Ltd are offered award to supply

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categories of poles sizes they bid for and on which they are lowest. to the maximum of the required quantities in each location. KPLC will save approximately Kshs 200 million

- vii That M/S Cabro (E.A) Ltd submitted sufficient tender security for their bid value
- viii That M/S Cabro (E.A) Ltd shall be required to submit a performance bond for the full quantity awarded.
- ix Though the quantity recommended for purchase was higher than dictated by historical annual consumption poles are required for the system re-enforcement program, repair and maintenance and new customer creation activities planned for the year.

CTC APPROVED award at total cost Kshs.868,776,500.69 delivered to various destinations as follows:
Details of recommendations are as per Appendix 4 i & ii attached.

- i. Award supply contract to M/S Cabro (EA) Ltd., the poles sizes they are lowest on and the maximum quantities of poles requirement schedules at locations M/S Cabro (EA) Ltd bid for a total cost of Kshs.614,294,150.00 inclusive of VAT.
- ii. Award supply contract to M/S Treated Timber Products (PTY) Ltd. for the rest of poles sizes M/S Cabro (EA) Ltd has not quoted for at a total cost of C&I ZAR13,276,934.08(Kshs.184,220,115 74 (Estimated total cost delivered to various destinations is Kshs.254,482,350.69 inclusive of VAT.
- iii. In the event that M/S Cabro (E.A)Ltd fails to accept the full additional quantity as awarded. the second lowest bidder shall be awarded the difference.

Payment Terms: M/S Cabro (EA) Ltd 60 days after delivery
M/S Treated Timber Products Letter of Credit 60 days from shipment date.

Delivery
shipment of 10m medium, 17m medium & 18m medium. two partials in two months

Other sizes monthly deliveries/shipments over a period of eight months

CHAIRMAN

DATE

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SECRETARY

DATE

17/2/2005

CTC also **REQUESTED** management to invite M/S Cabro (EA) Ltd. for post – award negotiation by the CTC sub – committee. on either . 17th or 19th January 2005. to settle issues arising from awarding them additional quantities they did not bid for at Nairobi, Nakuru and Kisumu locations and also the delivery schedule.

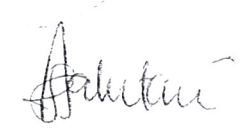
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17/2/05

APPENDIX 4 -(i)- CTC/10/05 DATED 12TH JANUARY 2005

AWARDS FOR TREATED WOOD POLES – TENDER NO.KPLC/PT/S/17/04

(i) M/S CABRO E.A LTD.

Offer for poles delivered to the destinations as shown below -

ITEM CODE	Treated Wood Pole Size	QTY	DESTINATION	UNIT PRICE DELIVERED KSHS INCLUSIVE OF VAT	TOTAL PRICE DELIVERED KSHS INCLUSIVE OF VAT
186187	10 M Medium	18,000	Nairobi	6,550.00	117,900,000.00
186187	10 M Medium *	6,837	Mombasa	6,550.00	44,782,350.00
186187	10 M Medium	16,000	Nakuru	6,850.00	109,600,000.00
186187	10 M Medium	7,000	Kisumu	6,600.00	46,200,000.00
186188	11 M Medium **	2,000	Mombasa	7,800.00	15,600,000.00
186188	11 M Medium	8,496	Nairobi	7,800.00	66,268,800.00
186188	11 M Medium **	3,082	Nakuru	7,800.00	24,039,600.00
186188	11 M Medium **	2,200	Kisumu	7,800.00	17,160,000.00
186189	12 M Medium ****	3,000	Mombasa	8,950.00	26,850,000.00
186189	12 M Medium	6,624	Nakuru	7,850.00	51,998,400.00
186189	12 M Medium	9,000	Nairobi	8,950.00	80,550,000.00
186189	12 M Medium ***	1,700	Kisumu	7,850.00	13,345,000.00
Total No. of Poles		83,939	Total Cost VAT Inclusive		614,294,150.00

Note.

- * Poles size 10 M Medium requirements for Mombasa awarded at the quoted prices for Nairobi.
- ** Poles size 11 M Medium for Nakuru & Kisumu and Mombasa awarded at the quoted Nairobi Price.
- *** Poles size 12m Medium requirement for Kisumu awarded at the quoted Nakuru Price.
- **** Poles size 12m Medium requirement for Mombasa awarded at the quoted Nairobi Price.

Terms of Payment: 60 Days after delivery and submission of Invoice

Delivery: Delivery shall be 5 000 assorted immediately after award, and the balance delivery to commence five months later, at the rate of 4 000 to 6 000 poles every month. Delivery of full quantity to be completed in fourteen months.

Signature 17/12/2005

A 5M 23/12/05

Signature
17/12/05

THE KENYA POWER AND LIGHTING COMPANY LIMITED

MINUTES

FOR A SPECIAL MEETING OF THE CENTRAL TENDER COMMITTEE

HELD IN THE COMMITTEE ROOM, 7TH FLOOR, STIMA PLAZA

ON 22ND AUGUST 2005 AT 2:00 PM

PRESENT

MR. PATRICK NYOIKE	PERMANENT SECRETARY, MOE
MR. F. NYAGA	CHAIRMAN
MR. JASPER ODUOR	MANAGING DIRECTOR
MR. RICHARD MUIRU	CHIEF MANAGER, E.T
MR. J. OLE NCHOE	CHIEF MANAGER, IT & TELECOM
MR. ZACKARY AYIEKO	CHIEF MANAGER, FINANCE
MR. JOHN OMBUI	CHIEF MANAGER, D & CS

IN ATTENDANCE

MRS ANNIE GATUKUI	SUPPLIES MANAGER
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IN ATTENDANCE BY INVITATION

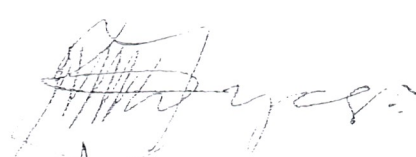

MR. IGNATIUS OKORE	ASSISTANT SUPPLIES MANAGER
--------------------	----------------------------

ABSENT WITH APOLOGIES

MR. NGANGA MUNYU	DIRECTOR
MRS. LAURENCIA NJAGI	COMPANY SECRETARY

CHAIRMAN

SECRETARY

 DATE
 DATE

DATE

DATE

8/9/05

8/9/05

MATTERS ARISING ON CTC/220/(a) OF 18TH JULY 2005 ON
SUPPLY OF TREATED WOOD POLES

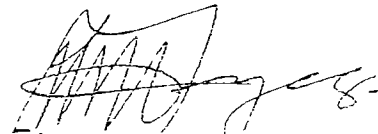
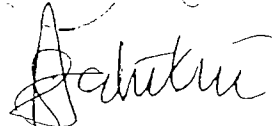
CTC paper prepared by Annie Gatukui - Supplies Manager was considered

CTC noted the following

- a. That in an effort to stem the precarious stock of poles at KPLC, the CTC in its meeting minute number CTC/220/05 (a) of 18th July 2005. approved as follows:
1. Re – instatement of contract for 20% additional quantity of poles numbering 7,363 from M/S TTP, to be supplied as light poles and discounted at 11% of FOB price.
 2. Big sized poles from TTP to comply with specifications fully.
 3. Tender selectively for quantity 7,000 poles consisting of sizes 14,15,17 and 18.
 4. Tender selectively for quantity 25,000 poles of size 10m; 12,000 poles of size 11m; and quantity 6,000 poles of size 12m.
 5. Issue monthly LCs to M/S Cabro.
- b. That a selective tender number KPLC/ST/LP/115/05 was sent out and closed on 19th August 2005. The tender invited firms that included local manufacturers and previous suppliers as follows:
- i. M/s Treated Timber International (Logging Systems)
 - ii. M/s Treated Timber Products
 - iii. M/s Kakuzi Ltd
 - iv. M/s Gilgil Telecommunications Industries
- c. That the tender was opened in public and only two bidders responded with representatives of M/s Treated Timber International (Logging Systems) and M/s Treated Timber Products attending.
- d. The offer for M/s Treated Timber Products was acceptable only for sizes 10M, 11M, and 12M medium, while M/s Treated Timber International's offer was acceptable for all sizes.
- e. That the price variation was wide with prices of M/s Treated Timber Products generally triple those of M/s Treated Timber International.
- f. That M/s Treated Timber International had offered to supply partial quantities of the tender quantity at a lower price and a shorter improved delivery schedule comprising entire tender quantities at the same tender price, with the last partial delivery being made by December 2005.

CHAIRMAN

SECRETARY

 DATE
 DATE

8/9/05²

8/9/05

- g. That none of the two bidders had offered to supply the first partial quantity on ex-stock basis and the second partial quantity by October 2005 as required in the tender.

CTC APPROVED award of contract for supply of quantity 50,000 treated wood poles stop – gap quantities to M/s Treated Timber International (Logging Systems) on account of price as follows:

A.

ITEM CODE	ITEM DESCRIPTION	QTY	UNIT PRICE DEL NBI VAT INCL KSH	TOTAL PRICE DEL NBI VAT INCL KSH
186187	Pole Wood Treated 10.0 Metres Medium CCA	25,000	6,771.50	169,287,500.00
186188	Pole Wood Treated 11.0 Metres Medium CREOSOTE	12,000	9,907.72	118,892,640.00
186189	Pole Wood Treated 12.0 Metres Medium CCA	6,000	9,137.41	54,824,460.00
186190	Pole Wood Treated 14.0 Metres Medium CREOSOTE	2,500	16,780.46	41,951,150.00
186191	Pole Wood Treated 15.0 Metres Medium CREOSOTE	2,500	20,157.90	50,394,750.00
186144	Pole Wood Treated 17.0 Metres Medium - CREOSOTE	1,100	23,927.44	26,320,184.00
186192	Pole Wood Treated 18.0 Metres Medium CREOSOTE	900	25,657.75	23,091,975.00
TOTAL COST DEL KSH. VAT INCLUSIVE				484,762,659.00

Delivery - September – January 2005.

Payment Terms - 60 days from delivery and submission of invoice.

Management shall work with M/s Treated Timber International (Logging Systems) to resolve any bottlenecks that may hamper smooth and expeditious performance of contract.

CTC/271/05

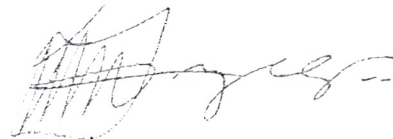

ANY OTHER BUSINESS

1 ADDITIONAL QUANTITY OF POLES ON CONTRACT WITH M/S TREATED TIMBER PRODUCTS

The CTC was briefed that Re – instated contract for 20% additional quantity of poles numbering 7,363 from M/S TTP, to be supplied as light poles and discounted at 11% of FOB price was on course and delivery expected by early September 2005.

CHAIRMAN

SECRETARY

DATE

DATE

8/19/05
8/19/05

3

2. VISIT TO WOOD POLE GROWING AREAS

It was noted that in the Board meeting of 9th August 2005, the Board required Management to take the following measures,

Provide the letter of credit expeditiously to the local supplier M/s Cabro East Africa to facilitate deliveries as earlier approved by CTC

Commence the process and procure concrete poles

Purchase untreated poles from farmers and arrange for their treatment with the existing facilities

Explore prospects of purchasing the Gilgil Poles Treatment facility

Purchase poles, which M/s Treated Timber Products (Pty) are able to deliver subject to approval by Government

It was **AGREED** that a team comprising of management and directors who are CTC members to make an urgent visit to wood poles growing areas, meet farmers and treatment plants where poles are treated to do a survey and understand complexities of the business.

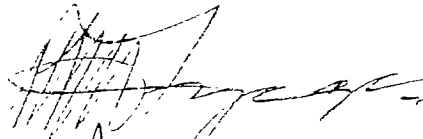

It was also agreed that in addition to visiting the wood growers, the team shall revisit KPLC's own forest plantation to determine whether it is ready for harvest and if so, fell the trees and negotiate for treatment at existing treatment plants.

Management shall explore possibilities of acquiring own treatment plant for wooden poles.

The meeting ended at 4:00 p.m.

CHAIRMAN

SECRETARY

 DATE
 DATE

DATE

DATE

8/9/05
8/9/05

4

PAPER TO THE CENTRAL TENDER COMMITTEE

PREPARED BY: -ANNIE GATUKUI - SUPPLIES MANAGER

SUBJECT: PURCHASE OF VARIOUS TREATED WOOD POLES ON STOP-GAP BASIS.

1. INTRODUCTION

The required treated wood poles are for use on the stalled projects for customer base expansion programme. We have outstanding orders of quantity 82,350 of poles sizes 10m 11m and 12meters medium with M/s Cabro E. Africa and quantity 8,210 of poles sizes 14m,15m,17m and 18meters medium with M/s Treated Timber Products

By 16th August 2005, M/s Cabro E.A. had delivered quantity 1,589 although they were required to have delivered quantity 4,000 poles by August 2005. Their failure to comply to the delivery schedule has led to a serious shortage of poles and stoppage of work on various projects. M/s Cabro had requested to be issued with a letter of credit upon which they informed management that they would deliver poles in accordance with delivery schedule. A letter of credit for Ksh 37,068,965.50 was issued to M/s Cabro E.A on 10th August 2005. However, as earlier reported in the CTC meeting of 18th July 2005 M/s Cabro E.A has not complied with their contractual obligations. In a letter dated 17.08.2005, copy attached M/s Cabro E.A informed management that due to continuous rains in Eldoret the process of treatment of poles had slowed down. It is hoped that deliveries by M/S Cabro E.A. will pick up by September 2005. -

To avert continued shortage of treated wood poles, Central Tender Committee gave authority vide minute no. CTC/220/05 of 18th July 2005, for procurement of quantity 50,000 poles on ex -stock basis as a stopgap.

2. STOCK POSITION & STOCK LEVELS AS AT 16.08.05

	CODE	DESCRIPTION	UNIT	QTY AT NBI SOUTH AS AT 22.08.05	Pending Required Quantity	AMC	STOCK MONTH
1	186187	TREATED WOOD POLE 10.0 METRES	Piece	NIL	20,652	5,952	0
2	186188	TREATED WOOD POLE 11.0 METRES	Piece	9	1,626	1,737	0
3	186189	TREATED WOOD POLE 12.0 METRES	Piece	764	2,826	1,988	0
4	186190	TREATED WOOD POLE 14.0 METRES	Piece	NIL	1,182	417	0.3
5	186191	TREATED WOOD POLE 15.0 METRES	Piece	NIL	900	152	0
6	186144	TREATED WOOD POLE 17.0 METRES	Piece	NIL	240	72	0
7	186192	TREATED WOOD POLE 18.0 METRES	Piece	NIL	180	44	0

There are no poles in stock and the delivery status of the poles on order with M/S Cabro E A is as per the attached appendix I

3. LAST PURCHASE: -

Details of the previous purchase are as per attached Appendix II

4. TENDER INVITATION

This was done through selective tender NO KLPC/ST/LP/115/05. The following firms who included local manufacturers and previous suppliers were invited to quote

1. M/s Treated Timber International (Logging Systems)
2. M/s Treated Timber Products
3. M/s Kakuzi Ltd
4. Gilgil Telecommunications Industries

5. TENDER OPENING & RESPONSE

The tender closed on 18TH August 2005 and was opened on the same day by the Senior Procurement Officer (L) and Assistant Legal Officer. The opening was witnessed by representatives of M/s Treated Timber Products and M/s Treated Timber International and the opening certificate (copy attached- Appendix III) signed by two representatives from the two suppliers who responded. The responses are as per the attached appendix III

6. TENDER EVALUATION

The Distribution & Customer Service and Research & Development Divisions carried out the technical evaluation. The offer by M/s Treated Timber International was technically acceptable. The offer by M/s Treated Timber Products was acceptable for sizes 10M, 11M and 12M medium while for sizes 14M, 15M, 17M and 18M medium the offer was not acceptable as the supplier indicated that cantilever tests are available for poles only up to 12M. The detailed technical evaluation report is as per attached Appendix A.

7. COMMERCIAL EVALUATION

The commercial evaluation was carried out by Procurement Department and Finance Division. The detailed commercial evaluation is as attached appendix IV.

The bidders were required to provide Tender Security bonds, though it was not a mandatory requirement. M/s Treated Timber Products provided a Bid Security but M/s Treated Timber International did not provide one.

	186187	186188	186189	186190	186191	186144	186192
	10MM	11MM	12MM	14MM	15MM	17MM	18MM
Treated Timber Products	19,049.29	22,339.63	26,509.29	39,279.23	49,767.11	69,691.87	77,661.45
Treated Timber International	6,771.50	9,907.72	9,137.41	16,780.46	20,157.90	23,927.44	25,657.75

Delivery schedule: Tender requires 2 equal deliveries, with one on ex-stock in August 2005 and balance in October 2005.

Terms of payment - Tender requires Minimum credit period 60 days or more from delivery and submission of invoice /from date of shipment and submission of shipping documents.

M/s Treated Timber Products -

Delivery schedule - Stated that if their offer dated 10th August 2005 is not taken, delivery shall commence as soon as a letter of credit is in place. Delivery will take six to seven months to complete subject to availability of shipping space.

Terms of payment - Offers a discount of 10% on the FOB value for payment on presentation of shipping documents.

M/s Treated Timber International -

Delivery schedule - Stated they shall comply with the delivery schedule stated in the tender schedule of requirements.

Terms of payment - 60days from delivery and submission of invoice.

8. SOURCE OF FUNDS

Funds are available under stock inventory year 2005/2006

9. PURCHASE RECOMMENDATION

We recommend purchase from the two bidders for the quantities as follows: -

A. M/S. TREATED TIMBER INTERNATIONAL the lowest technically compliant bidder for the quantities they quoted.

ITEM CODE	ITEM DESCRIPTION	QTY	UNIT PRICE DEL NBI VAT INCL KSH	TOTAL PRICE DEL NBI VAT INCL KSH
186187	Pole Wood Treated 10.0 Metres Medium CCA	1,000	6,771.50	6,771,500.00
186188	Pole Wood Treated 11.0 Metres Medium CREOSOTE	4,500	9,907.72	44,584,748.00
186189	Pole Wood Treated 12.0 Metres Medium CCA	1,000	9,137.41	9,137,410.00
186190	Pole Wood Treated 14.0 Metres Medium CREOSOTE	2,500	16,780.46	41,951,150.00
186191	Pole Wood Treated 15.0 Metres Medium CREOSOTE	2,500	20,157.90	50,394,750.00
186144	Pole Wood Treated 17.0 Metres Medium - CREOSOTE	1,100	23,927.44	26,320,184.00
186192	Pole Wood Treated 18.0 Metres Medium CREOSOTE	900	25,657.75	23,091,975.00
TOTAL COST DEL KSH. VAT INCLUSIVE				202,251,709.00

Delivery schedule - Shall comply with the delivery schedule stated in the tender schedule of requirements - 2 partials - 1st Delivery Ex stock in August 2005; 2nd Delivery October 2005.
 Terms of payment - 60 days from delivery and submission of invoice.

B. M/S. TREATED TIMBER PRODUCTS for the quantities they quoted and which the lowest technically compliant bidder M/s. Treated Timber International did not offer.

It is also recommended that the terms of Payment of letter of credit with 10% discount offered in the FOB Price be accepted, as there will be a saving US\$ 716,961, equivalent to Ksh. 54,489,036.00.

ITEM CODE	ITEM DESCRIPTION	QTY	FOB UNIT PRICE USS	UNIT PRICE CFR MSA USD	TOTAL PRICE CFR MSA USD	TOTAL COST DEL. VAT INCL. KSH.
186187	Pole Wood Treated 10.0 Metres Medium	24,000	146.73	179.44	4,306,560.00	457,182,960.00
186188	Pole Wood Treated 11.0 Metres Medium	7,500	173.82	212.36	1,592,700.00	167,547,225.00
189189	Pole Wood Treated 12.0 Metres Medium	5,000	209.13	254.07	1,270,350.00	132,546,450.00
TOTAL COST				7,169,610.00	716,579,135.00	757,276,635.00

11. AUTHORITY


CTC authority is hereby sought to award the tender to: -

- a) M/s Treated Timber International at total cost Ksh. 202,251,709.00 Del. VAT I inclusive
- b) M/s Treated Timber Products at total cost of FOB US\$ 7,169,610.00.

The total cost for the award delivered VAT Inclusive is Ksh 959,528,344.00

RECOMMENDED BY

SIGNED



DATE



22/8/05

TENDER NO. KPLC/ST/LP/115/05 - SUPPLY OF TREATED WOOD POLES

TECHNICAL EVALUATION REPORT

Technical evaluation done as per Section P(ii) and Section C clause 12.2 & 23.4(b) of Tender Document as follows

DESCRIPTION	KPLC REQUIREMENT	TIMBER TREATMENT INTERNATIONAL	TREATED TIMBER PRODUCTS
1. COMPLETENESS OF TECHNICAL INFORMATION			
1.1 Manufacturer?	State	YES	
1.2 Country	State	KENYA	SOUTH AFRICA
1.3 ISO 9001:2000	Required	IN PROCESS (ISO not mandatory for local firm)	YES
1.4 Product Quality Certification	Required	KEBS Diamond Mark of Quality submitted. Letter from KEBS dated 11th July 2005 confirms renewal is in progress	Submitted, however expiry date not indicated
1.5 Test Report & Certificate	Required	YES (KEBS Test Reports)	YES
1.5 Appendix A of Technical Specifications (Statement of Compliance)	Required		
1.6 Catalogues/Drawings	Required	Submitted	Submitted
1.7 List of previous customers	Required	YES	YES
		YES	YES
1.8 Comments & Deviations	bidder to state		NONE LISTED UNDER COMMENTS AND DEVIATIONS (however statement of compliance shows deviation in testing and sampling. Bidder declares that cantilever tests are available only for poles of up to 12m. In addition Breakbulk shipments is offered and not containers)
2. DETAILED EVALUATION			
2.1 Species of Timber	Eucalyptus	Eucalyptus Saligna/Grandis	Eucalyptus Saligna/Grandis
2.2 Sizes and Dimensions	Tolerance on length only		Tolerance of -10mm has been applied on minimum top diameters to get values listed below
2.2.1 10m Medium (a) Length	10m +/-75mm	Complies (as per Ministry of Works Grading Certificate and KEBS Certificate of Quality)	10m
(b) Minimum groundline diameter	220mm	Complies (as per Ministry of Works Grading Certificate and KEBS Certificate of Quality)	220mm
(c) Minimum top diameter	150mm	Complies (as per Ministry of Works Grading Certificate and KEBS Certificate of Quality)	170mm
2.2.2 11m Medium (a) Length	11m +/-75mm	Complies (as per Ministry of Works Grading Certificate and KEBS Certificate of Quality)	11m
(b) Minimum groundline diameter	230mm	Complies (as per Ministry of Works Grading Certificate and KEBS Certificate of Quality)	230mm
(c) Minimum top diameter	150mm	Complies (as per Ministry of Works Grading Certificate and KEBS Certificate of Quality)	175mm
2.2.3 12m Medium (a) Length	12m +/-75mm	Complies (as per Ministry of Works Grading Certificate and KEBS Certificate of Quality)	12m
(b) Minimum groundline diameter	240mm	Complies (as per Ministry of Works Grading Certificate and KEBS Certificate of Quality)	240mm
(c) Minimum top diameter	150mm	Complies (as per Ministry of Works Grading Certificate and KEBS Certificate of Quality)	180mm

 20/8/05


APPENDIX A

2.2.4) 14m Medium (a) Length	14m +/- 75mm	Complies (as per Ministry of Works Grading Certificate and KEBS Certificate of Quality)	14m
(b) Minimum groundline diameter	270mm	Complies (as per Ministry of Works Grading Certificate and KEBS Certificate of Quality)	270mm
(c) Minimum top diameter	160mm	Complies (as per Ministry of Works Grading Certificate and KEBS Certificate of Quality)	200mm
2.2.5) 15m Medium (a) Length	15m +/- 75mm	Complies (as per statement of compliance and KEBS Certificate of Quality)	15m
(b) Minimum groundline diameter	290mm	Complies (as per statement of compliance and KEBS Certificate of Quality)	290mm
(c) Minimum top diameter	170mm	Complies (as per statement of compliance and KEBS Certificate of Quality)	215mm
2.2.6) 17m Medium (a) Length	17m +/- 75mm	Complies (as per statement of compliance and KEBS Certificate of Quality)	17m
(b) Minimum groundline diameter	320mm	Complies (as per statement of compliance and KEBS Certificate of Quality)	320mm
(c) Minimum top diameter	160mm	Complies (as per statement of compliance and KEBS Certificate of Quality)	235mm
2.2.7) 18m Medium (a) Length	18m +/- 75mm	Complies (as per statement of compliance and KEBS Certificate of Quality)	18m
(b) Minimum groundline diameter	330mm	Complies (as per statement of compliance and KEBS Certificate of Quality)	330mm
(c) Minimum top diameter	180mm	Complies (as per statement of compliance and KEBS Certificate of Quality)	240mm
2.3) Treatment	Sapwood minimum thickness 15mm	Complies	Complies
	Full cell process as per KS 02-94	KS 02-94	Full cell process
	Creosote or CCA	Creosote/CCA	Creosote (as per BS 144)
	Retention Creosote 100kg/cubic m	Creosote 100kg/cubic m	Complies
	Retention CCA 20kg/cubic m	CCA 20kg/cubic m	N/A
2.4) Banding	Steel tape band not less than 0.9mm thick	YES	Nail Plates <i>(This is accepted)</i>
2.5) Test Reports/Certificate	(a) Preservative Treatment KS 02-94	Complies (as per KEBS Test Report/Certificate of Quality)	SABS Certificate of Quality
	(b) Dimensions and Strength KS 516	Complies (as per Ministry of Works Grading Certificate and KEBS Certificate of Quality)	<u>Cantilever tests only up to 12m</u>
3 RECOMMENDATION		Recommended for financial evaluation for all sizes	Recommended for financial evaluation for sizes 10m Medium, 11m Medium and 12m Medium (Cantilever tests available only up to 12m)

TECHNICAL EVALUATION REPORT

NO.	NAME	DESIGNATION	DATE
1	JOHN O. OLUKOTI	2nd Asst Eng	21/10/11
2	SIMON K. KIMBE		
3			

CABRO
east africa

CEA/70/KPLC/05/FA

KPLC
Grima Plaza
NAIROBI.

ATTN: ANN GATUKUI
SUPPLIES MANAGER

Dear Anne,

RE: UPDATE ON SUPPLIES.

We are currently being plagued by rains in the Kericho and Sotik areas where the poles have absorbed large amounts of rain water slowing us down this week, however we have found that a few days of sun shine and vacuuming the poles prior to treatment brings the moisture content down to the required levels, we are also attempting to keep the poles covered at all times.

We have resumed treatment today and have sufficient supplies of chemical in stock to enable us to meet our target of 200 poles / day.

We will keep you updated on a weekly basis.

Yours faithfully,


FIZAN ASHRAF

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Kericho
2004
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D. B. G. etc
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month w
see records on
17/03/05
P. Board
A 18/8

APPENDIX 1

DELIVERY STATUS AS OF 16.08.2005

CARBRO (EA) LTD - POLES DELIVERIES STATUS

DATE	DI / NOTE NO	10MM (32')	11MM (36')	12MM (40')	TOTAL DELIVERED
		8	23	29	60
30-Jun-05	2	8	23	29	60
3-Jul-05	4	15	14	21	50
3-Jul-05	3	10	15	25	50
4-Jul-05	5	48	0	0	48
11-Jul-05	6	0	0	50	50
14-Jul-05	8	0	0	50	50
14-Jul-05	9	0	0	50	50
15-Jul-05	7	0	0	50	50
20-Jul-05	10	0	50	0	50
21-Jul-05	11	0	0	50	50
23-Jul-05	12	70	0	0	70
23-Jul-05	13	60	0	0	60
23-Jul-05	14	42	0	18	60
25-Jul-05	15	0	3	47	50
27-Jul-05	16	9	22	25	56
28-Jul-05	17	14	17	29	60
29-Jul-05	18	8	13	29	50
30-Jul-05	19	35	12	1	48
30-Jul-05	20	11	13	21	45
3-Aug-05	22	0	4	46	50
5-Aug-05	23	2	13	35	50
8-Aug-05	24	2	10	38	50
10-Aug-05	25	0	0	55	55
11-Aug-05	26	17	10	28	55
11-Aug-05	27	0	56	0	56
11-Aug-05	28	4	20	31	55
11-Aug-05	21	0	1	42	43
12-Aug-05	29	0	1	54	55
13-Aug-05	30	3	30	22	55
13-Aug-05	31	11	35	13	59
TOTALS		369	362	859	15
QUANTITY IN STOCK		14	193	859	

LAST PURCHASE

ITEM NO	CODE	DESCRIPTION	QTY IN PIECES	UNIT COST VAT EXCLUSIVE	ORDER & DATE	AUTHORITY & DATE	SUPPLIER	STATUS
1	186187	TREATED WOOD POLE MEDIUM	(a) 47,837	(a) Ksh 5,646.55 Delivered NRB Ksh 5,646.55 Delivered MSA Ksh 5,905.17 Delivered NIKR Ksh 5,689.66 Delivered KSM (b) FOB US\$41,3761 Landed Ksh 6,475.60	(a) 764121 OF 25.04.05	(a) CTC/29/05(a) OF 26.01.05	(a) Juma Cabro East Africa	(a) Delivered on Going Supplied 369 poles
2	186188	TREATED WOOD POLE MEDIUM	(a) 15,778 (b) 2,809	(a) Ksh 6,724.14 Delivered NRB Ksh 6,724.14 Delivered MSA Ksh 6,724.14 Delivered NIKR Ksh 6,724.14 Delivered KSM (b) FOB ZAR 331.97 Landed Ksh 7,176.13	(a) 764121 OF 25.04.05 (b) 772066 of 21.07.05	(a) CTC/29/05(a) OF 26.01.05 (b) CTC/220/05 OF 18.07.05	(b) Juma Treated Timber Products (f) Juma Cabro East Africa	(b) Awaiting Shipment by early September (a) Delivered on Going Supplied 362 poles
	186189	TREATED WOOD POLE MEDIUM	(a) 1,200 (b) 5,000	(a) Ksh 7,715.52 Delivered NRB Ksh 7,715.52 Delivered MSA Ksh 6,767.24 Delivered NIKR Ksh 6,767.24 Delivered KSM	(b) 772066 of 21.07.05 764121 OF 25.04.05	(b) CTC/29/05 OF 18.07.05 CTC/29/05(a) OF 26.01.05	(b) Juma Treated Timber Products M/S Juma of East Africa	(b) Awaiting Shipment by early September Delivered on Going Supplied 859 poles
	186190	TREATED WOOD POLE MEDIUM	(a) 1,200 (b) 5,000	(a) FOB \$84.95 Landed Ksh 11,196.96 (b) FOB ZAR 1,015.19 Landed Ksh 16,918.00	(a) 745476 of 07.07.04 (b) Contract signed on 09.08.05	(a) CTC/130/04 OF 22.04.04 (b) CTC/29/05(a) OF 26.01.05	(a) Juma Treated Timber Products (b) Juma Treated Timber Products	(a) Fully Supplied (b) Awaiting Performance Bond
	186191	TREATED WOOD POLE MEDIUM	(a) 100 (b) 1,828	(a) FOB \$ 127.69 Landed Ksh 15,935.71 (c) FOB ZAR 1,412.40 Landed Ksh 23,243.97	(a) 745477 of 29.03.04 (b) Contract signed on 09.08.05	(a) CTC/130/04 OF 22.04.04 (b) CTC/29/05(a) OF 26.01.05	(a) Juma Treated Timber Products (b) Juma Treated Timber Products	(a) Fully Supplied (b) Awaiting Performance Bond
	186194	TREATED WOOD POLE MEDIUM	864	FOB ZAR 2,091.07 Landed Ksh 34,011.28	Contract signed on 09.08.05	CTC/29/05(a) OF 26.01.05	M/S Treated Timber Products	Awaiting Performance Bond
	186192	TREATED WOOD POLE MEDIUM	518	FOB ZAR 2,329.69 Landed Ksh 37,700.37	Contract signed on 09.08.05	CTC/29/05(a) OF 26.01.05	M/S Treated Timber Products	Awaiting Performance Bond

THE KENYA POWER AND LIGHTING COMPANY LIMITED

MINUTES

FOR A SPECIAL MEETING OF THE CENTRAL TENDER COMMITTEE

HELD IN THE COMMITTEE ROOM, 7TH FLOOR, STIMA PLAZA

ON 18TH JULY 2005 AT 10.00 A.M

PRESENT

MR PATRICK NYOIKE
MR. F NYAGA
MR. SWALEH IMU
MR. JASPER ODUOR
MR. RICHARD MUIRU
MR. JOLE NCHOE
MRS. LAURENCIA NJAGI
MR. JOHN OMBUI

PERMANENT SECRETARY MOE
CHAIRMAN
VICE CHAIRMAN
MANAGING DIRECTOR
CHIEF MANAGER, E T
CHIEF MANAGER, IT & TELECOM
COMPANY SECRETARY
CHIEF MANAGER, D & CS

IN ATTENDANCE

MRS ANNIE GATUKUI

SUPPLIES MANAGER

IN ATTENDANCE BY INVITATION

MR. WILSON OSORO
MR. LAWRENCE YEGO
MR. GEORGE OWUOR
MR. IGNATIUS OKORE

STORES & TRANSPORT MANAGER
FINANCIAL ACCOUNTING MANAGER
CHIEF ENGINEER, RES
ASSISTANT SUPPLIES MANAGER

ABSENT WITH APOLOGIES

MR NGANGA MUNYU
MR ZACHARY AYIEKO

DIRECTOR
CHIEF MANAGER, FINANCE



21/7

CHAIRMAN

DATE

SECRETARY

DATE

CTC paper prepared by Anso Catarin - Supplies Manager was considered

CTC noted the following:

- i. That M/S Cabro E.A. is not meeting their commitment, in view of KPLC's reluctance to issue an LC in their favor, as this was extra to the contract signed by the two parties
- ii. That as a policy, KPLC does not issue LCs for locally manufactured goods.
- iii. That KPLC had offered to make an undertaking to the Bank, guaranteeing channeling of all M/S Cabro's payment to a

CHAIRMAN

DATE

2

SECRETARY

DATE

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2/17

- specific account in their bank, which would have a similar effect as an LC without incurring LC bank charges and also not exhaust the LC facilities
- iv. That Mr Kirvanjui of Cabro had not signified acceptance to this arrangement yet
- v. That KPLC would be making a precedent by issuing an LC to M/S Cabro although the committee had discretionary powers to do so
- vi. That by supporting M/S Cabro to perform this contract by issuing the LC in their favor, KPLC would be ensuring the following benefits
 - a. Maintaining the saving of over Shs 200 million achieved in awarding this contract
 - b. Discouraging capital flight from the country
 - c. Sub - standard poles can be rejected without costs of re - export
 - d. Jobs creation locally
 - e. Full cover of LC is on M/S Cabro's account
- vi. That monthly LC which is qualified, can be issued on M/S Cabro's favor
- vii. That if a stop - gap of 29,000 poles is done and M/S Gilgil Telecommunications Industries and Treated Timber International are invited to quote, this is likely to present a major challenge to M/S Cabro who do not have a treatment plant of their own and would be relying on the two above
- viii. That KPLC can use "light poles" in its system, provided the span is reduced and the span of the conductor is noted.
- ix. That M/S Treated Timber Products' (TTP) poles can pass any testing method provided they are tested as light poles.
- x. That the KPLC's stock of poles was so precarious that any ex - stocks quantities can be procured from wherever it is available.

CTC APPROVED as follows

1. Re - instatement of contract for additional quantity 7,363 poles comprising quantity 2,809 of 10 metres and 4,554 of 11 metres from M/S TTP, to be supplied as light poles with a premium of 11% on FOB unit price of KSh 29.00 per pole size 11metres and ZAR 373.00 for pole size 11metres
2. Poles sizes 14 metres, 15 metres, 17 metres and 18 metres awarded to M/S Treated Timber Products to comply fully with tender technical specifications
3. Tender selectively for quantity 7,000 poles consisting of sizes 14 metres 15 metres 17 metres and 18 metres medium

[Handwritten signature]
 2/1/7

CHAIRMAN

SECRETARY

DATE

DATE

CTC MINUTES OF 18th JULY 2005

4. Tender selectively for quantity 25,000 poles of size 10metres, 12,000 poles of size 11metres, and quantity 6,000 poles of size 12metres Medium
5. Invite M/S Treated Timber Products of South Africa, M/S Treated Timber International (Logging Systems) based in Etioret M/S Gilgit Telecommunications Industries and M/S Kakuzi based locally to participate in the selective tender.
6. Issue revolving monthly LCs to M/S Cabro, renewable after delivery of minimum of quantity 6,000 poles of assigned items.

18.07.05
10

PURCHASING SECTION COPY

OFFICIAL ORDER



The Kenya Power and Lighting Co. Ltd.

DATE 25th April, 2005

Cable East Africa

P.O Box 46247

NAIROBI

INVOICE MUST BE ADDRESSED TO

P.O Box 30177 Nairobi

(Delete as Applicable)

DIRECT ORDERS: 41
STORES ORDERS: 09

CLASS	WEEK No.	ORDER No.
		No. B 764121

ITEM No.

DESCRIPTION

(INCLUDING SUPPLIER'S CATALOGUE NUMBER)

UNIT PRICE AND DISCOUNT
SHS CTS.

QUANTITY

TOTAL PRICE
SHS. CTS.

STORES CO OR ALOC. COI

- 1 Treated wood pole 10.0m - Destn. Nbi.
- 2 Treated wood pole 10.0m - Destn. Msa
- 3 Treated wood pole 10.0m - Destn. Nakuru
- 4 Treated wood pole 10.0m - Destn. Kisumu
- 5 Treated wood pole 11.0m - Destn. Msa
- 6 Treated wood pole 11.0m - Destn. Nbi.
- 7 Treated wood pole 11.0m - Destn. Nakuru
- 8 Treated wood pole 11.0m - Destn. Kisumu
- 9 Treated wood pole 12.0m - Destn. Msa
- 10 Treated wood pole 12.0m - Destn. Nakuru
- 11 Treated wood pole 12.0m - Destn. Nbi.
- 12 Treated wood pole 12.0m - Destn. Kisumu

Plus 16% VAT

DELIVERY DATE As per attached delivery schedule

PREPARED BY _____

AUTHORITY BM/CTC/DTC/NO _____

DATE

26/01/05

TOTALS

614,204,159.00

APPROVED BY (SIGNATURE)

[Signature]

DESIGNATION

[Signature]

DATE

26/4/05

ET 25/04/05
25/4/05
25/4/05

3-90639

DESCRIPTION	PARTIAL DELIVERY APRIL 05	AUGUST 05 1ST DELIVERY	Sept 05 (2nd Del.)	Oct 05 (3rd Del.)	Nov 05 (4th Del.)	Dec 05 (5th Del.)	Jan 06 (6th Del.)	Feb 06 (7th Del.)	March 06 (8th Del.)	April 06 (9th Del.)	May 06 (10th Del.)	TOTAL
1 POLE WOOD TREATED (10M Medium)	3,400	5,000	5,000	5,000	5,000	5,600	6,000	5,400	3 (0%)	2,437	2,000	47,837
2 POLE WOOD TREATED (11M Medium)	1,000	3,778	2,000	2,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	15,778
3 POLE WOOD TREATED (12 M Medium)	600	2,324	2,200	2,200	2,000	3,000	2,000	1,500	1,500	1,500	1,500	20,324
TOTAL	5,000	11,102	9,200	9,200	8,000	9,600	9,000	7,900	5,500	4,937	4,500	83,939



GIRO

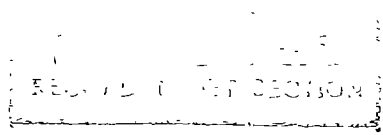
COMMERCIAL BANK LTD

CARD HOUSE KIMILITH STREET PO BOX 230600 NAIROBI TEL: 254 20 230679 230679 3 0304 230356

Date April 4 2005

Our Ref G/113/05

The Kenya Power & Lighting Co Ltd
P.O. Box 30099
Nairobi



Dear Sir,

Performance Security Form

Whereas Cabro East Africa Ltd (Hereinafter called "the tenderer") has undertaken in pursuance of Contract No KPLC/PT/S/17/04 dated March, 24, 2005 to supply Treated Wood Poles (Hereinafter called "the Contract")

AND WHEREAS it has been stipulated by you in the said Contract that the tenderer shall furnish you with a bank guarantee by a reputable bank for the sum specified therein as security for compliance with the Tenderer's performance obligations in accordance with the Contract.

AND WHEREAS we have agreed to give the tenderer a guarantee -

THEREFORE WE hereby affirm that we are Guarantors and responsible to you, on behalf of the tenderer, up to a total of Ksh 61,429,415.00 (Kenya Shillings Sixty One Million Four Hundred Twenty Nine Thousand Four Hundred Fifteen Only) and we undertake to pay you, upon your first written demand declaring the tenderer to be in default under the Contract and without cavil or argument, any sum or sums within the limits of Ksh. 61,429,415.00 as aforesaid, without your needing to prove or to show grounds or reasons for your demand or the sum specified therein

This guarantee is valid until the 14th of June 2006

Notwithstanding anything contained hereinabove the liability of the bank under this guarantee is limited to Kenya Shillings Sixty One Million Four Hundred Twenty Nine Thousand Four Hundred Fifteen Only (Ksh 61,429,415.00), valid upto and including 14th June 2006 for payment of claims at our counters, after which date the guarantee is considered null and void and should be returned to the bank on expiry or along with claims if any

Director

Director

SEAL REF NO
GIC/CC/8/12
cc

FILE COPY

Our Ref: KPLC/PT/S/17/04/ea

Your Ref:

28TH February 2005

M/s. Treated Timber Products,
190 Loop Street, Pietermaritzburg 3201,
P.O. Box 13823 Cascades Kwa Zulu-Natal, 3202,
South Africa.

Tel: 033 342 2679

Dear Sir,

REF: NOTIFICATION OF AWARD OF TENDER FOR SUPPLY OF TREATED WOOD POLES. -KPLC/PT/S//17/04.

We refer to your tender dated 1st November 2004, and are pleased to inform you that following evaluation, your tender for Supply of Treated Wood Poles has subject to the provisions herein, been accepted as follows: -

CODE	TREATED WOOD POLES	QTY	UNIT PRICE FOB ZAR	UNIT FREIGHT TO MSA ZAR	TOTAL FOB ZAR	TOTAL FREIGHT ZAR	TOTAL PRICE DELIVERED MOMBASA ZAR
86100	14 M Medium	5,000	1,511.00	259.91	8,075,050.00	1,299,150.00	6,375,500.00
86101	15 M Medium	2,652	1,312.10	341.45	2,581,867.20	624,170.60	3,206,037.80
86144	17 M Medium	864	2,091.07	477.94	1,806,684.48	412,940.16	2,219,624.64
86192	18 M Medium	518	2,329.69	519.29	1,206,779.42	268,992.22	1,475,771.64
TOTAL No. OF POLES		8,210					

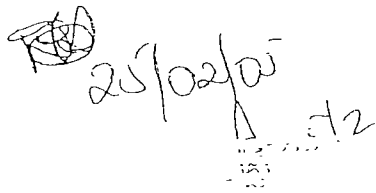
	TOTALS	10,671,281 10	2,605,652 98	13,276,934 08
	Less 12% DISCOUNT ON FOB PRICE	1,280,553 732		
	TOTAL FOB :	9,390,727 368		
	TOTAL Cost C&F (after Discount)ZAR			11,996,380 348

This notification does not constitute a contract and the formal Contract Agreement, which is enclosed herewith for your perusal should be executed within the next 21 days from the date hereof pursuant to the provisions of the Exchequer and Audit (Public Procurement) Regulations, 2001(33)(1)

Yours faithfully,

For: THE KENYA POWER & LIGHTING COMPANY LTD


 L. K. NJAGI
 COMPANY SECRETARY


 25/02/05
 12

Contract Form

THIS AGREEMENT made on 27th of August 2005 between
The Kenya Power & Lighting Co. Ltd. of The Republic of Kenya (hereinafter called "the
Procuring entity") of the one part and M/s TREATED TIMBER PRODUCTS (Pty)
LTD, of P.O. Box 13823-KWA ZULU NATAL -SOUTH AFRICA. (hereinafter
called "the tenderer") of the other part

WHEREAS the Procuring entity through Tender No KPLC/PT/17/04 invited tenders for
certain goods, viz, TREATED WOOD POLES, and has accepted a tender by the
tenderer dated 28th October 2004 for the supply of those goods in the sum of Total C&F
Price ZAR 11,996,380.348 Say ZAR Eleven Million, Nine Hundred Ninety Six
Thousand, Three Hundred and Eighty, and Three Forty Eight Cents only, (hereinafter
called "the Contract Price").

This Contract is a replacement of the same Contract dated 28th February 2005, and is
hereby resent for your endorsement.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In this Agreement words and expressions shall have the same meaning as are
respectively assigned to them in the Conditions of Contract referred to.
2. The following documents shall be deemed to form and be read and construed as part
of this Agreement, viz.
 - (a) the Price Schedule submitted by the tenderer;
 - (b) the Schedule of Requirements;
 - (c) the Technical Specifications; -Ref TSP 03-001
 - (d) the General Conditions of Contract; -Tender No KPLC/PT/S/17/04
 - (e) the Special Conditions of Contract; -Tender No KPLC/PT/S/17/04
 - (g) the Procuring entity's Notification of Award dated 28th February 2005.
3. The quantity of the goods to be supplied and the delivery period(s) are as shown in
the schedule of delivery(Attached Appendix A)
4. In consideration of the payments to be made by the Procuring entity to the tenderer
as hereinafter mentioned, the tenderer hereby covenants with the Procuring entity
to provide the goods and to remedy defects therein in conformity in all respects
with the provisions of the Contract
5. The Procuring entity hereby covenants to pay the tenderer in consideration of the
provision of the goods and the remedying of defects therein, the Contract Price or
such other sum as may become payable under the provisions of the contract at the
times and in the manner prescribed by the contract.



5 The tenderer shall perform the obligations stated in the conditions set out in the Conditions set out in the Contract and the terms and conditions stated on the General Conditions of Contract.

6 The tenderer shall comply with the Treated Wood Poles specifications with the conditions set in the contract. He shall be responsible for the Official Purchase order and that before manufacturing he shall submit to the Buyer the relevant design drawings technical and commercial.

8 The tenderer shall commence requisite work to facilitate timely delivery after the date of execution of the Contract (herein after referred to as the Commencement Date)

9 Shipment shall be made monthly after receipt of Letter of Credit, and shall be as per the attached delivery schedule Appendix A

10 Payment shall be an Irrevocable Confirmed Letter of Credit on presentation of Shipping Documents

The Letter of Credit shall be opened under the following conditions

d) You will be required to meet L/C charges levied by your bank while we meet those levied by our bank

e) Any Extension /Amendment charges that may result from your delays or mistakes shall be to your account

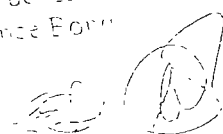
f) All confirmation charges shall be to your account

Demurrage charges- any demurrage charges accruing at the port of clearance due to delayed documentation from yourselves will be charged directly to your account

11. The tenderer shall within ten (10) days after signing of the contract, furnish us with a Performance Bond in the form of an on demand Bank Guarantee issued by a reputable Bank acceptable to us comprising 10% of the contract price. The Performance Bond shall be valid until 31/03/2006. If the tenderer shall fail to lodge with us the performance bond within the stipulated period, we shall be entitled to terminate the contract forthwith.

12 In the event of a delay in delivery the goods within the period stated in the delivery schedule other than for reasons of Force Majeure, we shall be entitled to deduct from the contract price a sum equal to 0.5% of the value of undelivered goods. The deduction shall be subject to a maximum of 10% of the contract price after which we shall be entitled to terminate the contract and claim under the performance bond.

13 The official order for Treated Wood Poles shall be issued to you immediately upon receipt of the Letter of acceptance and Performance Bond.



...with them in respect of laws of Kenya the day and year first above written.
Signed for and on behalf of THE KENYA POWER & LIGHTING COMPANY LIMITED

Managing Director *[Signature]*

Company Secretary *[Signature]*

Signed for and on behalf of M/S TREATED TIMBER PRODUCTS (pty) Ltd., by

Signature *[Signature]* and

Official Stamp _____

TREATED TIMBER PRODUCTS (PTY) LT
P O Box 13823, CASCADES KWAZULU
NATAL 3202 SOUTH AFRICA
TEL. +27 333422579



in the capacity of *Managing Director* (title of Officer signing).








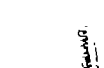




[Signature] *[Signature]*

DIA A
ERY SCHEDULE FOR TREATED WOOD POLES TENDER NO KPLC/PT/S/17/04

TREATED TIMBER PRODUCTS (PTY) LTD.

ITEM DESCRIPTION	QTY	Sept.05	Oct.05	Nov.05
	Awarded			
186190 TREATED WOOD POLE 140 MILLIMETRES	5000	1,500	2,000	1,500
186191 TREATED WOOD POLE 170 MILLIMETRES	1,328	928	900	
186194 TREATED WOOD POLE 170 MILLIMETRES	864	464	400	
186192 TREATED WOOD POLE 150 MILLIMETRES	518	300	218	
TOTAL QUANTITY AWARDED	8,210			

FIRMS

Code	Description	Quantity	TREATED TIMBER UNIT PRICE DELIVERED	UNIT PRICE	TIMBER TREATMENT UNIT PRICE DEL. INCL. KSH.	UNIT PRICE
186187	TREATED WOOD POLE 10.0 METRES MEDIUM	25,000	179,444		6,171.50	
186188	TREATED WOOD POLE 11.0 METRES MEDIUM	12,000	212,36		9,027.72	
186189	TREATED WOOD POLE 12.0 METRES MEDIUM	6,000	254,07		9,374.1	
186190	TREATED WOOD POLE 14.0 METRES MEDIUM	2,500	381,81		16,780,46	
186191	TREATED WOOD POLE 15.0 METRES MEDIUM	2,500	486,71		80,57,90	
186144	TREATED WOOD POLE 17.0 METRES MEDIUM	1,100	686,00		23,427,44	
186192	TREATED WOOD POLE 18.0 METRES MEDIUM	900	765,72		25,161,75	
TREATED WOOD POLE 18.0 METRES MEDIUM			1ST NATIONAL BANK		NO BID	

OPENED BY

WITNESSED BY

NAME	DESIGNATION	SIGNATURE	DATE	NAME	COMPANY	SIGNATURE	DATE
Eric Amugula	SPD (K)	[Signature]	19/8/05	JOSEPH MURAGE	TREASURY	[Signature]	19/8/05
Timber	POLES	[Signature]	19/8/05				
Timber	POLES	[Signature]	19/8/05				

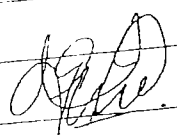
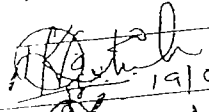
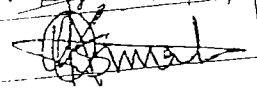
DANIEL K. MURICH
TIMBER TREATMENT
AFRICA
19/8/05

TENDER NO KPLC/ST/LP/115/05 - SUPPLY OF TREATED WOOD POLES

DATE OPENED 08.2005.

VENUE..... STIMA PLAZA - AUDITORIUM.

ATTENDANCE CERTIFICATE

NO	NAME	COMPANY	SIGNATURE
1	JOSEPH MULIWE	TREXIS TIMBER PLS	
2		S AFRICA	
3	DANIEL K NGETICH	TIMBER TREATMENT	
4		INTERNATIONAL TTI	19/08/05
5	Peter Simmah	KPLC	
6			
7			
8			
9			
10			
11			
12			
13			
14			

(II) PRICE SCHEDULE FOR GOODS

Name of tenderer Treated Timber Products (Pty) Ltd Tender Number KPLC/ST/LP/115/05

1	2	3	4	5	6	7	8	9
CODE	DESCRIPTION	QUANTITY	COUNTRY OF ORIGIN	UNIT PRICE FOB	TOTAL PRICE FOB USD	EST SEA FREIGHT TO MOMBASA	UNIT PRICE DELIVERED CFR MOMBASA	TOTAL COST CFR
186187	TREATED WOOD POLE 10.0 M	25000	S.A.	\$146.73	\$3,668,250.00	\$32.71	\$179.44	\$4,466,000.00
186188	TREATED WOOD POLE 11.0 M	12000	S.A.	\$173.82	\$2,085,840.00	\$38.54	\$212.36	\$2,548,320.00
186189	TREATED WOOD POLE 12.0 M	6000	S.A.	\$209.13	\$1,254,780.00	\$44.94	\$254.07	\$1,524,420.00
186190	TREATED WOOD POLE 14.0 M	2500	S.A.	\$317.34	\$793,350.00	\$64.47	\$381.81	\$954,525.00
186191	TREATED WOOD POLE 15.0 M	2500	S.A.	\$407.81	\$1,019,525.00	\$78.90	\$486.71	\$1,216,775.00
186144	TREATED WOOD POLE 17.0 M	1100	S.A.	\$579.39	\$637,329.00	\$106.61	\$686.00	\$754,600.00
186192	TREATED WOOD POLE 18.0 M	900	S.A.	\$647.06	\$582,354.00	\$118.66	\$765.72	\$689,148.00

USD 10,041,428.00. Total Cost INC Sea Freight \$12,173,788.00

Total Cost INC Sea Freight **\$12,173,788.00**

PRICES QUOTED ARE IN UNITED STATES OF AMERICAN DOLLARS

TERMS OF PAYMENT:

Minimum Credit Period: - 60 Days or more from Delivery & Submission of Invoice/from the Date of shipment and submission of shipping documents.

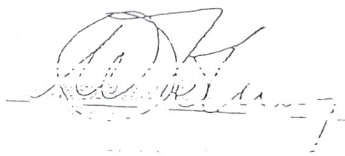
OFFERED CREDIT PERIOD: a discount of 10% is offered on the FOB value for Payment on presentation of shipping documents

METHOD OF PAYMENT: Irrevocable Confirmed Letter of Credit

DUTIES, VAT AND LEVIES: Payable in Kenya are not included in the above prices

- Note:
1. Estimated sea freight charges per item MUST be quoted separately
 2. In case of discrepancy between unit price and total, the unit price shall prevail
 3. Kenya Power & Lighting Company reserves the right to consider the factory visit.

Signature of tenderer:

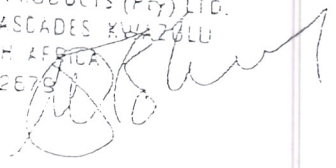


Handwritten signature and date: 19/08/05

Handwritten signature and date: 19/08/05

Handwritten signature and date: 19/08/05

TREATED TIMBER PRODUCTS (Pty) LTD.
 P.O. BOX 13623, CASCADES KWAZULU
 NATAL 3202 SOUTH AFRICA
 TEL +27 333422679



~~Treated Timber Products~~ [Pty] Ltd

Reg. NO. 1959/012170/07

190 Loop Street, Pietermaritzburg 3201
P.O. Box 13823, Cascades, KwaZulu-Natal 3202 South Africa
Tel: 033 342 2679 Fax: 033 345 5187 E-mail: treatedt@mweb.co.za

Section F Schedule of Requirements for Supply of Treated Wood Poles.

Delivery Period

On 10 August 2005 we gave KPLC a quotation for delivery of 55400 poles ex-stock for supply over the next four months. Copy of offer is attached.

If the above offer is taken up by KPLC then the delivery for the poles in this Tender No: KPLC/ST/LP/115/05 will commence when the above mentioned offer is completed. This delivery period will take six to seven months to complete. Delivery is subject to availability of suitable shipping space.

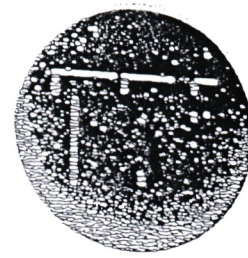
If the above offer is not taken up then delivery will commence as soon as we have accepted your letter of Credit for this Tender. The delivery period will take six to seven months to complete. Delivery is subject to availability of suitable shipping space.

TREATED TIMBER PRODUCTS (Pty) LTD.
P. O. Box 13823, CASCADES, KWAZULU
NATAL 3202 SOUTH AFRICA
TEL: +27 333422679

Q. m/05/05

[Handwritten Signature]

[Handwritten Signature]



TIMBER TREATMENT INTERNATIONAL

incorporating
1041103

(ii) Price Schedule for Poles

PRICE LIST FOR TIMBER TREATMENT INTERNATIONAL LIMITED

TENDER NO. RFQ/ST/13/15/05

Page 1 of 1

Code	Description	Type of Treatment	Quantity	Country of Origin	Unit Price FOB	Total Price FOB	Estimated Transport per Pole to Nairobi - APC South Store	Unit Price delivered VAT Inclusive	Total Cost inclusive of 16% VAT
185187	Treated Wood Poles 10.0 Metres Medium	CCA	1,000	KENYA	5,325.00	5,325,000.00	512.50	6,371.50	6,771,500.00
185188	Treated Wood Poles 11.0 Metres Medium	CREOSOTE	4,500	KENYA	7,684.00	34,578,000.00	857.14	8,997.72	44,584,750.80
185189	Treated Wood Poles 12.0 Metres Medium	CCA	1,000	KENYA	6,954.00	6,954,000.00	923.03	9,137.41	9,137,412.60
185190	Treated Wood Poles 14.0 Metres Medium	CREOSOTE	2,500	KENYA	13,375.00	33,437,500.00	1,060.81	16,740.46	41,861,139.00
185191	Treated Wood Poles 15.0 Metres Medium	CREOSOTE	2,500	KENYA	16,177.50	40,443,750.00	1,200.00	20,157.90	50,394,750.00
185144	Treated Wood Poles 17.0 Metres Medium	CREOSOTE	1,100	KENYA	19,283.75	21,223,125.00	1,323.35	23,927.44	25,320,179.50
185192	Treated Wood Poles 18.0 Metres Medium	CREOSOTE	900	KENYA	20,618.75	18,556,875.00	1,500.00	25,657.75	23,091,975.00
TOTAL CONTRACT PRICE.									202,251,707.20

TERMS OF PAYMENT

Minimum Credit Period: 60 Days from date of delivery and submission of invoice.

Deferred Credit Period: 60 DAYS FROM DATE OF DELIVERY AND SUBMISSION OF INVOICE.

NOTE: The summary of prices for poles is provided separately.
 Prices of treated poles, correct unit price and total, the unit price shall prevail.
 The company reserves the right to consider the factory visit.

Signature of tenderer:

[Signature]
 19/08/05

[Handwritten notes]
 19/08/05

APPENDIX IV

CALCULATION OF LANDED COSTS

	186188	186189	186190	186191	186144	186182
	Unit Price Fob	Unit Price Fob	Unit Price Fob	Unit Price Fob	Unit Price Fob	Unit Price Fob
Exchange Rate = 1US\$ = Ksh 76						
FORMULAR						
Treated Timber Products						
(US\$)						
FORMULA						
FOR						
1. FREIGHT STATED OR 10% FOB	46.73	209.13	317.34	407.61	579.39	647.06
2. C&F	32.71	44.94	64.47	78.90	106.61	118.66
3. C&F	179.44	254.07	381.81	486.71	686.00	765.72
4. INSURANCE 1.5% C&F	2.69	3.81	5.73	7.30	10.29	11.49
5. CH	82.13	257.88	387.54	494.01	696.29	777.21
6. IDF CHARGES 2.75% C&F	4.93	2.08	3.17	4.08	5.79	6.47
7. LC CHARGES 1% FOB	0.36	0.51	0.76	0.97	1.37	1.53
8. BANK CHARGES 0.2% C&F	28.14	41.26	62.01	79.04	111.41	124.35
9. DUTY 0% C&F	17.94	25.41	38.16	48.67	68.60	76.57
10. VAT 16% (C&F + DUTY)	235.98	334.14	502.16	640.16	902.33	1,002.19
11. HANDLING + TRANSPORT = 10% C&F	206.84	292.87	440.15	561.12	790.92	882.84
12. LANDED COST	719.56	22,258.46	33,451.78	42,644.94	60,109.99	67,095.62
13. LANDED COST LESS VAT (KSHS)	934.29	25,394.29	38,164.23	48,652.11	68,576.87	76,546.45
14. LANDED COST LESS VAT (KSHS)	1,115.00	1,115.00	1,115.00	1,115.00	1,115.00	1,115.00
15. LANDED COST VAT INCL (KSHS)	19,049.29	26,509.29	38,279.23	49,767.11	69,691.87	77,661.45
16. TRANSPORT COST TO STORES	25,000	6,000	2,500	2,500	1,100	900
17. TAX LANDED COST + TRANSPORT TO STORES	71,232.128	159,055.735	98,198,069	124,417,786	176,661,062	195,855,391
18. QUANTITY						
19. EST. VOLUME TOTAL COST TO						
20. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
21. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
22. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
23. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
24. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
25. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
26. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
27. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
28. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
29. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
30. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
31. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
32. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
33. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
34. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
35. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
36. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
37. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
38. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
39. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
40. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
41. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
42. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
43. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
44. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
45. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
46. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
47. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
48. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
49. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
50. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
51. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
52. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
53. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
54. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
55. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
56. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
57. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
58. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
59. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
60. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
61. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
62. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
63. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
64. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
65. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
66. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
67. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
68. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
69. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
70. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
71. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
72. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
73. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
74. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
75. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
76. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
77. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
78. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
79. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
80. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
81. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
82. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
83. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
84. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
85. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
86. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
87. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
88. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
89. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
90. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
91. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
92. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
93. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
94. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
95. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
96. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
97. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
98. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
99. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
100. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
101. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
102. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
103. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
104. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
105. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
106. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
107. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
108. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
109. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
110. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
111. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
112. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
113. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
114. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000
115. ESTIMATED DELIVERED COST	71,232,128	159,055,735	98,198,069	124,417,786	176,661,062	195,855,391
116. QUANTITY	1,000	1,000	1,000	1,000	1,000	1,000

CTC/365/05

PURCHASE OF VARIOUS SIZES TREATED TIMBER
WOOD POLES ON STOP GAP BASIS

A CTC paper prepared by Eva Anjichi, Senior Procurement Officer (Local) was considered.

The CTC **REJECTED** the paper and recommended that all poles must be bought locally.

The CTC requested Management to;

- Facilitate and fast track the procurement of poles from M/s TTI and Cabro and other local channels that are available.
- Invite all the players including James Finlay, Kakuzi to a meeting to negotiate terms and come up with new proposals on how to facilitate procurement of poles.
- Institute an extra charge for any facilitation offered by the company.

The PS approved the use of funds from Rural Electrification Project for immediate use in procurement of poles.

THE KENYA POWER & LIGHTING COMPANY LTD

PAPER TO THE CENTRAL TENDER COMMITTEE

Prepared By: -Eva Anjichi – Senior Supplies Office.(I)

SUBJECT: PURCHASE OF VARIOUS TREATED WOOD POLES ON STOPGAP BASIS

1. INTRODUCTION

The required treated wood poles are for use on the **stalled** projects for customer base expansion programme (*Rural electrification; Ulmeme Pamoja; Connection policy*). Poles shortage has been with us for some time now, and as a consequence we have a shortage backlog in the region of around 34 thousand poles to satisfy the projects requirement

Further to the awards of contracts for the supply of the treated wood poles, to M/s Cabro E.A, Treated Timber Products and Timber Treatment International, in our endeavour to alleviate the shortage, the current status to date is far from being resolved and is as follows.

a) CABRO E.A

We have outstanding quantity 80,441 of poles sizes 10M, 11M and 12meters medium on order with M/s Cabro E.Africa.

By 28th September 2005, M/s Cabro E.A. had delivered quantity 3,498 poles although they were required to have delivered quantity 4,000 poles by August 2005. (See attached status of delivery. Appendix A). The backlog on the execution/delivery as observed has been attributed to the new business logistical challenges that Ms Cabro EA is going through, and have pleaded for more time as they streamline their business process.

CTC held on 8th September 2005, approved payment through a revolving Letter of Credit, and the request was forwarded to Finance on 27th September 2005. Their inability to comply with the delivery schedule has led to a serious shortage of poles and stoppage of work on various projects including highly wanting and long pending RF projects. They are delivering an average of only 1,200 poles per month, which is of very little consequence to the shortage already being experienced.

b) TREATED TIMBER PRODUCTS (TTP).

Quantity 7,363 of 10M and 11M Medium poles arrived at the beginning of October and to date are fully shared for use.

Quantity 8,210 of poles sizes 14M, 15M, 17M and 18 M Medium was awarded to M/s Treated Timber Products Order No 777889 of 14.09.05 was issued and couriered The IDF and Letter of Credit process was completed, and the Letter of Credit was in place by 3rd October 2005 All other processes and shipment of the product is in progress and at an advanced stage.

c) TIMBER TREATMENT INTERNATIONAL

The CTC of 22nd August 05, approved vide C1C/270/05, an award of supply of quantity treated wood poles to M/s Treated Timber International (TTI) amounting to Ksh. 484,762,659.00.

The CTC of 8th September 2005, vide CTC/283/05, approved the variation of terms of payment to allow TTI to be paid through a letter of credit. They were however required to issue a Performance Bond (PB). Ms TTP, later vide their letter dated 7th September 2005, requested to submit an Insurance Bond instead of bankers PB. Through our letter dated 14th September 2005 that their request (from proposed reputable insurers) was granted so as to facilitate quick commencement of supply.

A reminder for the submission of their proposed Insurance Bond was sent on 22nd September 05. In their letter dated, 28th September 2005, (attached) M/s Timber Treatment International's proposed Insurance firm, informed KPLC that the cover will be available in the next two days.

As of 29th September 05, M/s TTI had not submitted any bond.

The CTC of 5th October 2005, vide minute No. CTC/334/05 authorised management to allow TTI to supply quantity 7,500 (5,500 of 10M and 2,000 11M) poles by issuing an order and waive the Performance Bond requirement. Order No.777531, of Ksh.57,058,694.80 was issued for the said quantity and TTI have promised to effect deliveries within one month.

d) CONCRETE POLES.

The tender for Concrete Poles, for quantity 30,000 poles was opened on 29.09.05. The paper was presented to the CTC for discussion. However, this is the first time that the poles are being procured and we expect to have some logistical handling challenges at the start. These poles are therefore not expected to address the backlog requirement for projects in the immediate period.

2. STOCK POSITION

The current situation and stock of poles has continued to deteriorate due to the inability of the local suppliers (M/s Cabro E.A and TTI) to meet the required delivery schedules, leading to the serious shortage and accumulating 10M poles backlog and stalling of the various projects in the country the Company is in today.

The summary of outstanding quantities on orders is as shown in the attached Appendix 2. There is a deteriorating shortfall requirement of poles, as shown in the attached Poles Analysis, attached Appendix 1. to Appendix 4

In this analysis, and also as shown in Appendix A, (deliveries by Cabro E.A), it is noted that we shall have a growing deficit of poles for the next 4 months, that can only be resolved by taking urgent action immediately. From the analysis, it is noted in Appendix 2-4, that the shortfall from the months of October to December 05, is increasing leading in to bigger deficit. We have shortfalls in sizes 10M, 11M and 12M, of 35,214, 1,656, and 3,257 respectively.

We therefore **recommend** procurement sizes 10 M, and 11 M Medium on an emergency basis, to address the shortfall and effect revival of the stalled projects, while ensuring that we do not overstock. This is not substituting local suppliers, but only supplementing the requirement while the local supplier gear towards resolve the inevitable logistical challenges. Further, it will alleviate the loss of business and reputation to KPLC.

For the other sizes, i.e., Sizes 12M, 13M, 15M and 18 M medium poles, for which we also have a shortfall up to December 2005, we propose to cautiously progress the current orders with the local suppliers for deliveries during this period, and grant them an opportunity to fulfil their contractual obligations of delivering the poles.

3. STOP-GAP PROPOSAL.

In the Board meeting held on 9th August 2005, the Board requested management to purchase poles from M/s Treated Timber Products that they are able to deliver. (See copy of board minute attached.)

Under minute No.CTC/206/05 of 17th August 05, the Central Tender Committee put on hold a request to purchase treated wood poles from M/s Treated Timber Products on urgent ex-stock basis, as M/s Cabro E.A had indicated that they would improve delivery of the poles on contract.

In view of the situation already outlined above and the challenges the local suppliers are going through, KPLC requires poles immediately to alleviate the situation, as already the company is being threatened with law suits from various customers who are running out of patience, and company and Rural Electrification projects (MoE) reputation is in jeopardy.

We therefore recommend proposal to procure the shortfall of 10M and 11M Medium poles from the proposed offer from M/s Treated Timber Products. Again, this proposal is not in any substituting local for foreign suppliers. It is addressing a business needs while we await the local suppliers to address the logistics' challenges. Incidentally the proposal would conveniently synchronise with the arrival of accessories in October 05 to facilitate implementation of the stalled projects

Ms TTP sent a revised offer confirming the quantities available for supply within the next four months. This as per category 2, complies with the specifications for medium poles.

4 RECOMMENDATION

It is recommended that poles under Category 2-Medium sizes offered from M/s Treated Timber products be procured as shown below: -

Pole Size	Quantity	Unit Price C&F US\$	Total C& F US\$
10 M Medium	10,000	139.00	1,390,000.00
11 M Medium	3,000	160.50	481,500.00
Total Cost C& F US\$ 1,871,500.00			
TOTAL COST DELIVERED KSH. VAT EXCL. 180,225,924.00			
TOTAL COST DELIVERED KSH. VAT INCL. 209,062,071.00			

Exchange Rate: -1US\$ =Ksh.76.00

5 AUTHORITY

CTC is requested support the recommendation and to award the contract for supply of quantity 13,000 poles on stop-gap basis to M/s Treated Timber Products at a total of C& F US\$ 1,871,500.00.

The total Cost Delivered is **Ksh.209, 062,071.00 plus 16% VAT.**

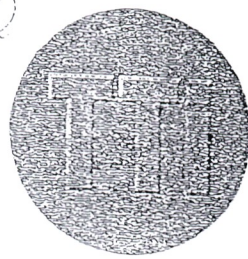
Delivery shall be made in October and November 2005. Payment shall be made through a letter of credit for 100% of the Invoice upon presentation of shipping documents to the bank.

Prepared by :.....  Date..... 13/10/05

Approved By.....  Date..... 13/10/05

→ SPO (L)
Please check the CT approval
of 8th & 9th September 2005
and respond appropriately
urgently

EE
9/9/05



**TIMBER
TREATMENT
INTERNATIONAL**
incorporating
DANCO

7th September 2005

Your Ref: KP & L/ST/LP/115/05

SUPPLIES MANAGER,
KENYA POWER & LIGHTING COMPANY LTD.
P.O. BOX 30099,
NAIROBI.

FAX 020 - 3750140

Dear Madam,

RE: SUPPLY OF TREATED WOOD POLES (TENDER - KPLC/ST/LP/115/05).

Thank you for your letter of today in response to our earlier request in our letter of 30th August, 2005 regarding the above supply.

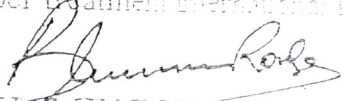
We wish to appeal for your kind consideration of some of the issues we had requested for as follows:-

1. We moderate our request for a local letter of credit to be on monthly basis covering the value of the scheduled deliveries for the month. The facility to be revolving over the accepted period of six months.
2. The payment terms - All deliveries within the month to be invoiced once at the end of each month and payment for the full value of the invoice less 16% withholding VAT to be made one week after the invoice date.
3. Since we are committed to a win - win arrangement for both of us, we appeal to you to reconsider your policy on performance bond and allow us to issue an Insurance bond, instead of a bank guarantee. We make this proposal because we have previously used the same in a contract between yourselves and us and the supply was successfully completed.
4. Further to our proposal in (3) above we shall commit our entire capacity to supply not less than 7,500 poles during the first month of supply.

We submit our appeal on the requests above for your consideration hoping for a positive consideration.

Thank you.

Yours faithfully
Timber Treatment International Ltd


BENJAMIN RONO
GENERAL MANAGER

Gen. Managing Director, KPLC
Company Secretary, T.T.I.



The Kenya Power & Lighting
Co. Ltd.



The Kenya Power & Lighting Co. Ltd.
Central Office - P.O. Box 30099 Nairobi, Kenya
Telephone - 254-02-243366-Telegrams 'ELECTRIC'
Telex No 22253 Fax No. 254-02-337351
Sima Plaza, Kolobot Road

FAX MESSAGE SHEET

TO FAX No: +254 05320-31120 133

COUNTRY: KENYA

COMPANY: M/S TIMBER TREATMENT INTERNATIONAL

F.A.O: BENJAMIN RONO

YOUR REF.No:

DATE:

OUR REF No: KPLC/ST/LP/115/05/NS/ET

DATE: 22.09.2005.

SUBJECT: SUPPLY OF TREATED WOOD POLES TENDER NUMBER
KPLC/ST/LP/115/05 - PERFORMACE BOND

Reference is made to the above where we provided your company with a list of reputable Insurance Companies whose Performance Bonds are acceptable on 9th September 2005. In addition we have spoken to yourselves severally on the same and to date you have not submitted any Performance Bond.

We wish to draw your attention to the Terms and Conditions of the Tender Number KPLC/ST/LP/115/05 Section C -General Information, clause 31.1-Perforamnce Security; the Successful Tenderer is required to submit Performance Bond Within seven days of receipt of Notification of Award. Your Company is in breach of this and as at today 30 days have passed after Notification of Award

In view of the above, you are required to submit the Insurance Bond by 26th September 2005. Failure to do so will lead to cancellation of the Award.

Regards.


A.N.GATUKUI

SUPPLIES MANAGER

c.c Company Secretary -KPLC

Received
J. J. J. J. J.
14/09/05

KPLC/ST/LP/115/05/E1

14th September 2005

**M/s Timber Treatment International
P.O Box 3166
Eldoret
Kenya.**

Fax:05320-31120

ATTENTION: Benjamin Rono

Dear Sir, -

**REF: SUPPLY OF TREATED WOOD POLES TENDER NUMBER
KPLC/ST/LP/115/05 -LETTER OF CREDIT, DELIVERY
SCHEDULE AND PERFORMACE BOND**

We are in receipt of your letter dated 7th September 2005 on the above. We wish to Comment as follows: -

1.Payment by Letter of Credit

We are pleased to inform you that your request to be paid through a Letter of Credit has been approved as follows:

- The Letter of Credit will be revolving on a monthly basis with payments on a monthly basis done against the Letter of Credit on presentation of monthly invoices on sight basis and any excess of invoice over Letter of Credit value in a month to be paid using KPLC cheques as per documentary collection.
- The Letter of Credit shall be for Ksh 35,025,000.00 exclusive VAT.

- M/s Timber Treatment International shall meet all Letter of Credit charges including confirmation charges if confirmation of Letter of Credit is required

In this regard, therefore you shall provide us with a single delivery invoice for the purpose of opening the Letter of Credit.

2. Delivery Schedule

The delivery schedule of six months has been approved and a copy of the revised schedule is attached.


3. Performance Bond

Your request to issue an Insurance Bond instead of Performance Bond is being considered. Please give us an indication of which insurance firm that will issue the Performance Bond.

Yours Faithfully

For: THE KENYA POWER & LIGHTING COMPANY LTD


A.N. GATUKUI
SUPPLIES MANAGER

 4/09/05

APPENDIX A

DELIVERY SCHEDULE FOR TREATED WOOD POLES TENDER NO KPLC/ST/LP/115/05

M/S TIMBER TREATMENT INTERNATIONAL LTD.

ITEM NO.	ITEM CODE	ITEM DESCRIPTION	QTY Awarded	Sept.05	Oct.05	Nov.05	Dec.05	Jan.06	Feb.06
1	186187	Pole Wood Treated 10.0 Metres Medium CCA	25,000	4,500	4,500	4,500	4,500	4,500	2,500
2	186188	Pole Wood Treated 11.0 Metres Medium CREOSOTE	12,000	2,000	2,000	2,000	2,000	2,000	2,000
3	186189	Pole Wood Treated 12.0 Metres Medium CCA	6,000	1,000	1,000	1,000	1,000	1,000	1,000
4	186190	Pole Wood Treated 14.0 Metres Medium CREOSOTE	2,500	500	500	500	500	250	250
5	186191	Pole Wood Treated 15.0 Metres Medium CREOSOTE	2,500	500	500	500	500	250	250
6	186194	Pole Wood Treated 17.0 Metres Medium CREOSOTE	1,100	220	220	220	220	110	110
7	186192	Pole Wood Treated 18.0 Metres Medium CREOSOTE	900	150	150	150	150	150	150

TOTAL QUANTITY AWARDED 50,000

SPDW
PL Deal -
NOTE -
29/9

cc: CTC Members

28th September 2005

Your Ref: T&A

Risk Management Insurance Brokers Ltd
7th Floor, Cotts House
P.O. Box 41030 - 00100
Nairobi

(Att: Mr. Mbutia)

Dear Sirs,

Re: Performance Bond in Favour of
Kenya Power & Lighting Co. Ltd
Tenderer/Insured: Timber Treatment International Ltd

We refer to our meeting of this morning between your Mr. Mbutia/Joyce and our Mr. Chege/Elizabeth on the above matter.

We are working on the documentation in respect of the above bond in liaison with our external lawyers. We are advised that the same will take at least two days from today to be completed. We regret that your request to furnish you with the guarantee before the close of business today will not be practically possible.

Kindly revert.

Yours faithfully,

E. Koskei (Mrs)
Legal Officer

C

One Dimension in Insurance

A P A Insurance Limited

6th Floor, Hughes Building, Kenyatta Avenue, P.O. Box 30065, Nairobi 00100, Kenya

Tel: 254 (0)20 286 2000 Fax: 254 (0)20 286 2100 E-mail: info@apainurance.org Web site: www.apainurance.org

Directors: John P. M. Simba, Ashok Shah*, Brahmachand M. Shah, Shashikanti M. Shah, Hubris Holdings Limited, Surendra J. Shah*, James O. Ochieng

APPENDIX 1-PRICE COMPARISON WITH THE PRICES QUOTED IN THE PREVIOUS TENDERS

POLE SIZE	TREATED TIMBER PRODUCTS UNIT PRICE EX VAT	UNIT PRICE EX VAT CATEGORY 1	UNIT PRICE EX VAT CATEGORY 2	TREATED TIMBER PRODUCTS UNIT PRICE EX VAT KPLC/PT/S/17/04	TREATED TIMBER INTERNATIONAL UNIT PRICE EX VAT KPLC/ST/LP/115/05	CABRO EAST AFRICA UNIT PRICE EX VAT KPLC/PT/S/17/04
10M	9,631.19	13,417.15	10,482.06	5,837.50	5,46.55	
11M	11,816.95	15,134.81	13,148.46	8,541.14	6,724.14	
12M	13,073.13	17,711.38	14,499.69	7,877.08	7,715.52	
14M	-	21,533.15	21,449.14	14,465.91	-	
15M	-	28,003.34	28,475.83	17,377.50	-	
17M	-	36,713.47	40,440.37	20,627.10	-	
18M	-	40,865.81	44,550.41	22,118.75	-	

NOTE

ALL THE PRICES QUOTED ARE UNIT PRICES DELIVERED NAIROBI EXCLUSIVE OF VAT
 The prices quoted on offer 1 and 2 are more expensive as compared to the offers from the two local firms as shown above

LANDED COST ARE AS FOLLOWS

- 1 Treated Timber Products Tender KPLC PT/S/17/04 -APPENDIX 11A & 11B(I)
- 2 Treated Timber Products offer 1 -APPENDIX 1A
- 3 Treated Timber Products offer 2 -APPENDIX 1B

APPENDIX II A

KPLC-PT.S-17-04 - SUPPLY OF TREATED WOOD POLES - OFFERS BY CABRO & TREATED TIMBER

Exchanging rate used	1ZAR = Ksh.	1.8752 as at 01.11.04 - Stanchart.	11M	12M	14M	15M	17M	18M
2 CABRO EAST AFRICA (Ksh)	186187	186188	186189	186190	186191	186192	186193	186194
Delivered to Nairobi, VAT incl	6,550.00	7,800.00	8,950.00	9,950.00	10,950.00	11,950.00	12,950.00	13,950.00
Delivered to Nakuru, VAT incl	6,850.00	8,100.00	9,250.00	10,250.00	11,250.00	12,250.00	13,250.00	14,250.00
Delivered to Kisumu, VAT incl	6,600.00	7,850.00	8,950.00	9,950.00	10,950.00	11,950.00	12,950.00	13,950.00
4 TREATED TIMBER (ZAR)	10M	11M	12M	14M	15M	17M	18M	
U.S.F MOIMPASA	186187	186188	186189	186190	186191	186192	186193	186194
FORMULA	186187	186188	186189	186190	186191	186192	186193	186194
1 FROM MOIMPASA	396.10	542.65	613.10	673.10	723.10	773.10	823.10	873.10
2 FROM MOIMPASA	131.77	166.93	188.60	209.91	229.91	249.91	269.91	289.91
3 FROM MOIMPASA	527.87	709.58	801.70	873.10	923.10	973.10	1023.10	1073.10
4 FROM MOIMPASA	2.64	3.55	4.01	4.38	4.75	5.12	5.49	5.86
5 FROM MOIMPASA	530.51	713.13	805.71	877.10	927.10	977.10	1027.10	1077.10
6 FROM MOIMPASA	14.52	19.51	22.05	24.59	27.13	29.67	32.21	34.75
7 FROM MOIMPASA	3.96	5.43	6.13	6.83	7.53	8.23	8.93	9.63
8 FROM MOIMPASA	1.06	1.42	1.60	1.78	1.96	2.14	2.32	2.50
9 FROM MOIMPASA	84.88	114.10	128.91	143.72	158.53	173.34	188.15	202.96
10 FROM MOIMPASA	7.92	10.64	12.03	13.42	14.81	16.20	17.59	18.98
11 FROM MOIMPASA	642.84	864.23	976.43	1,088.63	1,200.83	1,313.03	1,425.23	1,537.43
12 FROM MOIMPASA	557.96	750.13	847.52	934.91	1,022.30	1,109.69	1,197.08	1,284.47
13 FROM MOIMPASA	7,741.81	10,408.21	11,759.44	13,110.67	14,461.90	15,813.13	17,164.36	18,515.59
14 FROM MOIMPASA	8,919.56	11,991.38	13,548.14	15,104.90	16,661.66	18,218.42	19,775.18	21,331.94
15 FROM MOIMPASA								
16 FROM MOIMPASA								

Handwritten notes and signatures:
 17/2005
 [Signature]
 1/12/05

APPENDIX IIB (I)		US DESTINATIONS - TREATED TIMBER				Total		Est. Delivered/	
DELIVERED COSTS TO VARIOUS DESTINATIONS - TREATED TIMBER	Rate Per Pole per Km (Ksh)	Distance In Km	Transportation Cost/Pole (Kshs)	Landed Cost of Pole at Port (Kshs)	Cost of Pole delivered to Destination (Kshs)	Awarded Quantity	Costs To Destination (Kshs)		
1	10 M Wood Treated -Size Medium (Mbaraki-Msa)	3.00	16.95	7,741.81	7,758.76				
2	10M Medium (Nairobi)	485	2,740.25	7,741.81	10,482.06				
3	10 M Medium (Nakuru)	641	3,621.65	7,741.81	11,363.46				
4	10 M Medium (Kisumu)	834	4,712.10	7,741.81	12,453.91				
5	11 M Medium (Mbaraki-Msa)	3.00	16.95	10,408.21	10,425.16				
6	11 M Medium (Nairobi)	485	2,740.25	10,408.21	13,148.46				
7	11 M Medium (Nakuru)	641	3,621.65	10,408.21	14,029.86				
8	11 M Medium (Kisumu)	834	4,712.10	10,408.21	15,120.31				
9	12 M Medium (Mbaraki-Msa)	3	16.95	11,759.44	11,776.39				
10	12 M Medium (Nairobi)	485	2,740.25	11,759.44	14,499.69				
11	12 M Medium (Nakuru)	641	3,621.65	11,759.44	15,381.09				
12	12 M Medium (Kisumu)	834	4,712.10	11,759.44	16,471.54				
13	14 M Medium (Mbaraki-Msa)	3.00	16.95	18,708.89	18,725.84	500	9,362,920.00		
14	14 M Medium (Nairobi)	485	2,740.25	18,708.89	21,449.14	2,100	45,043,194.00		
15	14 M Medium (Nakuru)	641	3,621.65	18,708.89	22,330.54	1,600	35,728,864.00		
16	14 M Medium (Kisumu)	834	4,712.10	18,708.89	23,420.99	800	18,736,702.00		
17	15 M Medium (Mbarak-Msal)	3.00	16.95	25,735.58	25,752.53	200	5,150,506.00		
18	15 M Medium (Nairobi)	485	2,740.25	25,735.58	28,475.83	828	23,577,987.24		
19	15 M Medium (Nakuru)	641	3,621.65	25,735.58	29,357.23	600	17,614,388.00		
20	15 M Medium (Kisumu)	834	4,712.10	25,735.58	30,447.68	200	6,089,538.00		
17	17 M Medium (Mbaraki-Msa)	3	16.95	37,700.12	37,717.07	100	3,771,707.00		
18	17 M Medium (Nairobi)	485	2,740.25	37,700.12	40,440.37	464	18,764,331.68		
19	17 M Medium (Nakuru)	641	3,621.65	37,700.12	41,321.77	200	8,264,354.00		
20	17 M Medium (Kisumu)	834	4,712.10	37,700.12	42,412.22	100	4,241,222.00		
21	18 M Medium (Mbaraki-Msa)	3	16.95	41,810.16	41,827.11	100	4,192,711.00		
22	18 M Medium (Nairobi)	485	2,740.25	41,810.16	44,550.41	218	9,711,989.38		
23	18 M Medium (Nakuru)	641	3,621.65	41,810.16	45,431.81	150	6,814,771.50		
24	18 M Medium (Kisumu)	834	4,712.10	41,810.16	46,522.26	50	2,326,113.00		
				Total Cost Val Exclusive		Kshs	219,381,336.80		
				Total Cost Val Inclusive		Kshs	254,482,350.69		

10/1/17

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Treated Timber Products offer 1 - APPENDIX 1A
 LANDED COST FOR CATEGORY 1 (POLE DIMENSIONS DELIVERED OVER PAST FOUR YEARS)

	10M	11M	12M
	US\$	US\$	US\$
LANDED COST FOR CATEGORY 1	831	1081	12188
FOB MOMBASA	831	1081	1219
FREIGHT STATED OR 10% FOB	9142	11891	13407
C&F	046	059	067
INSURANCE 0.5% C&F	9142	11891	13474
CIF	251	327	369
IDF CHARGES 2.75% C&F	083	108	122
L/C CHARGES 0.25% FOB Per quarter	0.18	0.24	0.27
BANK CHARGES 0.2% C&F			
DUTY 0% CIF	14.63	19.03	21.56
VAT 16% (CIF + DUTY)	1.37	1.78	2.01
HANDLING 1.5% C&F	110.95	144.31	163.48
LANDED COST	96.32	125.28	141.92
LANDED COST LESS VAT	7,320.26	9,521.47	10,786.17
LANDED COST LESS VAT (KSHS)	8,431.93	10,967.42	12,424.59
LANDED COST VAT INCL (KSHS)	2,740.25	2,740.25	2,740.25
ADD TRANSPORT TO NBI	11,172.18	13,707.67	15,164.84
LANDED COST NBI VAT INCL (KSHS) (16% VAT)	9,631.19	11,816.95	13,073.13
LANDED COST NBI VATEXCL (KSHS)			
PRICE QUOTED BY TREATED TIMBER INTERNATIONAL	6771.5	9907.72	9137.41
LANDED COST NBI VAT INCL (KSHS) (16% VAT)	5837.5	8541.137931	7877.077586
LANDED COST NBI VATEXCL (KSHS)	3,793.69	3,275.81	5,196.06
PRICE DIFFERENCE			

NOTE
 Treated Timber Products are more expensive as compared to Timber Treatment International as shown by the price difference above

Treated Timber Products offer 2 APPENDIX 1B

POLE DIMENSIONS AS PER TENDER NUMBER KPLC/ST/LP/115/05

LANDED COST FOR CATEGORY :

	10M	11M	12M	14M	15M	17M	13M
FOR MOMBAŞA	126.36	145.91	174.55	218.18	291.82	390.91	438.18
FRIGHT STATED OR 10%FOB	12.64	14.59	17.46	21.82	29.18	39.09	43.82
C&F	139.00	160.50	192.00	240.00	321.00	430.00	482.00
INSURANCE 0.5%C&F	0.70	0.80	0.96	1.20	1.61	2.15	2.41
CIF	139.70	161.30	192.96	241.20	322.61	432.15	484.41
IMP. CHARGES 2.75%C&F	3.82	4.41	5.28	6.60	8.83	11.83	13.26
LIC CHARGES 0.25%FOB Per quarter	1.26	1.46	1.75	2.18	2.92	3.91	4.36
BANK CHARGES 0.2%C&F	0.28	0.32	0.38	0.48	0.64	0.86	0.96
DUTY 0%CIF							
VAT 16%(CIF+DUTY)	22.35	25.81	30.87	38.59	51.62	69.14	77.51
HANDLING 1.5%C&F	2.09	2.41	2.88	3.60	4.82	6.45	7.23
LANDED COST	169.50	195.71	234.12	292.65	391.42	524.34	587.75
LANDED COST LESS VAT	147.14	169.90	203.25	254.06	339.81	455.19	510.24
LANDED COST LESS VAT (KSHS)	11,182.95	12,912.69	15,446.96	19,308.70	25,825.39	34,594.75	39,778.30
LANDED COST VAT INCL (KSHS)	12,881.64	14,874.13	17,793.36	22,241.69	29,748.26	39,849.70	44,668.73
AND TRANSPORT TO NBI	2,740.25	2,740.25	2,740.25	2,740.25	2,740.25	2,740.25	2,740.25
LANDED COST NBI VAT INCL (KSHS)(16%VAT)	15,621.89	17,614.38	20,533.61	24,981.94	32,488.51	42,589.95	47,408.98
LANDED COST NBI VATEXCL (KSHS))	13,467.15	15,184.81	17,701.38	21,536.15	28,007.34	36,715.47	40,869.81

PRICE QUOTED BY TREATED TIMBER INTERNATIONAL

LANDED COST NBI VAT INCL (KSHS)(16%VAT)	6,771.50	9,907.72	9,137.41	16,780.46	20,157.90	23,927.44	25,657.75
LANDED COST NBI VATEXCL (KSHS))	5,837.50	8,541.14	7,877.08	14,465.91	17,377.50	20,627.10	22,118.75

PRICE DIFFERENCE

	7,629.65	6,643.67	9,824.31	7,070.24	10,629.84	16,088.37	18,751.06
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NOTE:

Treated Timber Products are more expensive as compared to Timber Treatment International as shown by the price difference above

APPENDIX 2				TENDER NUMBER	
OUTSTANDING ORDERS OF TREATED WOOD POLES				KPLC/STL/P/15/05	
		TENDER NUMBER KPLC/PTS/17/04	LIGHT POLES		QTY AWARDED
		QTY AWARDED			INTERNATIONAL
		TO TREATED	TO TREATED	TO CABRO	QTY AWARDED
		TIMBER PRODUCTS	TIMBER PRODUCTS	EAST AFRICA	TIMBER TREATMENT
POLE SIZE	CODE				
TREATED WOOD POLE 10.0 METRES	186187	-	2,809	-	25,000
TREATED WOOD POLE 11.0 METRES	186188	-	4,554	-	12,000
TREATED WOOD POLE 12.0 METRES	186189	-	-	-	6,000
TREATED WOOD POLE 14.0 METRES	186190	5,000	-	-	2,500
TREATED WOOD POLE 15.0 METRES	186191	1,828	-	-	1,100
TREATED WOOD POLE 17.0 METRES	186144	864	-	-	900
TREATED WOOD POLE 18.0 METRES	186192	518	-	-	-
TOTAL QUANTITY AWARDED		8,210	7,363		50,000
QTY DELIVERED		8,210	7,363		
OUTSTANDING					

APPENDIX 3

AWARD TO TIMBER TREATMENT INTERNATIONAL TENDER NUMBER KPLC/ST/LP/115/05

ITEM CODE	ITEM DESCRIPTION	QTY	UNIT PRICE DEL NBI VAT INCL KSH	TOTAL PRICE DEL NBI INCL KSH
186187	Pole Wood Treated 10.0 Metres Medium CCA	25,000	6,771.50	169,287,500.00
186188	Pole Wood Treated 11.0 Metres Medium CREOSOTE	12,000	9,907.72	118,892,640.00
186189	Pole Wood Treated 12.0 Metres Medium CCA	6,000	9,137.41	54,824,460.00
186190	Pole Wood Treated 14.0 Metres Medium CREOSOTE	2,500	16,780.46	41,951,150.00
186191	Pole Wood Treated 15.0 Metres Medium CREOSOTE	2,500	20,157.90	50,394,750.00
186144	Pole Wood Treated 17.0 Metres Medium - CREOSOTE	1,100	23,927.44	26,320,184.00
186192	Pole Wood Treated 18.0 Metres Medium CREOSOTE	900	25,657.75	23,091,975.00
TOTAL COST DEL KSH. VAT INCLUSIVE				484,762,659.00

APPENDIX A

CARBRO (EA) LTD - POLES DELIVERIES STATUS-Progress

DATE	D/NOTE NO	10MM (32')	11MM (36')	12MM (40')	TOTAL DELIVERED	Month Total
30-Jun-05	2	8	23	29	60	
3-Jul-05	4	15	14	21	50	
3-Jul-05	3	10	15	25	50	
4-Jul-05	5	48	0	0	48	
11-Jul-05	6	0	0	50	50	
14-Jul-05	8	0	0	50	50	
14-Jul-05	9	0	0	50	50	
15-Jul-05	7	0	0	50	50	
20-Jul-05	10	0	50	0	50	
21-Jul-05	11	0	0	50	50	
23-Jul-05	12	78	0	0	78	
23-Jul-05	13	60	0	0	60	
23-Jul-05	14	42	0	18	60	
25-Jul-05	15	0	3	47	50	
27-Jul-05	16	9	22	25	56	
28-Jul-05	17	14	17	29	60	
29-Jul-05	18	8	13	29	50	
30-Jul-05	19	35	12	1	48	
30-Jul-05	20	11	13	21	45	1,007
3-Aug-05	22	0	4	46	50	
5-Aug-05	23	2	13	35	50	
8-Aug-05	24	2	10	38	50	
10-Aug-05	25	0	0	55	55	
11-Aug-05	26/27/28/21	21	87	101	209	
12-Aug-05	29	0	1	54	55	
13-Aug-05	30/31	14	65	35	114	
22-Aug-05	32	23	10	17	50	
23-Aug-05	33/34	110	0	0	110	
24-Aug-05	35/36/37	107	35	23	165	
25-Aug-05	38	31	20	4	55	
26-Aug-05	39	40	15	0	55	
29-Aug-05	40/41/42	76	43	48	167	
30-Aug-05	43/44/45	53	51	63	167	
31-Aug-05	46	36	10	1	47	1,399
1-Sep-05	0	0	0	0	0	
2-Sep-05	0	0	0	0	0	
5-Sep-05	47	55	0	0	55	
9-Sep-05	49	53	7	0	60	
12-Sep-05	50/51/52	97	10	69	176	
13-Sep-05	0	0	0	0	0	
14-Sep-05	55/56	65	50	0	115	
15-Sep-05	0	0	0	0	0	
16-Sep-05	57/58	51	26	23	100	
19-Sep-05	61	39	11	5	55	
20-Sep-05	64/65	88	24	0	112	
21-Sep-05	0	0	0	0	0	
22-Sep-05	0	0	0	0	0	
23-Sep-05	67/68	96	24	0	120	
26-Sep-05	73/74/75	119	34	26	179	
28-Sep-05	76/78	81	31	8	120	
29-Sep-05						
30-Sep-05						1,092
TOTALS		1589	763	1146	3498	3498
QUANTITY IN STOCK		119	33	1138		

TREATED TIMBER PRODUCTS LTD (TTP) ORDER NUMBER 777889

1 TTP proforma invoice on 1st September 2005 with higher freight charges as follows

Description	Quantity	Unit price FOB ZAR	Unit freight (Old)	Sea	Unit freight (New)	Sea	Unit Sea freight difference ZAR	% Unit sea freight difference
TREATED WOOD POLE 14.0 METRES	5,000	1,015.19	259.91		302.75		42.85	16.5%
TREATED WOOD POLE 15.0 METRES	1,828	1,412.40	341.45		397.72		56.27	16.5%
TREATED WOOD POLE 17.0 METRES	864	2,091.07	477.94		556.70		78.76	16.5%
TREATED WOOD POLE 18.0 METRES	518	2,329.69	519.29		604.87		85.58	16.5%
TOTAL			2,605,652.98		3,035,093.62		429,440.64	16.5%

2. CTC Paper was done on 02.09.2005 seeking approval for the freight Increase. CTC rejected the increase.

3. The same was communicated to TTP who resent a revised Proforma Invoice on the 14.09.2005, reverting back to the old freight charges. (as shown in the table above).

4. The order Number 777889 was done on the 14.09.2005

5. The order was signed on 20.09.2005

6. Formal application of IDF was done on 19.09.2005 through CTC

7. Formal application of Letter Credit was done on 20.09.2005

8. Cheque for IDF received by C&F on 23.09.2005

9. C&F formally process the IDF by paying the bank the cheque and KRA

Appendix 1										
A	B	C	D	E	F	G	H	I	J	
Stocks as at 16.09.05	Poles Req's Sept.05	DCS REQ'S 16.09.05	Total Poles Req's	Bal. Required	Expected Deliveries In Sept. 05					September 05 closing balance
			(B+C)	(A-D)	TTT	Cabro	TTI	(F+G+H)	(E-I)	
POLES										
1. 186144 POLE WOOD TREATED 55 6.8MM	0	464	464	-489	464	0	N/A	464	-25	
2. 186187 POLE WOOD TREATED 32 1.8MM	96	34185	34185	-36483	2809	0	404	3213	-33270	
3. 186188 POLE WOOD TREATED 36 1.0MM	25	5023	5023	-6031	4554	0	404	4958	-1073	
4. 186189 POLE WOOD TREATED 40 2.2MM	2569	4592	5636	-3067	0	0	404	404	-2663	
5. 186190 POLE WOOD TREATED 45 3.7MM	173	723	773	-600	1500	0	N/A	1500	900	
6. 186191 POLE WOOD TREATED 50 5.3MM	0	1828	1916	-1916	928	0	N/A	928	-988	
7. 186192 POLE WOOD TREATED 60 8.3MM	0	520	550	-550	300	0	N/A	300	-250	

Notes:

- Column C describes the backlog poles required and reserved for various jobs.
- Column D describes the total requirements for poles in the month of September 05, (B+C).
- Even with delivery of outstanding orders to Treated Timber Products(TTP), we expect stock balances to be inadequate except for pole size 13.7MM - (Note that shipment has not yet been confirmed for codes **186187** and **186188**; for quantity 2809 for the 10 MM size, this is only a months supply and we have DCS pending requirements of over 3300 poles).
- Order quantities bolded are in transit and are expected in the stores ready by 30.9.05.
- KPLC Wood scientist advises that the soonest we can expect deliveries from TTI is within 4 months to facilitate seasoning and treatment.
- Assumption is that deliveries of poles by suppliers will be made as per the schedule indicated - very optimistic.**

Appendix 2									
A	B	C	D	E	F	G	H	I	J
Backlog	AMC	Total Poles Req's Oct. 05	Expected Deliveries in October 05					October 05 stk/mtlts	Total deficit poles
			TTT	Cabro	(D+E +F)				
September 05 closing balance									
1. 186144 POLE WOOD TREATED 55 6.8MM	-25	(50)	400	N/A	400	16.0		350	
2. 186187 POLE WOOD TREATED 32 1.8MM	(33,270)	(35,664)	0	450	450	0.2		(35,214)	
3. 186188 POLE WOOD TREATED 36 1.0MM	(1,073)	(2,106)	0	450	450	0.4		(1,656)	
4. 186189 POLE WOOD TREATED 40 2.2MM	(2,663)	(3,707)	0	450	450	0.4		(3,257)	
5. 186190 POLE WOOD TREATED 45 3.7MM	900	850	2000	N/A	2000	39.9		(1,100)	
6. 186191 POLE WOOD TREATED 50 5.3MM	(988)	(1,076)	900	N/A	900	10.2		(176)	
7. 186192 POLE WOOD TREATED 60 8.3MM	(250)	(280)	218	N/A	218	7.3		(62)	

Notes:

- Column A refers to the balance of poles requirements carried forward from the month of September 05
- Column C describes the total poles required (A+B); inclusive of the requirements for the month of October 05

Requirements due to current usage and requirements all sizes not including 16.8MM and 13.7MM will need to be frequently replenished as

Appendix 3									
	A	B	C	D	E	F	G	H	I
	October Outstanding pole balance	AMC Req's Nov 05	Bal Required (A+B)	Expected Deliveries in November TTP	TTI	Cabro	Concrete (D+E+F)	Nov. stk/mths	November closing poles balance
POLES									
1	1861441 POLE WOOD TREATED 55' 16.8MM	350	25	325	0	0	0	0.0	325
2	1861871 POLE WOOD TREATED 32' 9.8MM	(35,214)	2,394	(37,608)	0	0	500	0.2	(37,108)
3	1861881 POLE WOOD TREATED 36' 11.0MM	(1,656)	1,033	(2,689)	0	0	500	0.5	(2,189)
4	1861891 POLE WOOD TREATED 40' 12.2MM	(2,857)	1,044	(4,301)	0	0	500	29.9	(3,801)
5	1861901 POLE WOOD TREATED 45' 13.7MM	2,850	50	2,800	1,500	0	1,500	0.0	4,300
6	1861911 POLE WOOD TREATED 50' 15.3MM	(176)	88	(264)	0	0	0	0.0	(264)
7	1861921 POLE WOOD TREATED 60' 18.3MM	(62)	30	(92)	0	0	0	0.0	(92)

Appendix 4									
	A	B	C	D	E	F	G	H	I
	November 05 outstanding poles balance	AMC Req's Dec.	Bal required. (A+B)	Expected Deliveries stocks in December 05 TTP	TTI	Cabro	Concrete Poles (D+E+F)	Dec. stk/ mths	Total deficit poles
POLES									
1	1861441 POLE WOOD TREATED 55' 16.8MM	325	25	300	0	0	0	0.0	300
2	1861871 POLE WOOD TREATED 32' 9.8MM	(37,108)	2,394	(39,502)	0	0	1,300	1,800	0.8
3	1861881 POLE WOOD TREATED 36' 11.0MM	(2,189)	1,033	(3,222)	0	0	700	1,200	1.2
4	1861891 POLE WOOD TREATED 40' 12.2MM	(3,801)	1,044	(4,845)	0	0	500	1,000	1.0
5	1861901 POLE WOOD TREATED 45' 13.7MM	4,300	50	4,249	0	0	N/A	N/A	0.0
6	1861911 POLE WOOD TREATED 50' 15.3MM	(264)	88	(352)	0	0	N/A	N/A	0.0
7	1861921 POLE WOOD TREATED 60' 18.3MM	(92)	30	(122)	0	0	N/A	N/A	0.0

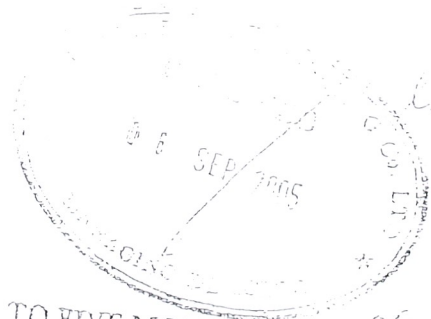
- NOTES:
- All sizes of poles in the month of December 05 except for the 16.8MM & 13.7MM will be insufficiently stocked at the warehouses.
 - Expect the deliveries of concrete poles to begin from the firm awarded and it is expected that 2500 poles (with the preferred allocation indicated) to be delivered on a monthly basis. With no further deliveries of 10MM, 11MM and 12MM poles, our stock position will still not be adequate for our operations.
 - Total deficit of poles expected by the end of December is detailed in the last column.
 - INFERENCE: We strongly recommend urgent procurement of all sizes of poles on expediency-basis to supplement the current order deliveries, as well as enable the situation to stabilize.

Supply No: 2005

Metropolitan Lighting Co Ltd
 P.O. Box 13234 2013 GBSB

ATTENTION: MANAGING DIRECTOR

Dear Sirs



SUPPLY OF WOODEN POLES OVER NEXT FOUR TO FIVE MONTHS

We have divided the poles available into two categories as detailed below:

Category 1 - Pole dimensions delivered over past four years

Length	Minimum Top Diameter	Minimum G/Line Diameter	CRF Mombasa	Quantity
10m	140mm	180mm	\$ 91.42	12 400
11m	150mm	195mm	\$118.91	11 000
12m	150mm	200mm	\$134.07	5 500
				<u>28 900</u>

Above quantities can be delivered over a period of 4 to 5 months after receipt of a Letter of Credit. Delivery is dependent on availability of suitable shipping space.

Category 2 - Pole dimension as per July 2005 tender with a safety factor of 3.5

Length	Minimum Top Diameter	Minimum G/Line Diameter	CRF Mombasa	Quantity
10m	180mm	220mm	\$ 139.00	9 000 ✓ 10,000
11m	185mm	230mm	\$ 160.50	8 000 ✓ 3,000
12m	190mm	240mm	\$ 192.00	9 400
14m	200mm	270mm	\$ 249.00	2 500
15m	210mm	290mm	\$ 321.00	2 500
17m	220mm	320mm	\$ 430.00	1 100
18m	225mm	330mm	\$ 482.00	900
				<u>33 400</u>

Supplies Manager
[Signature]

Directors: H W Holley (Managing Director) C G H Holley (Chairman)

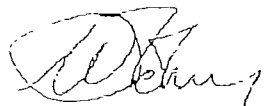
1. 100 poles - Delivery period of 4 to 5 months. Hereafter quantities can be adjusted
2. 500 poles - Delivery will commence after current contract expires i.e. delivery commencing January 2006. Delivery is dependent on availability of suitable shipping space

The above quantities are subject to the receipt of a letter of credit by 15 September 2005. Final quantities will be confirmed before the end of September 2005.

In order to reduce pole prices we recommend that Kona Power & Lighting Co Ltd consider reducing their current Safety Factor from 3.5 times to a more acceptable norm of 1.5 or 2.0 times Safety Factor. This action will significantly reduce the pole volumes (and weight) and will therefore reduce the pole price significantly without compromising safety.

Should you wish to reduce the Safety Factor we will review the prices and give you a revised delivery schedule.

Yours sincerely



HOWARD HOLLEY
MANAGING DIRECTOR

K.P.L.C.

FROM: COMPANY SECRETARY
TO: SUPPLIES MANAGER
REF: SEC.K3.LNK.HK

11th August, 2005

MEASURES TO REDRESS THE CURRENT POLES SHORTAGE

BOARD DECISION

At its meeting held on 9th August, 2005, the Board directed Management to take the following measures to mitigate the damage which the shortage of treated poles was causing to the business of the Company:

- a) Provide the letter of credit expeditiously to the local supplier, Cabro East Africa to facilitate deliveries as earlier approved by the Central Tender Committee.
- b) Commence the process and procure concrete poles.
- c) Purchases untreated poles from farmers and arranges for their treatment directly with the existing treatment facilities.
- d) Explores prospects of purchasing the Gilgil Poles Treatment facility when it comes up for sale.
- e) Purchases poles which Messrs. Treated Timber (Pty) are able to deliver subject to approval of the Government.

Please take the necessary action.


L. K. NJAGI (MRS)

CC Managing Director

CTC/260/05

PURCHASE OF TREATED WOOD POLES ON EX-STOCK BASIS FROM M/S TREATED TIMBER PRODUCTS PTY.

CTC paper prepared by Annie Gatukur - Supplies Manager was considered..

CTC noted that the stop-gap tender sent to selective bidders

THE KENYA POWER & LIGHTING COMPANY LTD.

PAPER TO THE CENTRAL TENDER COMMITTEE

PURCHASE OF TREATED WOOD POLES ON EX-STOCK BASIS FROM M/S
TREATED TIMBER PRODUCTS PTY

CTC paper prepared by A. Ganukui - Supplies Manager

INTRODUCTION

In the Board Meeting held on 9th August, 2005 in which Mr. Howard Holley of M/s Treated Timber Products PTY (TTP) was invited, the Board noted the serious shortage of treated wood poles and requested Mr. Howard Holley of TTP to advise management of their stock of various sizes of treated wood poles.

M/s TTP sent a quotation dated 10th August 2005 (copy attached) confirming the quantities available for supply within the next four months.

PRICE COMPARISON

Price comparison with the previous tender prices and outstanding orders is as per attached **Appendix I**.

The dimensions of poles offered under category one in their quotation are the sizes that we have been procuring in our previous contracts with M/s Treated Timber. In the face of the crises of shortages of poles these poles can be used as light poles on the stalled projects.

The dimensions of poles offered in category two are as per the revised specification for medium size poles sent out to the suppliers in our stop-gap tender KPLC/ST/115/05 which will close on 19th August, 2005.

It is noted that completion of various projects has stalled due to shortage of treated wood poles and accessories which are expected in stores at the end of August 2005.

OUTSTANDING ORDERS

We have outstanding orders with M/s Cabro East Africa and M/s Treated Timber as detailed in the attached **Appendix 2**.

M/s Cabro E A has not delivered the poles as per their contractual delivery schedule. The Status of deliveries is attached for reference. They were issued with a letter of credit on 10th August 2005 and it is hoped they shall escalate the deliveries of the poles.

However, since they have delivered very few poles since May 2005, it is prudent to procure poles from a different supplier on emergency ex-stock basis for use on the stalled projects.

SOURCE OF FUNDS

These poles are expected to be used on the Rural Electrification projects whose completion has delayed due to lack of treated wood poles. Funds for RE projects will be used to finance this procurement.

Though the poles are stock items they will not be kept in the stores and therefore their procurement and receipt within four months will not affect the stock holding costs.

PURCHASE RECOMMENDATION

It is recommended that the poles offered under category one be procured as light poles while those offered under category two be procured as medium poles in accordance with the revised specifications sent out with tender No. KPLC/ST/115/05 as follows:-

Category One:

Length	Min Top Dimension	Min ground Dimension	Unit Price US \$	Quantity	Total Price US \$ C & F
10m	140mm	180mm	\$91.42	12,400	1,133,608
11m	150mm	195mm	\$118.91	11,000	1,308,010
12m	150mm	200mm	\$134.07	5,500	737,385
14m	160mm	220mm	\$189.29	2,500	473,225
				31,400	3,652,228

Category Two:

Length	Min Top Dimension	Min ground dimension	Unit Price US \$	Quantity	Total Price US \$ C & F
10m	180mm	220mm	\$161.16	6,000	966,960
11m	185mm	230mm	\$191.13	8,600	1,643,718
12m	190mm	240mm	\$228.67	9,400	2,149,498
				24,000	4,760,176

The supplier shall be required to submit test reports in accordance with Kenya Bureau of Standards requirements and our specifications for light poles for category one and medium size poles for category two and then submit the test reports to us for approval before shipment.

AUTHORITY

CTC is requested to award the contract for supply of quantity 55,400 poles on emergency stop-gap basis to M/s Treated Timber products Pty at total C&F US \$ 8,412,404.00.

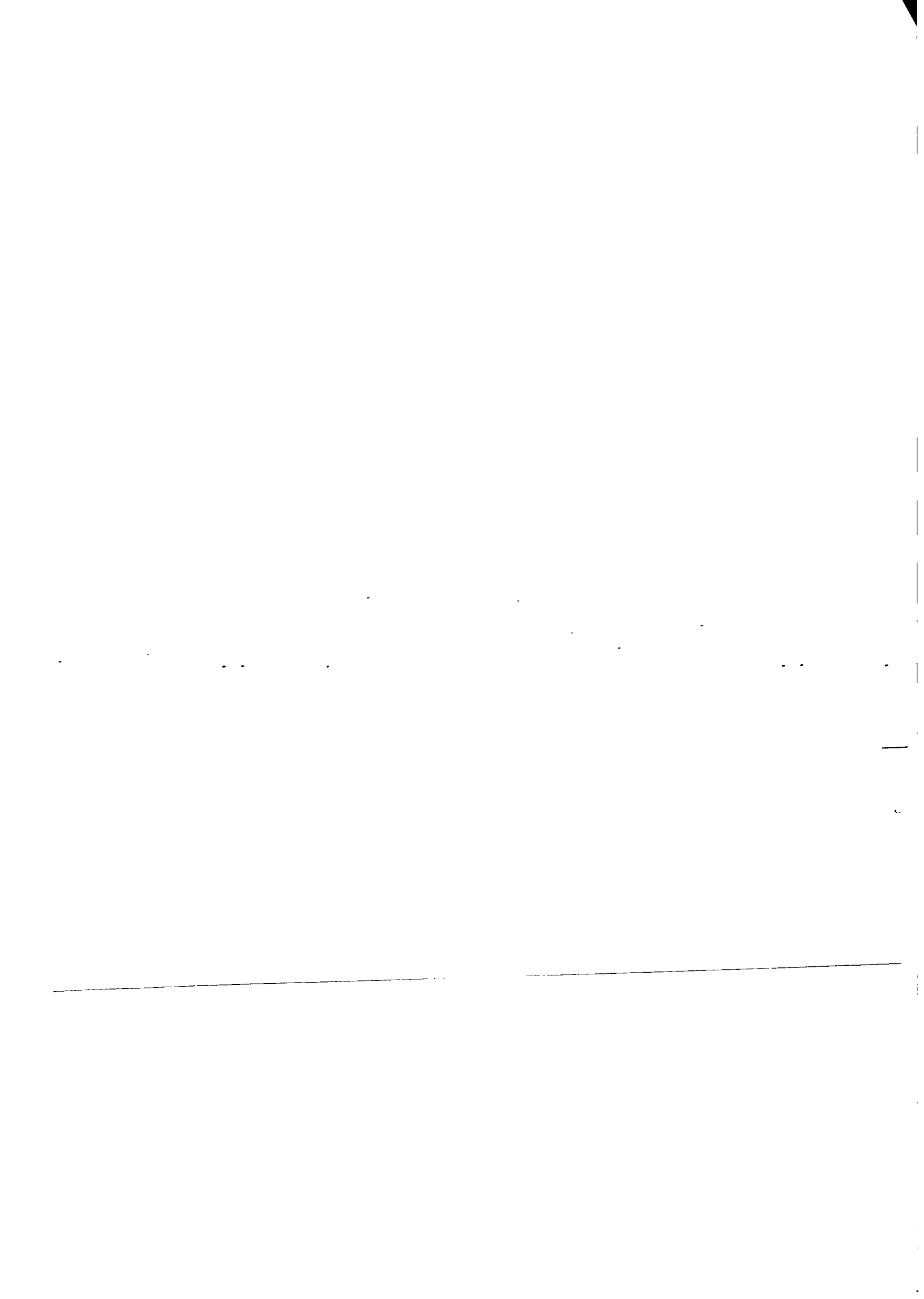
The total cost delivered is **Ksh. 802,990,837.00** plus 16% VAT. Delivery shall be completed within four months after award. Payment shall be made through letter of credit for 100% of the invoice amount upon presentation of shipping documents to the bank. The shipping documents shall include a letter from KPLC approving shipment of the items.

SIGNED BY.....

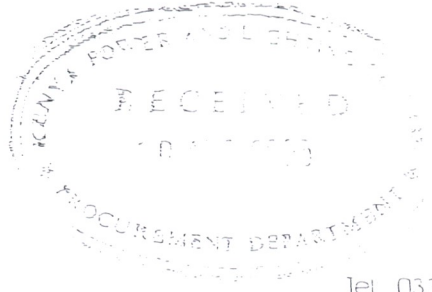


.....DATE.....

11/8/05



URGENT



Treated Timber Products (Pty) Ltd

190 Loop Street, Pietermaritzburg 3201
P.O. Box 13823, Cascades, KwaZulu-Natal 3202 South Africa
Tel: 033 342 2679 Fax: 033 345 5187 E-mail: treated@mweb.co.za

ATTENTION: MR HOWARD HOLLEY ROOM 624

FAX NUMBER: 09 254 020 250 900
2

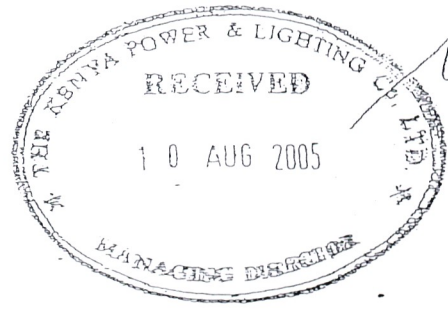
10 AUGUST 2005

Hi Howard,

Attached please find the letters you required.

I hope all is in order.

Regards
Claire



10/8/05
Supplier's Manager

Please present to
the CTC

KPLC - MD -
09254 20337351
09254 20250067

Treated Timber Products (Pty) Ltd

Reg. No 1999/012120/07

190 Loop Street, Pietermaritzburg 3201
 P O Box 13823 Cascades KwaZulu-Natal 3202 South Africa
 Tel: 033 342 2679 Fax: 033 345 5187 E-mail: treatedt@mweb.co.za

10 August 2005

Kenya Power & Lighting Co Ltd
 Nairobi, Kenya

Managing Director

Re: Supply of Treated Wooden Poles

Thank you for arranging for me to address your Board during your Board meeting held yesterday. I undertook to supply you with the list of poles we have in stock available for supply to KPLC during the next four months. Your Board requested me to advise you of our stock in two categories.

Category One – Pole dimensions delivered over past four years.
 Category Two – Pole dimensions as per your July 2005 Tender.

Category One:

Length	Min Top Diam.	Min Ground Line	USD Unit CIF Price	Quantity
10m	140mm	180mm	\$91.42	12400
11m	150mm	195mm	\$118.91	11000
12m	150mm	200mm	\$134.07	5500
14m	160mm	220mm	\$189.29	2500
				31400

Category Two:

Length	Min Top Diam.	Min Ground Line	USD Unit CIF Price	Quantity
10m	180mm	220mm	\$161.16	6000
11m	185mm	230mm	\$191.13	8600
12m	190mm	240mm	\$228.67	9400
				24000

TREATED TIMBER PRODUCTS (PTY) LTD
 P O BOX 13823, CASCADES, KWAZULU-NATAL
 3202 SOUTH AFRICA
 TEL: +27 333422679

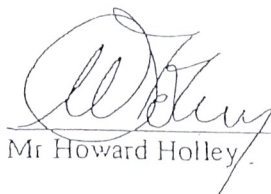
The poles in Category Two will form part of your July 2005 Tender but these poles will be available for delivery before the Tender adjudication process is completed.

Delivery will depend on the availability of suitable shipping space. This could be a problem

This offer is valid for acceptance up to noon 16 August 2005.

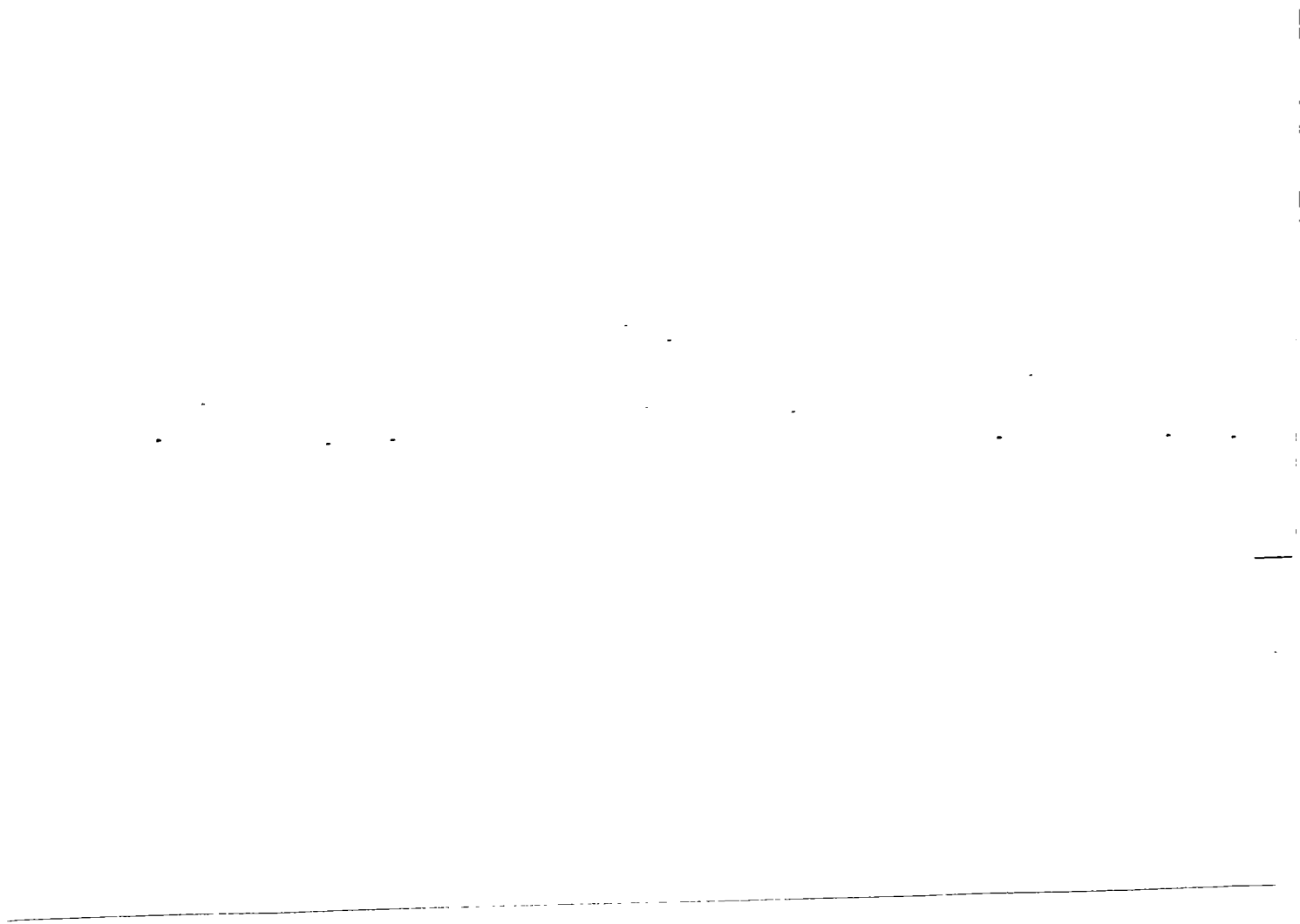
Payment will be by irrevocable letter of credit for 100% of the invoice amount payable on date of presentation of shipping documents

Regards



Mr Howard Holley

TREATED TIMBER PRODUCTS (Pty) LTD.
P. O. Box 11020, CASCADES KWAZULU
NATAL 3202 SOUTH AFRICA
TEL: +27 333422679



APPENDIX 1

ICE COMPARISON ON OFFERS FROM TREATED TIMBER PRODUCTS FOR TREATED WOOD POLES

CATEGORY 1 OFFER		CATEGORY 2 OFFER		TENDER NO. KPLC/PT/SH/704		CABRO ORDERS DELIVERED TO NAIROBI-UNIT KSH
SIZE	QTY OFFERED	QTY OFFER 2	UNIT PRICE C&F IN US\$	UNIT PRICE C&F offer 2	UNIT IN ZAR C&F TTP	
10M Landed	12,000	6,000	9,142	15,237.67	ZAR 527.97 Ksh 10,482.06	5,646.35
11M Landed	11,000	8,500	118.91	191.13	ZAR 709.58 Ksh 13,148.46	6,724.14
12M Landed	5,500	9,400	134.07	228.67	ZAR 801.7 Ksh 14,499.69	7,715.52
14M Landed	2,500		189.29	20,630.84	ZAR 1275.1 Ksh 21,449.14	198.97
Total Cost for offer		Total Cost for offer 2		336,988,730 + VAT		
EX RATE = 1 US\$ = KSH 76.00		EX RATE = 1 US\$ = KSH 76.00		EX RATE = 1 US\$ = KSH 76.00		
ZAR = KSH 1174		ZAR = KSH 1174		ZAR = KSH 1174		
LANDINGS DELIVERED FOR NAIROBI						
ALL PRICES ARE VAT EXCLUSIVE						

	10M	11M	12M	12M
LANDED COST FOR CATEGORY 2				
FOB MOMBASA	146.51	173.75		207.88
FREIGHT STATED OR 10% FOB	14.85	17.38		20.79
C&F	161.16	191.13		228.67
INSURANCE 0.5% C&F	0.81	0.96		1.14
CIF	161.97	192.08		229.81
IDF CHARGES 2.75% CIF	4.43	5.26		6.29
L/C CHARGES 0.25% FOB Per quarter	1.47	1.74		2.08
BANK CHARGES 0.2% C&F	0.32	0.38		0.46
DUTY 0% CIF	25.91	30.73		36.77
VAT 16% CIF + DUTY	2.42	2.87		3.43
HANDLING 1.5% C&F	196.52	233.06		278.94
LANDED COST	170.60	202.32		242.07
LANDED COST LESS VAT	12.965.87	15.376.58		18.397.01
LANDED COST LESS VAT (KSHS)	14.935.38	17.712.28		21.191.52
LANDED COST VAT INCL. (KSHS)	2.740.25	2.740.25		2.740.25
ADD TRANSPORT (D NDI)	17,675.63	20,452.53		23,931.77
LANDED COST NRI VAT INCL. (KSHS)(16% VAT)	15,237.62	17,631.49		20,630.84
LANDED COST NRI VAT EXCL. (KSHS))				

LANDED COST FOR TENDER NO. KPLC/PT/S/17/04 IN US\$			
FOR MOMBASA	81 542	109 61	123 84
FREIGHT STATED OR 10% OF	8 15	10 96	12 38
C&F	118 91	118 91	118 91
INSURANCE 0 5% C&F	0 59	0 59	0 59
CIF	90 29	121 17	136 82
PDF CHARGES 2 75% C&F	3 27	3 27	3 27
U/C CHARGES 0 25% FOB Per quarter	0 82	1 10	1 24
BANK CHARGES 0 2% C&F	0 24	0 24	0 24
DUTY 0% CIF	-	-	-
VAT 16% (CIF+DUTY)	14 45	19 39	21 89
HANDLING 1 5% C&F	1 78	1 78	1 78
LANDED COST	110 84	146 94	165 24
LANDED COST LESS VAT	96 40	127 55	143 35
LANDED COST LESS VAT (#SH\$)	7 326 22	9 694 04	10 894 48
LANDED COST LESS VAT (KSH\$)	8 424 16	11 167 41	12 558 20
LANDED COST VAT INCL (KSH\$)	2 740 25	2 740 25	2 740 25
ADD TRANSPORT TO NBI	11 164 41	13 907 66	15 298 45
LANDED COST NBI VAT INCL (KSH\$)	9 624 49	11 989 36	13 188 31
LANDED COST NBI VAT INCL (KSH\$)			19 349 90

CTC/420/05

EMERGENCY PROCUREMENT OF OF POLES

A CTC paper prepared by I.O.Okore – Assistant Supplies Manager was discussed.

The CTC noted the following:

- i. That the local suppliers awarded contracts to supply poles, had experienced logistical and financial challenges, resulting to supply backlog of 43,000 as at December 2005, thereby crippling all projects for Customer base expansion programme and Rural Electrification projects, which had attracted outcry against the Company.
- ii. That through the initiative of the Ministry of Energy, M/s SAO Hill Industries Ltd of southern Tanzania, who have some immediate ex – stock quantities of required treated wood poles, has been identified through direct sourcing, to deliver all their ex – stock quantities of various sizes numbering 5,100 pieces and other various sizes numbering 7,503 pieces to be delivered in equal monthly quantities, from February 2006 up to April 2006.
- iii. That considering that the Company had pursuant to a Board Resolution in December, 2005, notified the Treasury and Ministry of Energy that it had ceased to be a state corporation after sale of the NSSF shares, the poles from Tanzania should be procured on an emergency basis directly from suppliers who had indicated that they had poles, without following the Public Procurement Regulations as this was going to occasion more delays.
- iv. That a Factory Visit shall be made to the supplier by KPLC management including 3 directors who are CTC Members.
- v. That the above Factory Visit to cover other firms who are possible suppliers such as M/s Ebenezer Woodworks and Tanganyika Wattle Company.
- vi. That a letter of award to supply various sizes of treated wood poles to M/s SAO Hill Industries be made after a positive factory visit report.

CHAIRMAN



DATE

19/1/06 16

SECRETARY

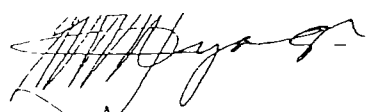


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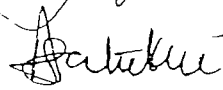
19/1/06

The CTC **APPROVED** subject to satisfactory field/ factory visit report award of contract for supply of various sizes of treated wood poles to M/s SAO Hill Industries at a total CIF cost of USD 2,358,445 (Kshs.176,883,375/=) VAT Inclusive. Nairobi South Stores as per appendix 11 attached. KPLC shall pay VAT direct to KRA, and pay for IDF fees. and Clearing Agency charges.

CHAIRMAN



SECRETARY



DATE

19/1/06

17

DATE

19/1/06

THE KENYA POWER & LIGHTING COMPANY LTD

PAPER TO THE CENTRAL TENDER COMMITTEE

PREPARED BY: Ignatius O.Okore – Assistant Supplies Manager

SUBJECT: PURCHASE OF VARIOUS SIZES OF TREATED WOOD POLES ON STOPGAP BASIS

1. INTRODUCTION

The required treated wood poles are for use on the **stalled** projects for customer base expansion programme (*Rural electrification; Umeme Pamoja; Connection policy*). Poles shortage has been with us for some time now, and as a consequence, we have a shortage backlog in the region of around 43,000 as at December 2005 poles to satisfy the projects requirement

Further to the awards of contracts for the supply of treated wood poles to M/s Cabro E.A in April 2005, and Timber Treatment International in October 2005, in our endeavour to alleviate the shortage, the current status to date is far from being resolved and is as follows:

a) CABRO E.A

We have outstanding quantity 75,299 of poles sizes 10M, 11M and 12meters medium on order with M/s Cabro E.Africa.

By 19th December 2005, M/s Cabro E.A. had delivered quantity 8,640 poles compared to expected delivery of quantity 52,102 poles by December 2005. The backlog on the execution/delivery as observed, has been attributed to the new business logistical challenges that Ms Cabro E.A is going through, and has pleaded for more time as they streamline their business process by installing additional treatment plants at Kinale. This is expected to enhance rate of deliveries by February 2006.

However, M/S Cabro's inability to comply with the delivery schedule has led to a serious shortage of poles and stoppage of work on various projects including highly sensitive and long pending RE projects. They are delivering an average of only 1,200 poles per month, which is of very little consequence to the shortage already being experienced. (See Appendix A for M/S Cabro's Delivery status). The deliveries further have very few 10m poles that are required for customer jobs.

c) TIMBER TREATMENT INTERNATIONAL

The CTC of 22nd August 05, approved vide CTC/270/05, an award of contract for supply of various sizes of quantity 50,000 pieces of treated wood poles to M/s Timber Treatment International (TTI) amounting to Ksh. 484,762,659.. The respective LPOs were effected in October 2005

contributing to negative image on the RE (under the MoE) and the government initiative.

The Kenya Power and Lighting Co Ltd, has endeavoured to involve all the stakeholders of treated wood poles in the local industry, with a view to developing all available local sources of supply with any required facilitation. We expect to enter in to some understanding with two or three stakeholders soon. However, in the immediate term, no ready additional quantities of treated wood poles are available in Kenya. We therefore, have to seek beyond the borders of Kenya for immediate required stopgap quantities.

4.M/S SAO HILL INDUSTRIES LIMITED

The Ministry of Energy has identified the above Tanzanian firm that has offered ex – stock quantities of various sizes of poles as follows:

Pole Size	Quantity	Delivery Time	Unit Price CIF Nairobi Stores USD	Total Unit Price CIF Nairobi	Treated Timber Product Unit Prices CIF MSA Compared *
9 Meters	3,500	Immediate	174.01	609,035.00	
10 Meters	1,400	Immediate	185.62	259,868.00	225.624
11 Meters	200	Immediate	208.80	41,760.00	267.582
10 Meters	1,700	Per Month for 11 months	185.62	315,554.00	
11 Meters	800	Per Month for 11 months	208.80	167,040.00	
TOTAL USD				1,393,257.00	

*: Note the TTP prices as explained in the recommendation below.

5.RECOMMENDATION


In view of the fact that there is no reasonable supply source alternative with ex – stock quantities of treated wood poles in the country, and although the offer includes monthly deliveries for 11 months, since local suppliers have undertaken concrete steps to address the challenges they are facing, and have promised us enhanced deliveries from January/February, we propose to have all the available ex – stock quantities and only further deliveries of three months, during February, March and April 2006, at their offered rates to supplement local supplies. This proposal is meant to address business need while we await the local suppliers to address their logistics' challenges.

. The South Africa compared rates do not include VAT (16%), clearing agency fee (0.75%), , IDF fee (2.75%), LC Charges (0.15%), Bank Charges (0.20%) and Port

APPENDICES

- A – M/S CABRO E.A – Poles Delivery Status
- B – Poles Stocks Status As At 27th December 2005-12-28
- C – M/S TTI's Delivery Schedule
- D – M/S Cabro E.A's Delivery Schedule
- E – M/S Cabro's New Promised Delivery Schedule
- F – M/S TTI's New Promised Delivery Schedule
- G – The Ministry Of Energy's Letter and Letter of offer From M/S Sao Hill Industries Ltd
- H – M/S Cabro's Official Order
- I – M/S TTI's Official Order
- J – M/S TTI's Official Order

Prepared by: Date.....

Recommended.....  Date 28/12/05

ΑΠΙΟΝΥΙΑ Ν

CARBRO (EA) LTD - POLES DELIVERIES STATUS

DATE	D/ NOTE NO	10MM (32')	11MM (36')	12MM (40')	TOTAL	STORE			
27-Jun-05	1	24	20	6	50	LANET			
30-Jun-05	2	8	23	29	60	N/South			
						JUNE	10MM	11MM	12MM
						110	32	43	35
3-Jul-05	4	15	14	21	50	N/South			
3-Jul-05	3	10	15	25	50	N/South			
4-Jul-05	5	48	0	0	48	N/South			
11-Jul-05	6	0	0	50	50	N/South			
14-Jul-05	8	0	0	50	50	N/South			
14-Jul-05	9	0	0	50	50	N/South			
15-Jul-05	7	0	0	50	50	N/South			
20-Jul-05	10	0	50	0	50	N/South			
21-Jul-05	11	0	0	50	50	N/South			
23-Jul-05	12	70	0	0	70	N/South			
23-Jul-05	13	60	0	0	60	N/South			
23-Jul-05	14	42	0	18	60	N/South			
25-Jul-05	15	0	3	47	50	N/South			
27-Jul-05	16	9	22	25	56	N/South			
28-Jul-05	17	14	17	29	60	N/South			
29-Jul-05	18	8	13	29	50	N/South			
30-Jul-05	19	35	12	1	48	N/South			
30-Jul-05	20	11	13	21	45	N/South			
						JULY	10MM	11MM	12MM
						947	322	159	41
3-Aug-05	22	0	4	46	50	N/South			
5-Aug-05	23	2	13	35	50	N/South			
8-Aug-05	24	2	10	38	50	N/South			
10-Aug-05	25	0	0	55	55	N/South			
11-Aug-05	26	17	10	28	55	N/South			
11-Aug-05	27	0	56	0	56	N/South			
11-Aug-05	21	0	1	42	43	N/South			
11-Aug-05	28	4	20	31	55	N/South			
12-Aug-05	29	0	1	54	55	N/South			
13-Aug-05	30	3	30	22	55	N/South			
13-Aug-05	31	11	35	13	59	N/South			
22-Aug-05	32	23	10	17	50	N/South			

Appendix D

POLES DELIVERY SCHEDULE - TENDER NO. KPLC/P/TS/17/104

M/S CABRO LANSI AFRICA

DISCUSSION	PARTIAL DELIVERY APRIL 05	AUGUST 05 DELIVERY												TOTAL
		1st	2nd Del.	3rd Del.	4th Del.	5th Del.	6th Del.	7th Del.	8th Del.	9th Del.	10th Del.	11th Del.	12th Del.	
1. POLE WITH...	3,400	5,310	5,000	5,000	5,000	5,600	6,000	5,400	3,000	2,437	2,100	47,837		
2. POLE WITH...	1,000	3,778	2,000	2,000	1,000	1,000	1,000	1,000	1,000	1,500	1,000	15,778		
3. POLE WITH...	600	2,324	2,200	2,200	2,000	3,000	2,000	1,500	1,500	4,937	1,000	20,324		
TOTAL	5,000	11,102	9,200	9,200	8,000	9,600	9,000	7,900	5,500	4,937	4,000	83,939		

CABRO
east africa

CEA/97/KPLC/05/FA

23/12/05

KPLC
Stima Plaza
NAIROBI.

ATTN: MR. ZACHARY AYIEKO
CHIEF MANAGER - FINANCE

Dear Sir,

RE: MEETING OF DEC 23rd, 2005.

It was a pleasure meeting with you and your colleagues today

As discussed in the meeting we would like to provide you with a delivery schedule for treated poles for the months of January 2006 through April 2006.

Our estimates are very conservative and we are by no means limited by these numbers.

	<u>MINIMUM</u>	<u>TARGET</u>	<u>MONTHLY</u>
January	200 / Day	200 / Day	4,800
February	300 / Day	380 / Day	7,200
March	400 / Day	480 / Day	9,600
April	500 / Day	500 / Day	12,000

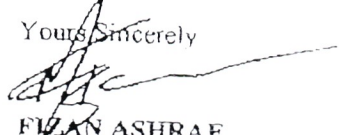
These minimum / day deliveries are based on a 24 day month

We would like to reassure KPLC that with the commissioning of our 2 new Plants in late January we will easily meet KPLC'S requirements.

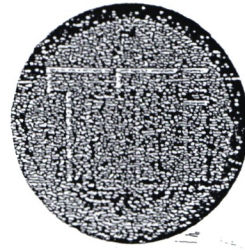
Additionally we would like KPLC to consider an advance payment of 10% of the contract amount to Cabro which will enable us to double our daily capacity at our own plants to 600 poles per day.

This liquidity will also enable us to more efficiently serve KPLC

Yours Sincerely


FIZAN ASHRAF.

APPENDIX F

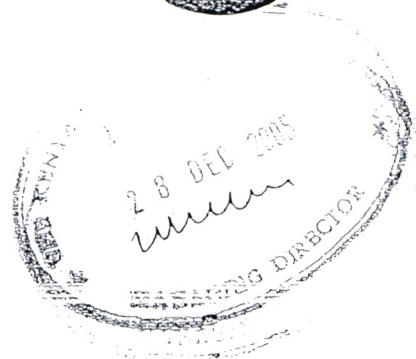


**TIMBER
TREATMENT
INTERNATIONAL**

incorporating
DAVEG

28th December 2005

The Managing Director
Kenya Power and Lighting Co.Ltd
P.O.Box 30099
Nairobi



Dear Sir,

RE: Supply / Delivery Shchedule of Treated Wooden Power Transmission Poles

We refer to the meeting held yesterday at Stima Plaza between your senior management on one hand and ourselves, on the other hand.

Further, we wish to declare our delivery schedule for treated wooden poles with reference to tender number KPLC/ST/115/15 (awarded to ourselves) as per attached schedule.

The schedule is based on the worst case scenerio otherwise we shall improve on this position.

We shall keep you posted of all positive developments.

Yours Faithfully,

Benjamin Rono
General Manager.

TIMBER TREATMENT INTERNATIONAL LIMITED

PRODUCTION / DELIVERY SCHEDULE
UNITS

Tender No. KPLC/ST/LP/115/05

Code	Description	Type of Treatment offered	DELIVERY MONTHS												
			JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	TOTAL			
186197	Species of poles offered	CCA	875	4,114	4,114	4,114	4,114	4,114	4,114	3,555					25,000
186198	Treated wood poles 12.0 meters	CREOSOTE	700	1,800	1,800	1,800	1,800	1,800	1,800	1,800	500				12,000
186189	Treated wood poles 12.0 meters	CCA		900	900	900	900	900	900	1,459	41				6,000
186190	Treated wood poles 14.0 meters	CREOSOTE	150	192	192	192	192	192	192	192	448	750			2,500
186191	Treated wood poles 15.0 medium	CREOSOTE	150	180	180	180	180	180	180	420	850				2,500
186144	Treated wood poles 17.0 meters	CREOSOTE	160	112	112	112	112	112	112	168	100				1,100
186192	Treated wood poles 18.0 meters	CREOSOTE	60	96	96	96	96	96	96	192	72				900
			2,095	7,394	7,394	7,394	7,394	7,394	7,394	7,394	1,769	1,772			50,000

MINISTRY OF ENERGY

Telegrams: "MINPOWER"
 Telephone: +254-20-310112
 Fax: +254-20-240910
 Telex: 23094 MINERGY
 When replying please quote

NYAYO HOUSE
 P. O. Box 30582
 NAIROBI



27th December 2005

Ref. No. **ME/CONF/2/1/1**
 and date

Mr. Z. O. Ayieko
 Ag. Managing Director
 Kenya Power & Lighting Company
 Stima Plaza
NAIROBI



C.C. Jonathan
 C.C. Lawrence
 C.C. ~~Chase~~
 C.C. Lawrence

Dear *Zachary*

IMPORTATION OF POLES FROM TANZANIA

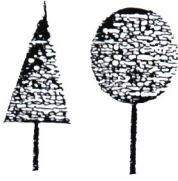
Further to the meeting held in this Ministry with Mr. Mutuma Marangu of TreeFarms AS (Tanzania) on 19th December 2005 and attended by yourself, among others, TreeFarms AS has made an offer for supply of 9, 10, and 11 metre poles (copy of letter and proposed agreement attached).

Below is a comparison of the offer from TreeFarms SA and the latest offer by Treated Timber Products of South Africa as per the prices provided by KPLC for 10 and 11 metre poles.

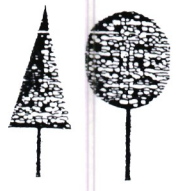
Nairobi Landed Prices of Poles, Kshs per pole including VAT

<u>Source</u>	<u>10 metres</u>	<u>11 metres</u>
Treated Timber Products, South Africa	18,235	21,581
Sao Hill Industries (TreeFarms AS), Tanzania	13,922	15,660

The above comparison shows that treated poles from South Africa for 10 and 11 metres are 31% and 38% more costly than the corresponding poles from Tanzania, respectively. On the basis of the anticipated importation of 20,000 and 10,000 poles of 10 metres and 11 metres,



SAO HILL INDUSTRIES LIMITED



22nd December 2005



MR. PATRICK NYOIKE
Permanent Secretary
Ministry of Energy
Nairobi, Kenya
Fax: 254.20.228314 / 240910

Dear P.S. Nyoike,

Re: TreeFarms AS [TFAS] – Sao Hill Industries Limited's [SHI] Firm Offer for the Importation of 9, 10, and 11 Metres Poles

I thank you for your letter dated 20th December 2005 with reference to the immediate Supply of 9, 10, and 11 Metres Poles to the Ministry of Energy for the MOE's Rural Electrification Programme, to be delivered to KPLC's Nairobi Stores.

SHI, TFAS's Tanzanian subsidiary, is pleased to make a Firm Offer for the Supply of a Total of 35,100 Poles in the following manner:

<u>Length of Poles</u>	<u>Number of Poles</u>	<u>Timing of Poles</u>	<u>Price Ex-Mill per Pole</u>	<u>Price CIF NBI per Pole*</u>
9 Metres	3,500	Prompt Delivery	US\$105.15	US\$174.01
10 Metres	1,400	Prompt Delivery	US\$108.75	US\$185.62
11 Metres	200	Prompt Delivery	US\$114.75	US\$208.80
9 Metres	-	Per Month for 11 Months	US\$105.15	US\$174.01
10 Metres	1,700	Per Month for 11 Months	US\$108.75	US\$185.62
11 Metres	800	Per Month for 11 Months	US\$114.75	US\$208.80

* - Please note that this Price CIF Nairobi includes a Value Added Tax payable at 16%, delivered to KPLC's Nairobi Stores.

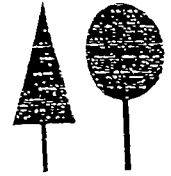
Please note that these Prices above are on a Cash Against Delivery Basis, where Invoices and Delivery Notes are raised and delivered on a Truck – by – Truck Basis.

Please find attached the SHI Draft Wooden Poles Supply Agreement and Standard Terms and Conditions of Sale that SHI trust will form the Contractual basis for governing the Delivery of the above – mentioned Supply of Poles.

Subsidiary of Tree Farms A/S of Norway
P. O. Box 55, Mañinga, Tel : 255-2450295, Fax: 255-2450226 e-mail: efc@shia.com, sac@shia.com



SAO HILL INDUSTRIES LIMITED



SHI is prepared to start the Prompt Deliveries of the 5,100 Poles above from 10th January 2006 and thereafter deliver the monthly requirements stated in this letter

SHI, which has Tanzania Bureau of Standards [TBS] Certification for the Delivery of CCA Treated Wooden Poles, would like to point out that it is still awaiting confirmation from Kenya Bureau of Standards. As per our 20th December 2005, SHI would appreciate MOE / KPLC assistance in confirmation that TBS certification of CCA Treated Wooden Poles is acceptable to KBS. The gentleman in KBS that has been handling this issue with SHI is as follows:

Mr. John Wepkhulu
Head - Pre-shipment Verification of Conformity [PVoC]
Kenya Bureau of Standards
P.O. Box 54974, 00200
Nairobi
Tel. 020.603888, 603476, 69028212, 69028209, 69028423
Mob. 0722.202138
Email: wepukhuj@kebs.org

Based on the need by MOE / KPLC for an urgent response, SHI is prepared to finalise any and all outstanding contractual issues in the shortest possible time, in order to keep to the 10th January 2006 start date.

Again, SHI and TFAS look forward to working with MOE / KPLC in development of the electricity sector in Kenya, which we believe is the backbone for continued growth in all sectors of the economy.

Sincerely,

Mutuma Marangu
Director - TreeFarms AS
Director - Sao Hill Industries Limited

c/o MM MM Services Kenya Limited
Warwick Centre, Suite AS4, Tower A
United Nations Avenue, off Limuru Road
Block 91/407, Gigiri
Nairobi, Kenya
Nairobi Tel. Mobile: 254.733.635366
Nairobi Tel. Office: 254.20.712.6906 / 712.6908
Nairobi Fax. Office: 254.20.712.4035
Email: mutu@888mail.net

SAO HILL INDUSTRIES LIMITED

and

[insert]

WOODEN POLES SUPPLY AGREEMENT

THIS SUPPLY AGREEMENT is made the
BETWEEN:

day of

2005

1. SAO HILL INDUSTRIES LIMITED ("the Supplier") a private limited liability company incorporated in the Republic of Tanzania with its registered office at [insert] and care of Post Office Box Number [insert]; and
2. [insert] ("the Customer") [insert description] [insert registered office and postal address].

WHEREAS:

- A. The Supplier carries on the business of manufacturing and selling the Products.
- B. The Customer carries on the business of [insert], and wishes to purchase the Products from the Supplier for that business, and the Supplier is willing to supply the Products to the Customer, on the terms set out in this Agreement.

OPERATIVE PROVISIONS:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, unless the context otherwise requires:

1.1.1 "Duration" means the period of [insert] from the date of this Agreement;

1.1.2 "Force Majeure" means, in relation to Supplier [, any circumstances beyond the reasonable control of that party (including, without limitation, any strike, lock-out or other industrial action);

1.1.3 "Independent Inspection Agency" means either of SGS or COTECNA;

1.1.4 "Independent Inspector" means a person to whom a reference is made under clause 7.1;

1.1.5 "Products" means the products set out in Schedule 1;

1.1.6 "Quarter" means the period of 3 months commencing on [_____], each consecutive period of 3 months thereafter, and any shorter period commencing on a day following the end of a Quarter and ending on the termination of this Agreement; and 'Quarterly' has a corresponding meaning;

1.1.7 "Specification" means the specification of the Products set out in Schedule 2 or any other specification of the Products agreed in writing between the Supplier and the Customer from time to time;

1.1.8 "Year" means the period of 12 months from the date of this Agreement and each consecutive period of 12 months thereafter during the period of this Agreement.

- 1.2 Any reference to "this Agreement" shall include a reference to any amendments or variations of the standard terms and conditions of sale of the Supplier to the Customer, except to the extent referred to in clause 1.1.
- 1.3 Any reference in this Agreement to "writing" or "equivalent extensions", includes a reference to any communication effected by telex, cable, facsimile transmission or any comparable means.
- 1.4 The headings in this Agreement are for convenience only and shall not affect its interpretation.

2. SALE OF THE PRODUCTS

- 2.1 For the Duration the Supplier shall sell and the Customer shall purchase such quantities of the Products as may be ordered by the Customer from time to time under clause 2.3, subject to the terms and conditions of this Agreement.
- 2.2 For the Duration the Customer shall place orders with the Supplier in the amounts and on the dates specified in Schedule 1.
- 2.3 The Customer shall, not less than [60 - Sixty¹] days before the beginning of each Quarter, give the Supplier its order for the Products to be delivered to the Customer during that Quarter; each order so given shall be final, except that the Supplier may at its discretion accept amendment to an order made by the Customer within [30 - Thirty²] days after the order is given.
- 2.4 Orders for the Products shall be given by the Customer to the Supplier in writing.
- 2.5 The Customer shall notify to the Supplier in writing:
 - 2.5.1 its estimated orders of the Products for the Duration, immediately prior to execution of this Agreement;
 - 2.5.2 its estimated orders of the Products for each Quarter, within [60 - Sixty days³] prior to that Quarter; and
 - 2.5.3 any revisions to those estimates, forthwith after they are made, which must be agreed to by the Supplier in writing if made after the periods outlined in Clauses 2.5.1 and 2.5.2.
- 2.6 Whilst the Supplier agrees to take all such steps as may reasonably be required to fulfil its obligations under this Agreement in the normal course, the Supplier shall not be obliged to give the Customer any priority over any other customer of the Supplier with regard to the supply or delivery of the Products.

¹ This period will have to be looked at again once the "Duration" is agreed.

² This period will have to be looked at again once the "Duration" is agreed.

³ This period will have to be looked at again once the "Duration" is agreed.

2.7 If the Customer's orders for the Products exceed (or it appears from any of the estimates or revised estimates given pursuant to clause 2.5 that they will exceed) the output capacity or available stocks of the Supplier, the Supplier shall as soon as practicable notify the Customer and, without prejudice to clause 9.3, the Customer shall be entitled to obtain from any other person such quantity of the Products as the Supplier is unable to supply in accordance with the Customer's orders, and that quantity shall be deemed for the purposes only of clause 2.2 to have been ordered from the Supplier, until such time as the Supplier has given the Customer written notice that it is able and willing to resume the supply of that quantity in accordance with the Customer's orders, and the Customer has had a reasonable time but not more than 90 days to terminate any alternative arrangements which it may have made with any other person for the supply of that quantity.

2.8 The Customer shall procure that within [60] days after the end of each Year⁴ its auditors prepare and submit to the Supplier a report showing:

2.8.1 the total quantity of the Products of which the Customer has taken delivery from any person in that Year or which have been manufactured by the Customer in that Year;

2.8.2 the percentage of that total quantity which in that Year was ordered by the Customer from the Supplier (or was deemed to have been so ordered pursuant to any provision of this Agreement); and

2.8.3 the average Quarterly quantity which in that Year was ordered by the Customer from the Supplier.

3. CONDITIONS OF SALE

3.1 All sales of the Products pursuant to this Agreement shall be subject to the standard terms and conditions of sale of the Supplier from time to time, except to the extent that:

3.1.1 any provision of those terms and conditions of sale is inconsistent with any provision of this Agreement, in which event the latter shall prevail; or

3.1.2 the Supplier and the Customer agree in writing to vary those terms and conditions of sale.

3.2 The Customer shall only use the Products sold to it by the Supplier in fulfillment of its contractual obligations with the Kenya Power & Lighting Company, Kenyan Ministry of Energy or Bilateral / Multilateral Rural Electrification Projects [insert contract/tender references] and, without prejudice to the generality of the preceding words, the Customer shall not resell any of the Products in bulk.

4. SPECIFICATION OF THE PRODUCTS

⁴ This period will have to be looked at again once the "Duration" is agreed

- 4.1 All Products sold by the Supplier to the Customer pursuant to this Agreement shall conform in all material respects to the Specification and shall comply with the Kenya Bureau of Standards' specifications for the Products.
- 4.2 The Supplier shall consult with the Customer from time to time regarding the continuance of this Agreement in order to ensure that the Specification of the Products to be sold by the Supplier to the Customer is acceptable to both parties, but the Supplier shall not be obliged to agree to any change to the Specification requested by the Customer.

5. MANUFACTURE AND DELIVERY OF THE PRODUCTS

- 5.1 The Supplier shall use all reasonable endeavours to manufacture and maintain sufficient stocks of the Products to fulfil its obligations under this Agreement.
- 5.2 The Supplier shall use all reasonable endeavours to deliver each of the Customer's orders for the Products on the dates specified in Schedule 1, but the time of delivery shall not be of the essence and if, despite those endeavours, the Supplier is unable for any reason to fulfil any delivery of the Products on the specified date, the Supplier shall not be deemed to be in breach of this Agreement or have any liability to the Customer unless and until the Customer has given [90 – Ninety days'] written notice to the Supplier requiring the delivery to be made and the Supplier has not fulfilled the delivery within that period.
- 5.3 Delivery of the Products shall take place at the Supplier's premises in Sao Hill Sawmill, Sao Hill, Tanzania, but the Supplier shall at the Customer's request arrange for suitable transport to the Customer's premises (or such other premises as the Customer must notify in writing to the Supplier prior to signing of this Agreement) and arrange insurance therefor, in which case the costs of transport and insurance shall be borne by the Customer.
- 5.4 The Customer shall, within [7] days of the arrival of each delivery of the Products at the Customer's premises, notify the Supplier in writing of any defect by reason of which the Customer alleges that the Products delivered are not in accordance with the Specification and which must be apparent on reasonable inspection by an Independent Inspector.
- 5.5 If the Customer fails to give such a notice then, subject to the provisions of clause 4.2, and, the Products shall be conclusively presumed to be in all respects in accordance with the Specification, and accordingly the Customer shall be deemed to have accepted the delivery of the Products in question and the Seller shall have no liability to the Customer with respect to that delivery.
- 5.6 If the Customer rejects any delivery of the Products which are not in accordance with the Specification, as established in writing by an Independent Inspector, the Supplier shall within [30] days of being requested to do so by the Customer supply replacement Products which are in accordance with the Specification (in which event the Supplier shall not be deemed to be in breach of this Agreement or have any liability to the Customer) or shall notify the Customer that it is unable to do so, whereupon (without prejudice to clause 9.3) the Customer shall be entitled to obtain from any other person such quantity of the Products as the Supplier has been unable so to supply, and that

quantity shall be deemed for the purposes only of clause 3.2 to have been ordered from the Supplier

- 5.7 If there is any difference of opinion between the parties as to whether any Products supplied by the Supplier are in accordance with the Specifications, the matter shall, at the request of either the Supplier or the Customer, be determined by an Independent Inspector
- 5.8 Risk in and responsibility for the Products shall pass to the Customer once they are loaded on to transport at the Supplier's premises, ex- Sao Hill Sawmill, Sao Hill, Tanzania.

6. PRICE OF THE PRODUCTS

- 6.1 Subject to the following provisions of this clause, the price for each type of the Products shall be the Supplier's ex- Sao Hill Sawmill, Sao Hill, Tanzania price for those Products.
- 6.2 The Supplier shall be entitled to increase its ex- Sao Hill Sawmill, Sao Hill, Tanzania prices for the Products at the end of each month, or more frequently if the Supplier, in its sole discretion, considers the same to be justified by any material increase in the prices of raw materials or costs used by the Supplier in the manufacture of the Products, and the Supplier shall promptly notify the Customer of any such increase.
- 6.3 The Supplier shall be entitled to increase the price for the Products to cover extra expense as a result of the Customer's instructions or lack of instructions.
- 6.4 The price for the Products shall be exclusive of:
- 6.4.1 any costs of packaging, carriage and insurance of the Products; and
 - 6.4.2 any value added tax, export duties, levies or other applicable sales tax or duty, which shall be added to the sum in question
- 6.8 The Supplier shall invoice the Customer on a Consignment – Truck by Truck basis for the price in respect of all deliveries of the Products made under this Agreement, and the Customer shall pay the sums shown to be due in cleared funds to the bank nominated by the Supplier on a cash on delivery basis on which each invoice is submitted by the Supplier.
- 6.10 If the Customer fails to pay on the due date any amount which is payable to the Supplier under this Agreement then, without prejudice to clause 3.2:
- 6.10.1 that amount shall bear interest from the due date until payment is made in full to the Supplier, both before and after any judgment, at 3 (Three) per cent per annum over Barclays Bank of Kenya Limited's monthly base rate from time to time for the period outstanding, and
 - 6.10.2 the Supplier shall be entitled to suspend deliveries of the Products until the outstanding amount has been received by the Supplier from the Customer.

7. INDEPENDENT INSPECTION

- 7.1 Where under any provision of this Agreement any matter is to be determined by an Independent Inspection Agency, the matter shall be referred at the instance of either party to an Independent Inspection Agency.
- 7.2 Any entity to which a reference is made under clause 7.1 shall act as an expert and not as an arbitrator and shall be entitled to appoint such technical expert or experts as it considers necessary to assist it in determining the matter referred to it. The decision of the Independent Inspection Agency shall be final and binding on the parties.
- 7.3 Each party shall provide the Independent Inspection Agency with such information as it may reasonably require for the purposes of its determination; if either party claims any such information to be confidential to it then, provided that in the opinion of the Independent Inspection Agency that the party has properly claimed the same as confidential, the Independent Inspection Agency shall not disclose the same to the other party or to any third party.
- 7.4 The costs of the Independent Inspection Agency (including the costs of any technical expert appointed by it) shall be borne by the Supplier and the Customer in equal shares.

8. FORCE MAJEURE

- 8.1 If the Supplier is affected by Force Majeure it shall promptly notify the Customer of the nature and extent of the circumstances in question.
- 8.2 Notwithstanding any other provision of this Agreement, the Supplier shall not be deemed to be in breach of this Agreement, or otherwise be liable to the Customer, for any delay in performance or the non-performance of any of its obligations under this Agreement, to the extent that the delay or non-performance is due to any Force Majeure of which it has notified the Customer, and the time for performance of that obligation shall be extended accordingly.
- 8.3 If at any time the Supplier claims Force Majeure in respect of its obligations under this Agreement with regard to the supply of the Products, the Customer shall be entitled to obtain from any other person such quantity of the Products as the Supplier is unable to supply, and that quantity shall be deemed for the purposes only of clause 2.2 to have been purchased from the Supplier.

9. DURATION AND TERMINATION

- 9.1 This Agreement shall come into force on [_____] and, subject to the following provisions of this clause, shall continue in force for a period of [_____] and thereafter unless or until terminated by either party giving to the other party at any time not less than [_____] months' written notice to expire on or at any time after the end of that period.

- 9.2 If pursuant to this Agreement as a result of Force Majeure, the Supplier shall be entitled to terminate this Agreement by giving [30] Thirty days written notice to the Customer
- 9.3 Either party shall be entitled to terminate this Agreement by written notice to the other if
- 9.3.1 that other party commits any continuing or material breach of any of the provisions of this Agreement and, in the case of such a breach which is capable of remedy, fails to remedy the same within 30 days after receipt of a written notice giving the particulars of the breach and requiring it to be remedied.
 - 9.3.2 an encumbrancer takes possession or a receiver is appointed over any of the property or assets of that other party or distress or any form of execution is levied or enforced upon, or sued out against any of the assets of that other party, and such distress or form of execution is not discharged within [5] days of being levied enforced or sued out,
 - 9.3.3 that other party makes any voluntary arrangement with its creditors or proposes or makes any arrangement or composition with or any assignment for the benefit of its creditors, or a petition is presented or a resolution is proposed for the winding up of that other party;
 - 9.3.4 that other party goes into liquidation (except for the purposes of an amalgamation, reconstruction or other reorganisation and in such manner that the company resulting from the reorganisation effectively agrees to be bound by or to assume the obligations imposed on that other party under this Agreement); or
 - 9.3.5 that other party stops, or threatens to stop, payment of its debts or ceases, or threatens to cease, to carry on business;
 - 9.3.6 that other party is unable to pay its debts within the meaning of section 220 of the Companies Act Chapter 486 Laws of Kenya;
 - 9.3.7 any Governmental Authority, or any person having the requisite power, shall condemn, seize or compulsorily acquire or expropriate, all or any substantial part of the property and assets of, or any shares in, that other party, or take any action for the dissolution or disestablishment of that other party, or any action that would prevent that other party from carrying on its operations or a substantial part thereof, or shall impose any restriction on the right or power of that other party to appoint or remove directors;
 - 9.3.8 any consent, authorisation, licence or approval of, or registration with, or declaration to, any Governmental Authority or other person required to authorise or required in connection with the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement, or the performance by that other party of its obligations under this Agreement, is not granted, or is revoked or terminated, or expires and is not renewed, or otherwise ceases to be in full force and effect

- 9.4 For the purpose of clause 9.3 1.2, a party shall be considered capable of remedy if the party in breach can comply with the provision in question in all respects other than as to the time of performance, provided that the time of performance is not of the essence.
- 9.5 Any waiver by either party of a breach of any provision of this Agreement shall not be considered as a waiver of any subsequent breach of the same or any other provision.
- 9.6 The rights to terminate this Agreement given by this clause shall not prejudice any other right or remedy of either party in respect of the breach concerned (if any) or any other breach.
- 9.7 Upon the termination of this Agreement for any reason, subject as otherwise provided in this Agreement and to any rights or obligations which have accrued prior to termination, neither party shall have any further obligation to the other under this Agreement.

10. NATURE OF AGREEMENT

- 10.1 The Supplier shall be entitled to perform any of the obligations undertaken by it and to exercise any of the rights granted to it under this Agreement through any other company which at the relevant time is its holding company or subsidiary (as defined by section 154 of the Companies Act Chapter 486 Laws of Kenya, as amended) or the subsidiary of any such holding company, and any act or omission of any such company shall for the purposes of this Agreement be deemed to be the act or omission of the Supplier.
- 10.2 Subject to the Customer's consent (which shall not be unreasonably withheld) the Supplier shall be entitled to carry out its obligations under this Agreement through any agents or sub-contractors appointed by it in its absolute discretion for that purpose.
- 10.4 Nothing in this Agreement shall create, or be deemed to create, a partnership between the parties.
- 10.5 This Agreement contains the entire agreement between the parties with respect to its subject matter, supersedes all previous agreements and understandings between the parties, and may not be modified except by an instrument in writing signed by the duly authorised representatives of the parties.
- 10.6 Each party acknowledges that, in entering into this Agreement, it does not do so on the basis of or rely on any representation, warranty or other provision except as expressly provided in this Agreement, and accordingly all conditions, warranties or other terms implied by statute or common law are hereby excluded to the fullest extent permitted by law.
- 10.7 If any provision of this Agreement is held by any court or other competent authority to be void or unenforceable in whole or part, the other provisions of this Agreement and the remainder of the affected provisions shall continue to be valid.

10.8 This Agreement shall be governed by and construed in all respects in accordance with the laws of Kenya and the Customer irrevocably and unconditionally agrees to submit to the non-exclusive jurisdiction of the courts

10.9 The Customer irrevocably and unconditionally waives any objection which it may have now or in the future to the courts of Kenya being chosen for the purposes of this clause on the grounds of venue or otherwise and agrees not to claim that such court is not a convenient or appropriate forum

11. NOTICES AND SERVICE

11.1 Any notice or other information required or authorised by this Agreement to be given by either party to the other may be given by hand or sent (by first class pre-paid post, telex, cable, facsimile transmission or comparable means of communication) to the other party at the address specified below or to such other address as the recipient may have notified to the other parties in writing.

To the Supplier: Sao Hill Industries Limited
[insert address]
Facsimile: [_____]
Attention: [_____]

To the Customer: [insert name]
[insert address]
Facsimile: [_____]
Attention: [_____]

11.2 Any notice or other information given by post under clause 11.1 which is not returned to the sender as undelivered shall be deemed to have been given on the [fifth] day after the envelope containing the same was so posted; and proof that the envelope containing any such notice or information was properly addressed, and sent by first class, pre-paid post, and that it has not been so returned to the sender, shall be sufficient evidence that such notice or information has been duly given.

11.3 Any notice or other information sent by telex, cable, facsimile transmission or comparable means of communication shall be deemed to have been duly sent on the date of transmission, provided that a confirming copy thereof is sent by first class pre-paid post to the other party at the address referred to in clause 11.4 within 24 hours after transmission.

11.4 The Customer hereby authorises and appoints [insert] and the Supplier hereby authorises and appoints [insert] (or such other person in Kenya as each party may from time to time substitute by notice to other party) to accept service of all legal process arising out of or connected with this Agreement. Service by each party upon such person or substitute authorised and appointed by the other party shall be deemed to be service on the other party whether or not forwarded or received. Except upon such a substitution neither party shall revoke any such authority or appointment and shall at all times maintain an agent for service of process in Kenya and if any such agent ceases for any reason to be an

agent for those purposes such party shall forthwith appoint another such agent and advise the other party accordingly

SCHEDULE 1
Products and Orders

[insert]

SCHEDULE 2
Specification

[insert]

IN WITNESS WHEREOF the duly authorised representatives of the parties have set their hands the day and year first hereinabove written

SIGNED by _____)
for and on behalf of)
SAO HILL INDUSTRIES LIMITED)
in the presence of:)
)
)
)
)
)
)

SIGNED by _____)
for and on behalf of)
[insert])
in the presence of:)
)
)
)
)
)
)

SAO HILL INDUSTRIES LIMITED

STANDARD TERMS AND CONDITIONS OF SALE

CONDITIONS OF SALE

1. DEFINITIONS AND INTERPRETATION

1.1 Article Contents

- 1.1.1 "Buyer" means the person who accepts a quotation of the Seller for the sale of the Goods or whose order for the Goods is accepted by the Seller;
 - 1.1.2 "Goods" means the goods (including any instalment of the goods or any parts for them) which the Seller is to supply in accordance with these Conditions;
 - 1.1.3 "Seller" means Sao Hill Industries Limited of Post Office Box Number [insert] (incorporated in the Republic of Tanzania under number [_____]);
 - 1.1.4 "Conditions" means the standard terms and conditions of sale set out in this document and (unless the context otherwise requires) includes any special terms and conditions agreed in writing between the Buyer and the Seller;
 - 1.1.5 "Contract" means the contract for the purchase and sale of the Goods;
 - 1.1.6 "Writing" includes telex, cable, facsimile transmission and comparable means of communication.
- 1.2 Any reference in these Conditions to any provision of a statute shall be construed as a reference to that provision as amended, re-enacted or extended at the relevant time.
- 1.3 The headings in these Conditions are for convenience only and shall not affect their interpretation.

2. BASIS OF THE SALE

- 2.1 The Seller shall sell and the Buyer shall purchase the Goods in accordance with any written quotation of the Seller which is accepted by the Buyer, or any written order of the Buyer which is accepted by the Seller, subject in either case to these Conditions, which shall govern the Contract to the exclusion of any other terms and conditions subject to which any such quotation is accepted or purported to be accepted, or any such order is made or purported to be made, by the Buyer.
- 2.2 No variation to these Conditions shall be binding unless agreed in Writing between the authorised representatives of the Buyer and the Seller.
- 2.3 The Seller's employees or agents are not authorised to make any representations concerning the Goods unless confirmed by the Seller in Writing. In entering into the Contract the Buyer acknowledges that it does not rely on any such representations which are not so confirmed.
- 2.4 Any advice or recommendation given by the Seller or its employees or agents to the Buyer or its employees or agents as to the storage, application or use of the Goods which is not confirmed in Writing by the Seller is followed or acted upon entirely at

the Buyer's own risk, and accordingly the Seller shall not be liable for any such advice or recommendation which is not so confirmed.

- 2.5 Any typographical, clerical or other error or omission in any sales literature, quotation, price list, acceptance of offer, invoice or other document or information issued by the Seller shall be subject to correction without any liability on the part of the Seller.

3. ORDERS AND SPECIFICATIONS

- 3.1 No order submitted by the Buyer shall be deemed to be accepted by the Seller unless and until confirmed in Writing by the Seller's authorised representative.
- 3.2 The Buyer shall be responsible to the Seller for ensuring the accuracy of the terms of any order (including any applicable specification) submitted by the Buyer, and for giving the Seller any necessary information relating to the Goods within a sufficient time to enable the Seller to perform the Contract in accordance with its terms.
- 3.3 The quantity, quality and description of and any specification for the Goods shall be those set out in the Seller's quotation (if accepted by the Buyer) or the Buyer's order (if accepted by the Seller).
- 3.4 If the Goods are to be manufactured or any process is to be applied to the Goods by the Seller in accordance with a specification submitted by the Buyer, the Buyer shall indemnify the Seller against all loss, damages, costs and expenses awarded against or incurred by the Seller in connection with or paid or agreed to be paid by the Seller in settlement of any claim for infringement of any patent, copyright, design, trade mark or other industrial or intellectual property rights of any other person which results from the Seller's use of the Buyer's specification.
- 3.5 The Seller reserves the right to make any changes in the specification of the Goods which are required to conform with any applicable statutory or regulatory requirements or, where the Goods are to be supplied to the Seller's specification, which do not materially affect their quality or performance.
- 3.6 No order which has been accepted by the Seller may be cancelled by the Buyer except with the agreement in Writing of the Seller and on terms that the Buyer shall indemnify the Seller in full against all loss (including loss of profit), costs (including the cost of all labour and materials used), damages, charges and expenses incurred by the Seller as a result of cancellation.

4. PRICE OF THE GOODS

- 4.1 The price of the Goods shall be the Seller's quoted price or, where no price has been quoted (or a quoted price is no longer valid), the price listed in the Seller's published price list current at the date of acceptance of the order. Where the Goods are supplied for export from the Republic of Tanzania, the Seller's published export price list shall apply. All prices quoted are valid for 30 days only or until earlier acceptance by the Buyer, after which time they may be altered by the Seller without giving notice to the Buyer.

- 4.2 The Seller reserves the right, by giving notice to the Buyer at any time before delivery, to increase the price of the Goods to reflect any increase in the cost to the Seller which is due to any factor beyond the control of the Seller, such as, without limitation, any change in exchange fluctuations, changes in transport charges, increases in duties, significant increases in the costs of labour, materials or other costs, or, alternatively, any change in delivery dates, quantities or specifications for the Goods which is requested by the Buyer, or any delay caused by any instructions of the Buyer or failure of the Buyer to give the Seller adequate information or instructions.
- 4.3 Except as otherwise stated under the terms of any quotation or in any price list of the Seller, and unless otherwise agreed in Writing between the Buyer and the Seller, all prices are given by the Seller on an ex works basis, and where the Seller agrees to deliver the Goods otherwise than at the Seller's premises, the Buyer shall be liable to pay the Seller's charges for transport, packaging and insurance.
- 4.4 The price is exclusive of any applicable value added tax, export duties, levies or any related taxes, which the Buyer shall be additionally liable to pay to the Seller.
- 4.5 The cost of pallets and returnable containers will be charged to the Buyer in addition to the price of the Goods, but full credit will be given to the Buyer provided they are returned undamaged to the Seller before the due payment date.

5. TERMS OF PAYMENT

- 5.1 Subject to any special terms agreed in Writing between the Buyer and the Seller, the Seller shall be entitled to invoice the Buyer for the price of the Goods on or at any time after an ex-works delivery of the Goods, unless the Goods are to be collected by the Buyer or the Buyer wrongfully fails to take delivery of the Goods, in which event the Seller shall be entitled to invoice the Buyer for the price at any time after the Seller has notified the Buyer that the Goods are ready for collection or (as the case may be) the Seller has tendered delivery of the Goods.
- 5.2 The Buyer shall pay the price of the Goods within 30 days of the date of the Seller's invoice, and the Seller shall be entitled to recover the price, notwithstanding that delivery may not have taken place and the property in the Goods has not passed to the Buyer. The time of payment of the price shall be of the essence of the Contract. Receipts for payment will be issued only upon request.
- 5.3 If the Buyer fails to make any payment on the due date then, without prejudice to any other right or remedy available to the Seller, the Seller shall be entitled to:
- 5.3.1 cancel the contract or suspend any further deliveries to the Buyer;
 - 5.3.2 appropriate any payment made by the Buyer to such of the Goods (or the goods supplied under any other contract between the Buyer and the Seller) as the Seller may think fit (notwithstanding any purported appropriation by the Buyer); and
 - 5.3.3 charge the Buyer interest (both before and after any judgment) on the amount unpaid, at the rate of 10 (ten) per cent per annum above Barclays Bank of

Kenya Limited base rate from time to time, until payment in full is made (a part of a month being treated as a full month for the purpose of calculating interest).

6. DELIVERY

- 6.1 Delivery of the Goods shall be made by the Buyer collecting the Goods at the Seller's premises at any time after the Seller has notified the Buyer that the Goods are ready for collection or, if some other place for delivery is agreed by the Seller, by the Seller delivering the Goods to that place.
- 6.2 Any dates quoted for delivery of the Goods are approximate only and the Seller shall not be liable for any delay in delivery of the Goods however caused. Time for delivery shall not be of the essence of the Contract unless previously agreed by the Seller in writing. The Goods may be delivered by the Seller in advance of the quoted delivery date upon giving reasonable notice to the Buyer.
- 6.3 Where delivery of the Goods is to be made by the Seller in bulk, the Seller reserves the right to deliver up to 10 (ten) per cent more or 10 (ten) per cent less than the quantity ordered without any adjustment in the price, and the quantity so delivered shall be deemed to be the quantity ordered.
- 6.4 If the Seller fails to deliver the Goods (or any instalment) for any reason other than any cause beyond the Seller's reasonable control or the Buyer's fault, and the Seller is accordingly liable to the Buyer, the Seller's liability shall be limited to the excess (if any) of the cost to the Buyer (in the cheapest available market) of similar goods to replace those not delivered over the price of the Goods.
- 6.5 If the Buyer fails to take delivery of the Goods or fails to give the Seller adequate delivery instructions at the time stated for delivery (otherwise than by reason of any cause beyond the Buyer's reasonable control or by reason of the Seller's fault) then, without prejudice to any other right or remedy available to the Seller, the Seller may:
- 6.5.1 store the Goods until actual delivery and charge the Buyer for the reasonable costs (including insurance) of storage; or
 - 6.5.2 sell the Goods at the best price readily obtainable and (after deducting all reasonable storage and selling expenses) account to the Buyer for the excess over the price under the Contract or charge the Buyer for any shortfall below the price under the Contract.

7. RISK AND PROPERTY

- 7.1 Risk of damage to or loss of the Goods shall pass to the Buyer:
- 7.1.1 in the case of Goods to be delivered at the Seller's premises, at the time when the Seller notifies the Buyer that the Goods are available for collection; or

7.1.1 in the case of Goods to be delivered otherwise than at the Seller's premises, at the time of delivery or, if the Buyer wrongfully refuses the delivery of the Goods, at the time when the Seller last tendered delivery of the Goods;

7.2 Notwithstanding delivery and the passing of risk in the Goods, and in other provision of these Conditions, the property in the Goods shall not pass to the Buyer until the Seller has received in cash or cleared funds payment in full of the price of the Goods and all other goods agreed to be sold by the Seller to the Buyer for which payment is then due.

7.3 Until such time as the property in the Goods passes to the Buyer, the Buyer shall hold the Goods as the Seller's fiduciary agent and bailee, and shall keep the Goods separate from those of the Buyer and third parties and properly stored, protected and insured and identified as the Seller's property, but the Buyer shall be entitled to resell or use the Goods in the ordinary course of its business.

7.4 Until such time as the property in the Goods passes to the Buyer (and provided the Goods are still in existence and have not been resold), the Seller shall be entitled at any time to require the Buyer to deliver up the Goods to the Seller and, if the Buyer fails to do so forthwith, to enter upon any premises of the Buyer or any third party where the Goods are stored and repossess the Goods.

7.5 The Buyer shall not be entitled to pledge or in any way charge by way of security for any indebtedness any of the Goods which remain the property of the Seller, but if the Buyer does so all moneys owing by the Buyer to the Seller shall (without prejudice to any other right or remedy of the Seller) forthwith become due and payable.

8. WARRANTIES AND LIABILITY

8.1 Subject to the conditions set out below the Seller warrants that the Goods will correspond with their specification at the time of delivery and will be free from defects in material and workmanship at the time of delivery.

8.2 The above warranty is given by the Seller subject to the following conditions:

8.2.1 the Seller shall be under no liability in respect of any defect in the Goods arising from any drawing, design or specification supplied by the Buyer;

8.2.2 the Seller shall be under no liability in respect of any defect arising from fair wear and tear, wilful damage, negligence, abnormal working conditions, failure to follow the Seller's instructions (whether oral or in writing), misuse or alteration or repair of the Goods without the Seller's approval;

8.2.3 the Seller shall be under no liability under the above warranty (or any other warranty, condition or guarantee) if the total price for the Goods has not been paid by the due date for payment;

8.2.4 the above warranty does not extend to parts, materials or equipment not manufactured by the Seller, in respect of which the Buyer shall only be entitled

to the benefit of any such warranty or guarantee as is given by the manufacturer to the Seller.

- 8.3 Subject as expressly provided in these Conditions, all warranties, conditions or other terms implied by statute or common law are excluded to the fullest extent permitted by law.
- 8.5 Any claim by the Buyer which is based on any defect in the quality or condition of the Goods or their failure to correspond with specification shall (whether or not delivery is refused by the Buyer) be notified to the Seller within 7 days from the date of delivery (I have deleted reference to latent defects). If delivery is not refused, and the Buyer does not notify the Seller accordingly, the Buyer shall not be entitled to reject the Goods and the Seller shall have no liability for such defect or failure, and the Buyer shall be bound to pay the price as if the Goods had been delivered in accordance with the Contract.
- 8.6 Where any valid claim in respect of any of the Goods which is based on any defect in the quality or condition of the Goods or their failure to meet specification is notified to the Seller in accordance with these Conditions, the Seller shall be entitled to replace the Goods (or the part in question) free of charge or, at the Seller's sole discretion, refund to the Buyer the price of the Goods (or a proportionate part of the price), but the Seller shall have no further liability to the Buyer.
- 8.7 Except in respect of death or personal injury caused by the Seller's negligence, the Seller shall not be liable to the Buyer by reason of any representation (unless fraudulent), or any implied warranty, condition or other term, or any duty at common law, or under the express terms of the Contract, for any indirect, special or consequential loss or damage (whether for loss of profit or otherwise), costs, expenses or other claims for compensation whatsoever (whether caused by the negligence of the Seller, its employees or agents or otherwise) which arise out of or in connection with the supply of the Goods or their use or resale by the Buyer, and the entire liability of the Seller under or in connection with the Contract shall not exceed the price of the Goods, except as expressly provided in these Conditions.
- 8.8 The Seller shall not be liable to the Buyer or be deemed to be in breach of the Contract by reason of any delay in performing, or any failure to perform, any of the Seller's obligations in relation to the Goods, if the delay or failure was due to any cause beyond the Seller's reasonable control. Without prejudice to the generality of the foregoing, the following shall be regarded as causes beyond the Seller's reasonable control:
- 8.8.1 Act of God, explosion, flood, tempest, fire or accident;
 - 8.8.2 war or threat of war, sabotage, insurrection, civil disturbance or requisition;
 - 8.8.3 acts, restrictions, regulations, bye-laws, prohibitions or measures of any kind on the part of any governmental, parliamentary or local authority;
 - 8.8.4 import or export regulations or embargoes;

S.S.5 strikes, lock-outs or other industrial actions or trade disputes (whether involving employees of the Seller or of a third party);

S.S.6 difficulties in obtaining raw materials, labour, fuel, parts or services;

S.S.7 power failure, fire, flood or any calamity.

9. STATUS OF BUYER

9.1 This clause applies if:

9.1.1 the Buyer makes any voluntary arrangement with its creditors or (being an individual or firm) becomes bankrupt or (being a company) becomes subject to an administration order or goes into liquidation (otherwise than for the purposes of amalgamation or reconstruction); or

9.1.2 an encumbrancer takes possession, or a receiver is appointed, of any of the property or assets of the Buyer; or

9.1.3 the Buyer ceases, or threatens to cease, to carry on business; or

9.1.4 the Seller reasonably apprehends that any of the events mentioned above is about to occur in relation to the Buyer and notifies the Buyer accordingly.

9.2 If this clause applies then, without prejudice to any other right or remedy available to the Seller, the Seller shall be entitled to cancel the Contract or suspend any further deliveries under the Contract without any liability to the Buyer, and if the Goods have been delivered but not paid for the price shall become immediately due and payable notwithstanding any previous agreement or arrangement to the contrary.

10. EXPORT TERMS

10.1 In these Conditions 'Incoterms' means the international rules for the interpretation of trade terms of the International Chamber of Commerce as in force at the date when the Contract is made. Unless the context otherwise requires, any term or expression which is defined in or given a particular meaning by the provisions of Incoterms shall have the same meaning in these Conditions, but if there is any conflict between the provisions of Incoterms and these Conditions, the latter shall prevail.

10.2 Where the Goods are supplied for export from the Republic of Tanzania, the provisions of this clause 11 shall (subject to any special terms agreed in writing between the Buyer and the Seller) apply notwithstanding any other provision of these Conditions.

10.3 The Buyer shall be responsible for complying with any legislation or regulations governing the importation of the Goods into the country of destination and for the payment of any duties on them.

- 11.4 Unless otherwise agreed in Writing between the Buyer and the Seller, the Goods shall be delivered fob the air or sea port of shipment.
- 11.5 The Buyer shall be responsible for arranging for testing and inspection of the Goods at the Seller's premises before shipment. The Seller shall have no liability for any claim in respect of any defect in the Goods which would be apparent on inspection and which is made after shipment, or in respect of any damage during transit.
- 11.6 Payment of all amounts due to the Seller shall be made in a manner acceptable to the Seller and the terms of such payment shall be communicated to the Buyer at the time of order.
- 11.7 The Buyer undertakes not to offer the Goods for resale in Kenya, Uganda or Tanzania or any other country notified by the Seller to the Buyer at or before the time the Buyer's order is placed, or to sell the Goods to any person if the Buyer knows or has reason to believe that that person intends to resell the Goods in any such country.

12. GENERAL

- 12.1 The Seller is a member of the group of companies whose holding company is TreeFarms AS of Norway, and accordingly the Seller may perform any of its obligations or exercise any of its rights hereunder by itself or through any other member of its group, provided that any act or omission of any such other member shall be deemed to be the act or omission of the Seller.
- 12.2 Any notice required or permitted to be given by either party to the other under these Conditions shall be in Writing addressed to that other party at its registered office or principal place of business or such other address as may at the relevant time have been notified pursuant to this provision to the party giving the notice.
- 12.3 No waiver by the Seller of any breach of the Contract by the Buyer shall be considered as a waiver of any subsequent breach of the same or any other provision.
- 12.4 If any provision of these Conditions is held by any competent authority to be invalid or unenforceable in whole or in part the validity of the other provisions of these Conditions and the remainder of the provision in question shall not be affected.
- 12.5 Any dispute arising under or in connection with these Conditions or the sale of the Goods shall be referred to arbitration by a single arbitrator appointed by agreement or in default of agreement within fourteen (14) days to be appointed at the request of either of them by the Charman for the time being of the Chartered Institute of Arbitrators (Kenya Branch) in accordance with and subject to the provisions of the Arbitration Act No. 4 of 1995 or any statutory modification or re-enactment thereof for the time being in force.
- 12.6 The Contract shall be governed by the laws of Kenya, and the Buyer unconditionally and irrevocably agrees to submit to the non-exclusive jurisdiction of the Kenyan courts.

PROCUREMENT SECTION COPY

OFFICIAL ORDER

The Kenya Power and Lighting Co. Ltd.



Cairo East Africa

P.o Box 46247

DATE 25th April, 2005

NAIROBI

INVOICE MUST BE ADDRESSED TO

(Delete as Applicable)

DIRECT ORDERS.
STORES ORDERS

CLASS	WEEK NO.	ORDER NO.
41		No. B 764121
09		

P.o Box 30177 Nairobi

ITEM No.	DESCRIPTION (INCLUDING SUPPLIER'S CATALOGUE NUMBER)	UNIT PRICE AND DISCOUNT		QUANTITY	TOTAL PRICE		STORES CO OR ALOC. COC
		SHS.	CTS.		SHS.	CTS.	
1	Treated wood pole 10.0m - Destn. Nbi.	5,646.55		18,000	101,637,931.03		186187
2	Treated wood pole 10.0m - Destn. Msa	5,646.55		6,837	38,605,474.14		186187
3	Treated wood pole 10.0m - Destn. Nakuru	5,905.17		16,000	94,482,758.62		186187
4	Treated wood pole 10.0m - Destn. Kisumu	5,689.66		7,000	39,827,586.21		186187
5	Treated wood pole 11.0m - Destn. Msa	6,724.14		2,000	13,448,275.86		186188
6	Treated wood pole 11.0m - Destn. Nbi.	6,724.14		8,496	57,128,275.86		186188
7	Treated wood pole 11.0m - Destn. Nakuru	6,724.14		3,082	20,723,793.10		186188
8	Treated wood pole 11.0m - Destn. Kisumu	6,724.14		2,200	14,793,103.45		186188
9	Treated wood pole 12.0m - Destn. Msa	7,715.52		3,000	23,146,551.72		186189
10	Treated wood pole 12.0m - Destn. Nakuru	6,767.24		6,624	44,826,206.90		186189
11	Treated wood pole 12.0m - Destn. Nbi.	7,715.52		9,000	69,439,655.17		186189
12	Treated wood pole 12.0m - Destn. Kisumu	6,767.24		1,700	11,504,310.34		186189
	Plus 16% VAT				84,730,227.59		
DELIVERY DATE <u>As per attached delivery schedule</u>					3-90639		
DELIVER TO <u>As above</u>		REQ. NO. <u>1</u>					
AUTHORITY BM/CTC/DTC/NO <u>CTC/29/05 (a)</u>							
DATE <u>26/01/05</u>		TOTALS		614,294,150.00			

E.T 25/04/05

~~25/4/05~~

~~25/04/05~~

~~25/4/05~~

APPROVED BY (SIGNATURE)

[Signature]

DESIGNATION

[Signature]

DATE

26/4/05

TREATMENT INTERNATIONAL

APPENDIX I

DATE 5th October, 2005

X 3166

T - KENYA

INVOICE MUST BE ADDRESSED TO
P.O Box 30177 Nairobi

Advance

CLASS	WEEK No	ORDER No
DIRECT ORDERS	41	No. B 777531
STORES ORDERS	09	

DESCRIPTION (INCLUDING SUPPLIER'S CATALOGUE NUMBER)	UNIT PRICE AND DISCOUNT		QUANTITY	TOTAL PRICE		STORES CODE OR ALLOC. CODE	INTER CODE
	SHS.	CTS.		SHS.	CTS.		
Painted wood pole 10.0 Metres Medium	5,837.50		5,500	32,106,250.00		186187	
Painted wood pole 11.0 Metres Medium	8,541.14		2,000	17,082,280.00		186188	
Plus 16% VAT				7,870,164.80			
TOTALS					57,058,694.80		

3-100315

LIVERY DATE Immediately

LIVER TO Nairobi South REQ. NO

Stores

THORITY BM/CTC/DTC/NO CTC/234/05

DATE 5/10/05

~~IF~~ 6/10

ASM

MWU 11/10

APPROVED BY (SIGNATURE) [Signature]

DESIGNATION MD

DATE 11/10/05

05/10/05

Main

PURCHASING SECTION COPY

OFFICIAL ORDER

The Kenya Power and Lighting Co. Ltd.



TIMBER TREATMENT INTERNATIONAL

P.O BOX 3166

DATE 24th October 2005

ELDORET

INVOICE MUST BE ADDRESSED TO

P.o Box 30177 Nairobi

CLASS	WEEK No.	ORDER No.
DIRECT ORDERS: 41		No. B 777609
STORES ORDERS: 09		

(Delete as Applicable)

ITEM No.	DESCRIPTION (INCLUDING SUPPLIER'S CATALOGUE NUMBER)	UNIT PRICE AND DISCOUNT		QUANTITY	TOTAL PRICE		STORES OR ALLOC:
		SHS.	CTS.		SHS.	CTS.	
1	Treated wood pole 10.0 Metres Medium CCA	5,837.500		19,500	113,831,250.00		18618 7
2	Treated wood pole 11.0 Metres Medium CREOSOTE	8,541.138		10,000	85,411,380.00		18618 8
3	Treated wood pole 12.0 Metres Medium CCA	7,877.078		6,000	47,262,468.00		18618 9
4	Treated wood pole 14.0 Metres Medium CREOSOTE	14,465.914		2,500	36,164,785.00		18619 0
5	Treated wood pole 15.0 Metres Medium CREOSOTE	17,377.500		2,500	43,443,750.00		18619 1
6	Treated wood pole 17.0 Metres Medium CREOSOTE	20,627.103		1,100	22,689,813.30		18619 4
7	Treated wood pole 18.0 Metres Medium CREOSOTE	22,118.750		900	19,906,875.00		18619 2
Plus 16% VAT						58,993,651.40	
DELIVERY DATE As per attached delivery Schedule							
DELIVER TO Nairobi South REQ. NO.							
AUTHORITY BM/CTC/DTC/NO CTC/274/05							
DATE					TOTALS		427,703,972.70

Payments as per terms of L/C

24/10/05
 24/10/05
 24/10/05
 24/10/05

APPROVED BY (SIGNATURE) [Signature]
 DESIGNATION MD
 DATE 27/10/05

C) MATTERS ARISING FROM CTC/420/05 OF 29TH DECEMBER, 2005 – PURCHASE OF EMERGENCY SUPPLIES OF POLES

CTC paper prepared by I. O. Okore – Assistant Supplies Manager was considered.

CTC noted the following:

- i. That at its meeting of 29th December 2005, CTC vide its minute number CTC/420/05, approved the recommendation to purchase 12,603 poles from M/s Sao Hill Industries Ltd (SHIL) of the Republic of Tanzania at a total cost of kshs. 176,883,375/=, to meet part of the balance of KPLC requirement of poles

That through the initiative of the Ministry of Energy, M/s SAO Hill Industries Ltd of southern Tanzania, who had some immediate ex – stock quantities of required treated wood poles, has been identified through direct sourcing, to deliver all their ex – stock quantities of various sizes numbering 5,100 pieces and other various sizes numbering approximately 7,503 pieces to be delivered in equal monthly quantities from February 2006 up to April 2006.

That considering that the Company had pursuant to a Board Resolution in December, 2005, notified the Treasury and Ministry of Energy that it had ceased to be a state corporation after sale of the NSSF shares, the poles from Tanzania should be procured on an emergency basis directly from suppliers who had indicated that they had poles, without following the Public Procurement Regulations as this was going to occasion more delays.

- ii. That the total balance/shortage of requirements as at December 2005, was noted to be 43,000 poles and this shortfall of requirement is critically needed for use on the **stalled** projects for customer base expansion programme (*Rural electrification; Umeme Pamoja; Connection policy*).
- iii. That the above approval was subject to a positive due diligence/factory visit to M/s SHIL, which was to be conducted urgently to facilitate progressing of award and signing of contract. At the same time, since, M/s SHIL's immediate ex – stock quantities will not meet immediate balance requirement, the CTC also approved factory visits of possible additional treated wood poles sources in Southern Tanzania (as had been invited by some trading/supplying companies), to bridge the gap, as follows:
- a) M/s Sao Hill Industries Ltd
 - b) M/s Duville Woodworks Ltd (Ms Muwa Trading Company)
 - c) M/s Tanganyika Wattle Company (Mint Holdings Ltd)
 - d) M/s Mufindi Woodpoles Plant and Timber Ltd (Mint Holdings Ltd & Muwa Trading)
- iv. That the Kenya Power & Lighting Company delegation of staff and Directors carried out factory visit to the above treated wood poles treatment plants from 10th to 14th January both dates inclusive and their

CHAIRMAN

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findings contained in a report presented to CTC, confirmed availability of some ex – stock quantities of treated wood poles ready for delivery and others that are to be ready for delivery in the next three months.

- v. That the award to M/s Sao Hill Industries Ltd still leaves a balance requirement of about 30,400 various sizes of poles.
- vi. That the balance of requirement not met by M/s Sao Hill be sourced from the identified treatment plants/manufactures for the total ex-stock quantities of poles available at their works and to be supplied periodically as follows:

TREATMENT PLANT	SUPPLIER	EX-STOCK Immediate	Feb 2006	March 2006	April 2006	May 2006	June 2006
SAO HILL	SHIL	5,100		2,500	2,500	2,500	As awarded
MUFINDI	Mint	2,000	3,000	3,000	3,000	3,000	3,000
TANWAT	Mint	2,000	-		Start		
MUFINDI	Muwa	3,000					
DUVILLE WOOD	Muwa	4,000	-				
TOTAL		16,100	3,000	5,500	5500	5,500	3,000

CTC **APPROVED** award of contracts for purchase of emergency supply of treated wood poles as follows:

- i. Issuance of notification letter and signing of contract between M/s Sao Hill Industries and the Kenya Power & Lighting Co.Ltd for quantity 12,600 of various pole sizes on stop-gap basis at a total cost of CIF US\$ 2,033,000.00 VAT Exclusive and estimated Ksh 176,883,375.00 VAT inclusive as follows:

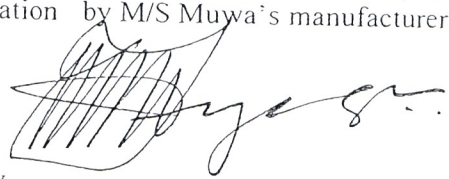
Pole Size	Qty SAOHIL	Unit Price VAT Exclu. CIF Nbi USD	Total Value VAT Exclu. CIF Nbi USD
9 Meters	3,500	150	525,000
10 Meters	6,500	160	1,040,000
11 Meters	2,600	180	468,000
TOTAL	12,600		2,033,000

- ii. Quantity 7,000 of various pole sizes on stop – gap basis to M/s Muwa Trading Company at a total of CIF US\$1,095,000. VAT Exclusive and estimated Ksh 95,265,000 VAT Inclusive as follows:

Pole Size	Qty Duville	Qty Mufindi	Total Qty	Unit Price CIF Nbi USD	VAT	Total Value CIF Nbi USD
9 Meters	1,000		1,000	140	22.40	140,000
10 Meters	2,000	1,500	3,500	155	24.80	542,500
11 Meters	1,000	1,500	2,500	165	26.40	412,500
TOTAL	4,000	3,000	7,000			1,095,000

CTC also approved purchase of additional quantity 3,000 from M/s Muwa subject to confirmation by M/S Muwa's manufacturer.

CHAIRMAN



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- iii. Quantity 19,000 of various pole sizes on stop – gap basis to M/s Mint Holdings Ltd (sourced from the table above) at a total of CIF US\$2,975,097.00 VAT Exclusive and estimated Ksh 258,833,439 VAT Inclusive as follows:

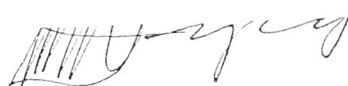
Pole Size	Qty	Unit Price CIF Nbi USD	VAT	Total Value CIF Nbi USD
9 Meters	6,600	150.00	24	990,000
10 Meters	12,150	159.48	25.52	1,937,682
11 Meters	0	0	0	0
12 Meters	250	189.66	30.35	47,415
TOTAL	19,000			2,975,097

- iv. Authority to obtain quotations of road deliveries direct to Mombasa to cover Coast Region requirement from both M/s Muwa and Mint

The total Cost Delivered is **CIF Ksh 530,969,439/= Inclusive of 16% VAT.**

Delivery shall be made as per tabulation on (vi) above. Payment terms shall be Cash Against Delivery Basis and/or through Letters of Credit to accommodate the practical processing within KPLC's system, where Invoices and Delivery Notes are raised and delivered on a Truck – by – Truck Basis.

CHAIRMAN



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DATE

2/2/06

THE KENYA POWER & LIGHTING COMPANY LTD

PAPER TO THE CENTRAL TENDER COMMITTEE

PREPARED BY: Ignatius O.Okore – Assistant Supplies Manager

MATTERS ARISING: PURCHASE OF VARIOUS SIZES OF TREATED WOOD POLES ON STOPGAP BASIS – CTC/420/05 OF 29TH DECEMBER 2005

1. INTRODUCTION

At its meeting of 29th December 2005, CTC vide its minute number CTC/420/05, approved the recommendation to purchase 12,603 poles from M/s Sao Hill Industries Ltd (SHIL) of the Republic of Tanzania at a total cost of kshs. 629,203,778/=, to meet part of the balance of KPLC requirement of poles (Minute attached as Appendix 1). The total balance/shortage of requirements as at December 2005, was noted to be 43,000 poles and this shortfall of requirement is critically needed for use on the **stalled** projects for customer base expansion programme (*Rural electrification; Umeme Pamoja; Connection policy*).

The above approval was subject to a positive due diligence/factory visit to M/s SHIL, which was to be conducted urgently to facilitate progressing of award and signing of contract. At the same time, since, M/s SHIL's immediate ex –stock quantities will not meet immediate balance requirement, the CTC also approved factory visits of possible additional treated wood poles sources in Southern Tanzania (as had been invited by some trading/supplying companies), to bridge the gap, as follows;

- i. M/s Sao Hill Industries Ltd
- ii. M/s Duville Woodworks Ltd (Ms Muwa Trading Company)
- iii. M/s Tanganyika Wattle Company (Mint Holdings Ltd)
- iv. M/s Mufindi Woodpoles Plant and Timber Ltd (Mint Holdings Ltd & Muwa Trading)

2. ACTION TAKEN

The Kenya Power & Lighting delegation of staff and Directors carried out factory visit missions to treated wood poles treatment plants mainly from invitation by the suppliers/traders based in Southern Tanzania Region from January 9th to January 14th both dates inclusive. The report of the factory visits is attached as Appendix 2.

3. RECOMMENDATION

In view of the situation already outlined above and the positive finding of the factory visit missions on all the treatment plants and some forests visited, and since the award to M/s SHIL still leaves a balance requirement of about 30,400 various sizes of poles, we recommend the following:

1. Issuance of a letter of award and contract to M/s Sao Hill Industries Ltd for 12,600 various sizes of poles (comprised of 5,100 from ex-stock and the balance to be delivered as per table below) at an estimated total CIF of KSh.629,203,778/= Nairobi South Stores, inclusive of VAT (Appendix 1).
2. Award of contracts to the other treated wood poles suppliers as will be sourced from the identified treatment plants/manufactures for the total ex-stock quantities of poles available at their works and to be supplied periodically as follows:

TREATMENT PLANT	SUPPLIER	EX-STOCK Immediate	Feb 2006	March 2006	April 2006	May 2006	June 2006
SAO HILL	SHIL	5,100		2,500	2,500	2,500	
MUFINDI	Mint	2,000	3,000	3,000	3,000	3,000	3,000
TANWAT	Mint	2,000	-		Start		
MUFINDI	Muwa	3,000					
DUVILLE WOOD	Muwa	4,000	-				
TOTAL		16,100	3,000	5,500	5500	5,500	3,000

This arrangement shall go a long way in bridging the gap of requirement balance by 38,600 poles..

A further 3,000 poles be awarded to Ms Muwa Trading Company on receipt of original confirmation letter from Mufindi Woodpole Plant & Timber Ltd that they would make available this quantity to Ms Muwa as per their letter of January 16th, 2006.

4 COMPARISONS OF OFFERS

All the three suppliers gave offers, which are tabulated below:

	Pole Size Meters	M/s Sao Hill VAT Excl. USD			M/s Muwa VAT Excl. USD			M/s Mint VAT Excl. USD		
		Qty	Unit Price	Total	Qty *	Unit Price	Total	Qty **	Unit Price	Total
1	9 M	5,500	150	525,000	1,000	140	140,000	6,600	150.00	990,000
2	10 M	6,500	160	1,040,000	3,500	155	542,500	12,150	159.48	1,937,682
3	11 M	2,600	180	468,000	2,500	165	412,500	0		0
4	12 M			0		204	0	250	189.66	47,415
		12,600		2,033,000	7,000		1,095,000	19,000		2,975,097

N/B

* M/s Muwa has 4,000 poles of various sizes sourced from Duville Woodworks and further 3,000 from Mufindi available immediately ex-stock.

** M/s Mint Figures for total quantity combines figures for M/s Mufindi Woodpoles Plant and those of M/s Tanganyika Wattle Company. The price is same, inclusive of transport to Nairobi

6 AUTHORITY

CTC is requested to award the contract for supply of treated wood poles as follows:

- a) Quantity 12,600 of various pole sizes on stop-gap basis to M/s Sao Hill Industries Limited at a total cost of CIF US\$ 2,033,000.00 VAT Exclusive and estimated Ksh 176,883,375.00 VAT inclusive.
- b) Quantity 7,000 of various pole sizes on stop – gap basis to M/s Muwa Trading Company at a total of CIF US\$1,095,000.VAT Exclusive and estimated Ksh 95,265,000 VAT Inclusive.

Quantity to Muwa Trading:

Pole Size	Qty Duville	Qty Mufindi	Total Qty	Unit Price CIF Nbi US D	VAT	Total Value CIF Nbi USD
9 Meters	1,000		1,000	140	22.40	140,000
10 Meters	2,000	1,500	3,500	155	24.80	542,500
11 Meters	1,000	1,500	2,500	165	26.40	412,500
TOTAL	4,000	3,000	7,000			1,095,000

- c) Quantity 19,000 of various pole sizes on stop – gap basis to M/s Mint Holdings Ltd (sourced from the table above) at a total of CIF US\$2,975,097.00 VAT Exclusive and estimated Ksh 258,833,439 VAT Inclusive.
- d) Authority to obtain quotations of road deliveries direct to Mombasa to cover Coast Region requirement from both Ms Muwa and Mint

The total Cost Delivered is **CIF Ksh 530,969,439/= Inclusive of 16% VAT.**

Delivery shall be made as per tabulation. Payment terms shall be Cash Against Delivery Basis and/or through Letters of Credit as will be negotiated to be able to accommodate the practical processing within our system, where Invoices and Delivery Notes are raised and delivered on a Truck – by – Truck Basis.

APPENDICES

- 1 - CTC/420 05
- 2 - Report on Factory Visits
- 3a - Offers from M s Mint Holdings Ltd
- 3b - Offers from M s Mint Holdings Ltd
- 4 - Offers from M s Muwa

Prepared by:  Date: 19/1/06

Recommended:  Date: 19/1/06

Delivery: 4 weeks after LPO

Payment: 60 days on delivery of materials


PROCUREMENT OF TREATED WOOD POLES OF
POLES

A CTC paper prepared by D. O. Omondi, Assistant Supplies Manager was discussed.

The CTC noted the following:

- i. That the local suppliers awarded contracts to supply poles, had experienced logistical and financial challenges, resulting to supply backlog of 43,000 as at December 2005, thereby crippling all projects for Customer base expansion programme and Rural Electrification projects.
- ii. That through the initiative of the Ministry of Energy, M/s SAO Hill Industries Ltd of southern Tanzania, who have some immediate ex – stock quantities of required treated wood poles, has been identified through direct sourcing, to deliver all their ex – stock quantities of various sizes numbering 5,100 pieces and other various sizes numbering 7,503 pieces to be delivered in equal monthly quantities from February 2006 up to April 2006.
- iii. That a Factory Visit shall be made to the supplier by KPLC management including 3 directors who are CTC Members.
- iv. That the above Factory Visit to cover other firms who are possible suppliers such as M/s Duville Woodworks and Tanganyika Wattle Company.
- v. That a letter of award to supply various sizes of treated wood poles to M/s SAO Hill Industries be made after a positive factory visit report.

The CTC APPROVED award of contract for supply of various sizes of treated wood poles to M/s SAO Hill Industries at a total CIF cost of USD 2,358,445 (Kshs.176,883,375/=) VAT Inclusive, Nairobi South Stores as per appendix 11 attached. KPLC shall pay VAT direct to KRA, and pay for IDF fees, and Clearing Agency charges.


13/1/06

CHAIRMAN

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Pole Size	Quantity	Delivery Time	3 Months / Immediate Quantities	Unit Price CIF Nairobi Stores USD	Total Unit Price CIF Nairobi USD
9 Meters	3,500	Immediate	3,500	174.01	609,035.00
10 Meters	1,400	Immediate	1,400	185.62	259,868.00
11 Meters	200	Immediate	200	208.80	41,760.00
10 Meters	1,700	Per Month for 11 months	5,100	185.62	946,662.00
11 Meters	800	Per Month for 11 months	2,400	208.80	501,120.00
TOTAL			12,603.00		2,358,445.00

APPENDIX 2

KENYA POWER AND LIGHTING COMPANY LTD

REPORT ON TREATED WOOD POLE AND FORESTS-VISIT TO SOUTHERN TANZANIA REGION

SAO HILL INDUSTRIES Ltd, DUVILLE WOODWORKS Ltd,
TANGANYIKA WATTLE COMPANY AND MUFINDI WOODPOLES
PLANT & TIMBER Ltd.

JANUARY 10th TO 14th 2006

EXECUTIVE SUMMARY

The trip to Tanzania Wood Pole Industries and Forests was successful in all aspects. The team visited the four major wood pole producers namely Messrs Sao Hill Industries Limited (SHIL), Mufindi Woodpoles Plant & Timber Ltd, Tanganyika Wattle Ltd (TANWAT) and Duville Woodworks Ltd. Availability of adequate supply of wood poles, treated to the recommended standards was confirmed.

The treatment plants are fully monitored by Tanzania Bureau of standards and SGS. SGS Tanzania will pre-inspect all the poles shipment to Kenya and ensure this comply with the KEBS specifications. The test certificates and certificates of conformity will form part of the import documents.

The team confirmed the treated wood pole availability as below:

TREATMENT PLANT	SUPPLIER	EX-STOCK Immediate	Feb 2006	March	April	May	June
MUFINDI	MITA	2,000	3,000				
SAO HILL	SHIL	5,100		3,000	3,000	3,000	3,000
DUVILLE WOOD	MUWA	4,000		2,500	2,500	2,500	
MUFINDI	MUWA	3,000			2,000		
TANWAT	MITA	2,000			2,000		
TOTAL		16,100	3,000	5,500	9,500	5,500	3,000

The team recommends approval of immediate purchase of the 16,100 ex-stock wooden poles and issue contracts to acquire the other 26,500 poles by May/June 2006. This will give a combined capacity of 42,600 poles by June 2006. Note potentially TANWAT has commented that they would be able to negotiate production after April 2006.

INTRODUCTION

On its meeting of 29th December 2005, the Board of Directors of TANESCO approved the purchase of 20,000 poles from the Republic of Tanzania. The poles are to be sourced from Sao Hill Industries Ltd (SHIL) which is a subsidiary of TreeFarms AS and was founded in 1972 through the Norwegian Development Aid. It has since grown into a major supplier of wood products and treated poles and is one of the main suppliers of poles to TANESCO.

Raw poles are sourced from Government forests, individual farms and Sao hill forests.

During the week beginning 9th January a team of KPLC staff and Directors made a visit to the Republic of Tanzania to familiarize themselves with pole treatment operations in SHIL (part of due diligence) and the potential of importing poles from the same facilities. The KPLC team took the opportunity to visit three other wood pole producers/facilities within Southern Tanzania region who would support two potential suppliers of poles (Messrs Muwa Trading Company, and Mita Company).

SAO HILL INDUSTRIES-10th Jan, 2006 (Producers & Supplier)

Present:

Sao Hill Industries Limited AND Green Resources Limited

Mutuma Marangu	Director & Director of TreeFarms AS
Mwaniki Ngibuini	Managing Director
Hanns Lemm	Financial Controller
Minja, A	Finance Manager
Makoye P.G	General Manager
Yuda M.	Poles Manager
Simon Kabuka	Pine Logging Manager
Kisondeella A.A	IT and GIS Manager
Mussami P	Research and monitoring Manager
Kabiru G	Wood Development Manager
Lyimo, B	CDM Manager
Luwagilla, S	KFP Project Manager
Kuria, N	Poles Technician
Nambombe, V	Forestry Consultant
Mhagama, P	Sawmill Manager
Mpema, J	Accountant
Christian, C	Accountant
Chacha	Statistics and Database Manager
Jovin, R	GIS Manager
Rwegoshora, S	Technical and Maintenance Manager
SGS Tanzania:	Kaol Guri-Agricultural Services Manager
KPLC Ltd, Kenya:	
Fidesius Nyaga	Director and Chairman CTC

Nganga A Munyu Director
 Jonathan Ciano Chief Manager K.C & Special Projects & Logistics
 Francis Ouma Ag. Chemist, R & D
 Raphael Mwaura Design Engineer
 Peter Simbah Wood Sales & Marketing Manager

Pole Treatment Plant

SHIL poles treatment plant has an annual potential to treat 33,000 cubic meters of poles, 60% of which are for the local market while the balance of 40% is exported to the Gulf and other countries. SHIL mainly treats poles for TANESCO.

Below is a summary of the past awards to Sao Hill by TANESCO.

YEAR	NO OF POLES	NO SUPPLIED
2003	10,000	10,000
2004	32,000	25,000
2005	11,000	NIL
2006	-	-

Due to difficulties on the part of the consumer SHIL has suspended the treatment of poles balance for TANESCO (23,000 poles).

Forest Operations

Sao Hill Industries currently has forest cover of 40,000 hectares of assorted wood species. They intend to increase this to 100,000 hectares in a few years time. Raw materials (Eucalyptus species) is obtained from Sao Hill Plantation Forest Plantation, a State owned forest plantation as well as from private woodlots. SHIL projects to start harvesting from own forest in the next two years.

They also indicated a right to acquire suitable poles from forests belonging to the Tanzanian Government.

The team made a visit to the Gulusilo range forest belonging to Sao Hill Industries. This forest is 25 hectares in size with a potential to supply 10,000 poles. Trees are spaced at 2.5m apart. At the time of the visit felling and debarking of trees was ongoing. Suitable Eucalyptus tree species are identified, felled, debarked and allowed to season until they achieve moisture content of 28% or less. The poles are then converted to the required sizes, transported to the treatment plant. Further seasoning is allowed, poles gang nailed, LV and MV holes are drilled and treated according to customer's specifications.

Treatment Plant

- The treatment plant comprises of two treatment cylinders 20 and 12 meters long respectively with a combined capacity to treat 500 poles per day. This is a pressure treatment plant using CCA from Arch Chemicals Ltd, UK. The chemical preservative is diluted to 6% solution prior to treatment.

- Poles are treated using the recommended pressure-vacuum schedule for 3 hours to retention of 20kg/cubic meter of wood. Penetration is targeted at 25mm or full sapwood penetration.
- Operations in the treatment yard comply with Tanzania Bureau of Standards an equivalent of Kenya Bureau of Standards.

Ex-Stock Treated Poles

The following stock quantities were confirmed to be at the treatment plant.

Pole size	Treated stock	Untreated stock	Felled stock (at forest)	Stock from private farms
9MM	2,276	1,038		
10MM	1,262	264		
12MM	84	105		
13MM	105	21		
Total	3,727	1,428	6,000	3,000

The untreated stock at the yard will be treated within two days to make up the 5,100 poles committed to KPLC

Compliance Testing of Ex-Stock poles

The above poles were randomly tested for dimensions, drilled holes, markings and strengths as recommended in KPLC specification of poles. Below is a summary of the results:

Sample	Category	Top dia	Goundline dia	Hole1	Hole2	Hole3	Hole4	Strength
1	19MM	152mm	232mm	150	470	760	1070	
2	10MM	210mm	235mm	150	455	777	1070	
3	9MM	175mm	210mm	140	460	760	1070	
4	10MM	180mm	233mm	140	450	760	1050	
5	10MM	197mm	263mm					2500kgf
	KPLC 10MM	150mm	230mm	150	450	750		
	KPLC 9MM	150mm	210mm					
	CONCLUSION	OK	OK	*DIS	*DIS	*DIS	*DIS	OK

* DIS ---- Slight disparity (can be compensated)

From charge sheets and test certificates the poles have been treated to 20kg CCA/ Cubic meter of wood. This is in agreement with the requirements of KPLC/KEBS.

Trading

It was confirmed by the team that 5,100 poles are available ex-stock for KPLC and with the 6,000 poles at various stages of drying SHIL has a potential to supply 12,600 poles as at the end of May 2006.

Ex-Stock Poles

These poles were tested for compliance against KEBS & KPLC standards and were noted to comply. The stock position is as shown below.

Type	Quantity(number)
9MM	1,500
10MM	450
12MM	250
TOTAL	2,000

These poles are available for KPLC upon signing of a contract.

It was agreed that the Supplier/agent Ms Mint Holding Ltd gives KPLC a firm commitment and this will form a basis of contracting. This should be done within two weeks.

MUFINDI WOODPOLES PLANT AND TIMBER LTD- Supplier/Agent Mint Holding Ltd- 13th JAN, 2006.

PRESENT:

Aziz Mazar Director
Aziz Abdul Managing Director

Pole Treatment Plant

It is located 40 km (south) from the township of Mafinga. This is an integrated pole treatment facility with drying Kilns. It uses both Creosote and CCA wood preservatives. It is the major producer of treated wood poles for TANESCO. The pole treatment plant is fully certified by TBS. The combined plant capacity is 720 poles per day of assorted categories while on four shift cycle.

Ex Stock Position

The team ascertained the availability of 2,000 of well-treated poles comprising 60% 10MM and 40% of 9MM poles. The poles have been treated with CCA to meet TBS standards. Quality check indicated that these poles comply with the KEBS/KPLC standards.

These poles can be delivered to KPLC stores within two weeks after signing/awarding of a contract.

The company is also committed to supply a further 15,000 poles at 3,000 poles per month soon thereafter.

MAIN CONCLUSION

- KPLC can get the balance of poles from the above treatment facilities in Southern Tanzania. In the short run there is a potential to get 16,100 poles immediately and another 26,500 poles by April-June 2010, subject to immediate contracting with the concerned producers.
- The QM poles are not normal standard for KPLC but the team and the CTO supports the procurement as they can be used. Further the recommendation is supported by the fact that they are ex-stock.
- It is highly recommended that immediate contract be approved on terms submitted by suppliers to address the current wooden poles shortfall.
- The management has requested quotation of delivery of some of these poles direct to the Coast Region from one of the suppliers/producers.
- It was further noted that quality engineers will monitor closely the above transactions from Tanzania on an ad hoc basis as delivery of consignments progresses.

Mint Holdings Ltd

Hillside Apartments Upperhill
Ragati Rd, off Ngong Rd.
P.O. Box 7770 GPO, Nairobi, Kenya
Tel (254-20) 890361, 2736422
Fax (254-20) 2737094
Cell Phone 0733-621773, 0720-551534

Our Ref KPL/4/06
Date 16/1/2006

The Managing Director,
Kenya Power and Lighting Co.Ltd.
P.O.Box 30099,GPO,
Nairobi,
Kenya.

Dear Sir,

Supply of Electricity Transmission Poles and Price Revision

In our earlier letter dated the 4th January 2006 regarding the supply of electricity transmission pole we had offered a price of KSH 12,000.00 delivered Nairobi for the 12m CCA treated poles.

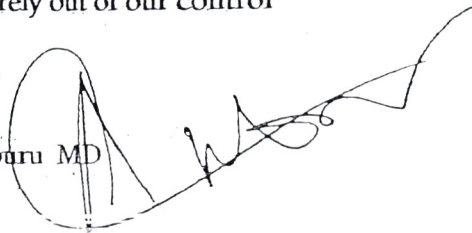
The situation at KPLC and the scarcity of poles within Kenya has now become a cause of major concern and in the last two weeks suppliers in Tanzania have been inundated by enquiries. Suffice it to say the Kenya Power and Lighting Company delegation's visit to the southern highlands of Tanzania only served to escalate the demand and prices.

Tanganyika Wattle Company has indicated that they are unable to provide us the poles at the earlier price and have given us a revised and thoroughly negotiated price. We have therefore as indicated given KPLC a very competitive price of US\$ 220.00 for 12m CCA treated transmission poles.

We apologies for any inconveniences that may have been caused but they were occasioned by matters entirely out of our control

Yours Truly

Andrew Mburu MD

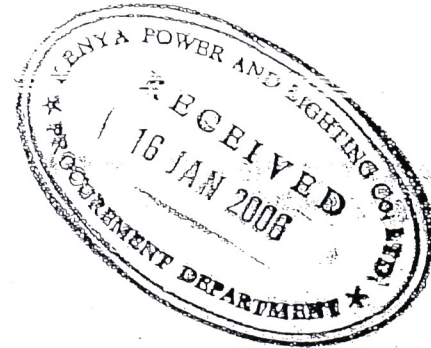


Mint Holdings Ltd

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Ragati Rd. off Ngong Rd
P.O. Box 7770 GPO, Nairobi, Kenya
Tel: (254-20) 890361, 2735422
Fax: (254-20) 2737094
Cell Phone 0733-621773, 0720-551534 0722512938

Our Ref KPL/3/06
Date 16/1/2006

The Managing Director,
Kenya Power and Lighting Co.Ltd.
P.O.Box 30099,GPO,
Nairobi,
Kenya.



Dear Sir,

Supply of Electricity Transmission Poles

The Kenya Power and Lighting Company delegation visited and confirmed the availability of electricity transmission poles at Tanganyika Wattle Company in Njombe and Mufindi Woodpoles Plant in Mafinga on the Southern Highlands of Tanzania as indicated in our earlier correspondence dated the 4th January 2006.

It was confirmed that total of 17,000 poles of the stocks at Mufindi Woodpoles Plant shall be availed to KPLC immediately consisting of

- 5300 x 9m medium CCA treated transmission poles at US \$ 174.00 per pole
- 11700 x 10m medium CC treated transmission poles at US\$ 185.00 per pole

The stock from Tanganyika Wattle Company also for immediate disbursement shall consist of

- 1300 x 9m medium CCA treated transmission poles at US\$ 174.00 per pole
- 450 x 10m medium CCA treated transmission poles at US\$ 185.00 per pole
- 250 x 12m medium CCA treated transmission poles at US\$ 220.00 per pole

Prices inclusive of transport to Nairobi and all Duties and Taxes.

Attached are the requisite certifications of Tanzania Bureau of Standard for both Mufindi Woodpoles Plant and Tanganyika Wattle Company. Also attached is the Manufacturer's Authorization for Mint Holding from both companies.

Yours Truly

Andrew Mburu MD

A handwritten signature in black ink, appearing to read "Andrew Mburu", written over a large, stylized circular flourish.



Mint Holdings Ltd
P.O. Box 7770
GPO,
Nairobi
Kenya

TANGANYIKA WATTLE CO. LTD
P.O. Box 1807
Dar es Salaam, Tanzania
Tel: +255 (0)22 2116621 / 2125418
Fax: +255 (0)22 2116622
Email: daressalaam@africanforests.com

NJOMBE
Tel: +255 (0)26 2782201 / 2
Fax: +255 (0)26 2782461
Email: tanwat@africanforests.com

Sale of treated eucalyptus poles to Kenya Power and Lighting Company (KPLC)

16 January 2006

Dear Sir,

Further to the visit, to Tanganyika Wattle Company Limited (Tanwat) on 12th January 2006, of the delegation from KPLC, I would confirm that Tanwat has agreed to supply 2000 poles to Mint Holdings as detailed in our PFI number (06/01/01) on behalf of KPLC.

Tanwat is a certified producer of treated poles and a copy of our certification from the Tanzania Bureau of Standards (TBS) is attached.

Tanwat is currently in the final stages of acquiring ISO 14001 certification. It is anticipated that this process of certification will be completed in March 2006.

Similarly Tanwat is awaiting its final audit for Forest Stewardship Council (FSC) certification, it is anticipated that this process will be completed by June 2006.

This letter also serves to confirm that in these current discussions with KPLC that Mint Holdings represent Tanwat.

Yours faithfully,

Ronnie Cox
Managing Director

LOCATION OF REGISTERED OFFICES:
KIBENA, PRIVATE BAG
NJOMBE, TANZANIA

TANZANIA BUREAU OF STANDARDS
SHIRIKA LA VIWANGO TANZANIA
P.O. Box 9524, DAR ES SALAAM

RENEWAL OF LICENCE
To use the Mark of the Bureau

ENDORSEMENT


Licence No. 0420 – WOODEN POLES

Granted to: TANGANYIKA WATTLE CO. LTD
P O BOX 1807
DAR ES SALAAM

is hereby renewed for the period ONE YEAR

From 2005-06-15

To 2006-06-14


D.J. Mwakymba
DIRECTOR

Date 2005-10-27

MWPT

MUFINDI WOODPOLES PLANT & TIMBER LTD

Mufindi Transport & Africa group of companies

Branch	Branch	Head Office
P O Box 76173	P O Box 198	P O Box 1365
Tel 255 22 2808298	Tel 255 26 2765084	Tel 255 25 2502228
Fax 255 22 2808300	Fax 255 26 2765084	Fax 255 25 2502901
Cell 255 744 600259	Cell 0744 307983	Cell 255 744 307983
<u>DARES SALAAM</u>	<u>MAFINGA</u>	<u>MBEYA</u>

Email: mehrabtransport@mwavafrika.com

www.mwpt.co.tz

Date: 12/1/06

Our Ref. MWPT/MH/001

KENYA POWER & LIGHTING COMPANY LIMITED
Stima Plaza, Kolobot Road
P.O.BOX 30099
NAIROBI
KENYA

Dear Sirs / Madam,

With reference to POLE SUPPLIES

we, Mufindi Woodpoles Plant & Timber Ltd established under the laws of Tanzania, having its principal office at P O Box 198, Mafinga, Tanzania who are established, reputed manufacturers for Treated Wood Poles and Timber and having proven experience in the Design & Supply of such equipment for similar voltage level hereby authorize

MINT HOLDINGS

Upper Hill.
Hillside Apartments,
Ragati Road, off Ngong Road,
P.O.Box 7770 - 00100
Nairobi.

A company established under the laws of Kenya, to supply and sign the contract with you for the supply of Wood Poles


We hereby extend our guarantee and warranty for the equipment offered by us for supply by the above firm against this invitation for bids.

This letter of authority is effective from above mentioned date and remains in full force until our further notice

Place and Date: 12 January 2006

Mufindi Woodpoles Plant and Timber LTD
P O Box 198.
Mafinga.
Tanzania

Authorized Signatory: Aziz Mazar - Director

Signed: 

TANZANIA BUREAU OF STANDARDS
SHIRIKA LA VIWANGO TANZANIA
P.O. Box 1938, DAR ES SALAAM

RENEWAL OF LICENCE
To use the Mark of the Bureau

INDORCEMENT

Licence No.: 0438

Granted to: MUFINDI WOOD POLES PLANT & TIMBER LIMITED

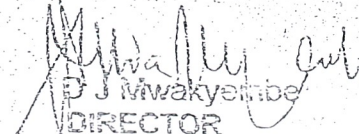
P O BOX 1938

KIHANGA, MAFINGA

is hereby renewed for the period: ONE YEAR

From: 2004-10-04

To: 2005-10-03


D J Mwakyeimba
DIRECTOR

Date: 2004-11-08



TANZANIA BUREAU OF STANDARDS
P.O. BOX 987 DAR ES SALAAM

L I C E N C E

to use the Mark of the Bureau

No. _____

THIS IS TO CERTIFY THAT _____
OF _____
HAS BEEN GRANTED A LICENSE TO USE THE MARK OF THE BUREAU FOR THE MANUFACTURE AND SALE OF _____
IN ACCORDANCE WITH THE PROVISIONS OF THE STANDARDS ACT, CAP 476.

SCHEDULE

No.	Description of Goods	Standard Reference

TBS

TANZANIA BUREAU OF STANDARDS
DAR ES SALAAM

MUWA TRADING COMPANY

P.O. BOX 49670 - 00100
 NAIROBI
 TEL: 4447965/0722-745838

16th January, 2006

The Managing Director
 Kenya Power & Lighting Co. Ltd.
 P.O. Box 30099
 NAIROBI



Dear Sir,

RE: QUOTATION FOR EUCALYPTUS ELECTRIC POLES

Further to our letter of quotation dated 20th December 2005, our visit to two factories in MAFINGA TANZANIA, between the undersigned and the team you sent to Tanzania for assessment and our letter of 12th January 2006. We are pleased to offer you 10,000 poles on the following basis:

We are in a position to supply 8000 poles immediately and a further 2000 poles in the month of April.

1. Duville Wordworks have confirmed that will supply us with 5000 poles immediately they receive our confirmed order.
2. Mufindi Woodpoles Plant and Timber Limited have allocated us 3000 poles for immediate delivery and a further 2000 poles in April.

The two referenced companies are in the process of sending this confirmation and hope to received this before your CTC meeting on Thursday as per your message through the Supplies Manager.

Our final Quotation for the poles delivered to your stores in Nairobi will be as follows:

PIECE	DESCRIPTION	PRICE PER PIECE	TOTAL
2500	9 meters Medium Poles	\$140	\$350,000
5500	10 meters Medium Poles	\$155	\$852,500
1500	11 meters Medium Poles	\$165	\$247,500
500	12 meters Medium Poles	\$204	\$102,000

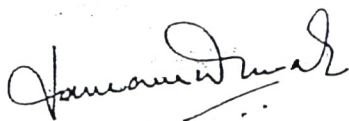
The poles will be supplied to your standard and all shipments will be SGS certified.

It is our humble request that initially you will avail your officers at the factories for inspection of the poles before shipment at our expense if this meets your approval

All other conditions remain the same as our letter of 20th December 2005.

Trusting this meets your approval, we remain,

Yours faithfully,



Jonathan Wainaina Kamau
Technical Director
MUWA TRADING COMPANY

Yahoo! My Yahoo! Mail Make Yahoo! your home page

YAHOO! MAIL

waminneh
My Account

Search the web Search

Refinance Your Home and
Pay Off Higher Interest Debt



Member HSE

Mail ▾ Addresses ▾ Calendar ▾ Notepad ▾ What's New - Upgrades - Options

Check Mail Lampers Search Mail Search the web

Vantage: sign up & get 1 month free!

Folders [Add - Edit]	
Inbox	
Draft	
Sent	
Bulk (4)	[Empty]
Trash	[Empty]
My Folders [Hide]	
anonymous	
import exports	

- What's your Credit Score?
- Severe Weather Driving Tips
- Yahoo! Games - Rack' em up

Previous | Next | Back to Messages

Delete Reply Forward Spam Move

This message is not flagged. [Flag Message - Mark as Unread] P

From: "Duville Woodworks" <duville@iwayafrica.com> View Contact Details
Mobile Alert

To: "J Kamau J W Kamu" <waminneh@yahoo.com>

Date: Tue, 17 Jan 2006 08:31:55 +0300

Subject: RE: Treated Electric Poles

Hi Jonathan,
pls find attached the letter you requested.

"We thank

you very much for organizing a visit by the Kenya power & Lighting Co. representatives to our factory in Mafinga on Wednesday 11th January 2006 and are hopeful of clinching an order from this meeting please thank them on my behalf I am now confirming by this letter that i will supply you with 5000 poles between now and April subject to our agreed terms of payment being honoured. Transportation documentation and logistics will be to your account. Please confirm about the holes before i start tretment because it will not be possible to bore the poles after treatment." please send me this asap and we shall have the order before the weekend. Jonathan

All the best.
tom

From: "Peter Iway" <peterj@iwayafnca.com> [Add to Address Book](#) [Add Mobile Alert](#)
To: waminneh@yahoo.com
Subject: Treated Poles MWPT
Date: Wed, 18 Jan 2006 11:52:20 +0300

Dear Mr Kamau,

I refer to your two emails to Mr Abdul Mehrab concerning 10 and 11m poles.

We can offer you:

1500 10m (M) poles CCA treated delivered Nairobi at \$~~1.20~~ each

1500 11m (M) poles CCA treated delivered Nairobi at \$~~1.02~~ each

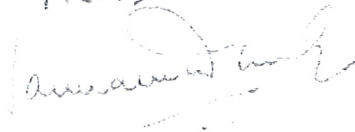
Please let us know if this is of interest to you.

Yours,

Peter S Johnson

MUFINDI WOODPOLES PLANT & TIMBER

MUWA TRADING COMPANY



APPENDIX H

PROCUREMENTS SECTION

OFFICIAL ORDER



The Kenya Power and Lighting Co. Ltd.

Cable East Africa
P.O. Box 45247
NAIROBI

DATE 25th April 2005

INVOICE MUST BE ADDRESSED TO

P.O. Box 30177 Nairobi

(Delete as Applicable)

DIRECT ORDERS
STORES ORDERS

CLASS	INDEX No.	ORDER No.
41		No. B 764121
09		

S/N	DESCRIPTION (INCLUDING SUPPLIER'S CATALOGUE NUMBER)	UNIT PRICE AND DISCOUNT		QUANTITY	TOTAL PRICE SHS.
		SHS.	CTS.		
1	Treated wood pole 10.0m - Destn. Nbi.	5,646.55		18,000	101,637,931.00
2	Treated wood pole 10.0m - Destn. Msa	5,646.55		6,837	38,605,474.00
3	Treated wood pole 10.0m - Destn. Nakuru	5,905.17		16,000	94,482,755.20
4	Treated wood pole 10.0m - Destn. Kisumu	5,689.66		7,000	39,827,586.20
5	Treated wood pole 11.0m - Destn. Msa	6,724.14		2,000	13,448,275.00
6	Treated wood pole 11.0m - Destn. Nbi.	6,724.14		8,496	57,128,275.00
7	Treated wood pole 11.0m - Destn. Nakuru	6,724.14		3,082	20,723,793.00
8	Treated wood pole 11.0m - Destn. Kisumu	6,724.14		2,200	14,793,105.00
9	Treated wood pole 12.0m - Destn. Msa	7,715.52		3,000	23,146,555.00
10	Treated wood pole 12.0m - Destn. Nakuru	6,767.24		6,624	44,826,205.00
11	Treated wood pole 12.0m - Destn. Nbi.	7,715.52		9,000	69,439,655.00
12	Treated wood pole 12.0m - Destn. Kisumu	6,767.24		1,700	11,504,315.00
Plus 16% VAT					84,730,227.50
DELIVERY DATE As per attached delivery schedule					3-90639
DELIVER TO As above					REQ. NO.
AUTHORITY BM/CTC/DTC/NO					CTC/29/05 (a)
DATE 26/01/05					TOTALS 614,294,150.00

E.T 25/04/05
25/4/05
25/4/05

APPROVED BY (SIGNATURE) [Signature]
DESIGNATION [Signature]
26/01/05

Comparative Prices Power poles

17-Feb-06

		10M	11M	12M	14M	15M	17M	18M
1A	Local Wooden poles-Cabro							
	Net	5,646	6,724	7,715				
	VAT	903	1,076	1,234				
	16%	6,549	7,800	8,949				
1B	Local Wooden poles-TTI Eld							
	Net	5,838	8,541	7,877	14,466	17,378	20,627	22,119
	VAT	934	1,367	1,260	2,315	2,780	3,300	3,539
	16%	6,772	9,908	9,137	16,781	20,158	23,927	25,658

3	Concrete Tender Offer D2	Net	14,262	15,571	16,943			
	VAT	2,282	2,491	2,711				
	16%	16,544	18,062	19,654				

4	Imported Wooden Poles-Tanzania	Dollars	160	180	190			
			11,520	12,960	13,680			
		16%	1,843	2,074	2,189			
			13,523	15,214	16,059			

5	TTP-South Africa Prices	C & F Mombasa						
	Jul-05	USD	161.16	191.13				
	Aug-05		146.73	173.82	209.13			318.34
	Special price		139.00	160.50				
	Unsolicited Fax(Containers to Nairobi)		150.00	173.33	216.67			

5Aa	Imported Wooden Poles-TTP	July '05	Dollars	200.49	231.99			
	X-Rate 76	Net	15,237	17,631				
		VAT	2,133	2,468				
		16%	17,370	20,099				

5A	Imported Wooden Poles-TTP	August '05	Dollars	206.84	244.78	292.87		
	X-Rate 76	Net	15,720	18,604	22,258			
		VAT	2,214	2,620	2,136			
		16%	17,934	21,224	24,394			

5B	Imported Wooden Poles-TTP	Sep-05	VAT Incl	16,989	19,617			
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5C	Imported Wooden Poles-TTP	Feb-06	VAT Incl	14,988	16,985	21,685		
----	---------------------------	--------	----------	---------------	---------------	---------------	--	--

	Average Storage (Demurrage)			363	363			
	Prices are ex-Nairobi			15,351	17,348	22,048		

Discount of 6% of tender price
Offered in 19th Dec letter
Cost Reduction of Sh. 400-Marking Plate

After papers on TZ poles
Excludes any inland demurrage

NOTE: Demurrage charges are incurred due to arrival of shipping documents several days after the ship has docked at the port.

APPENDIX XIV

Item No.	Description	C&F Mombasa		USD		TZ		TZ	
		July-05	Aug-05	July-05	Aug-05	After papers on TZ poles Excludes any inland demurrage	After papers on TZ poles Excludes any inland demurrage	After papers on TZ poles Excludes any inland demurrage	After papers on TZ poles Excludes any inland demurrage
6	Imported Wooden Poles - TTP FOB MSA								
	Order No. 772066 dated 21st July 2005								
	ZAR Kshs VAT			331.97 9,091.56 1,454.65 10,546.21					
7	Imported Wooden Poles - TTP FOB MSA								
	Order No. 772068 dated 21st July 2005								
	USD Kshs VAT			41.38 7,825.64 1,252.10 9,077.74					
8	Imported Wooden Poles - TTP FOB MSA								
	Order No. 777889 dated 14th September 2005								
	ZAR Kshs VAT			1,015.19 15,704.00 2,512.64 18,216.64					
9	Treated Timber International LPO No. 777609 dated 24th October 2005								
	Current rate used to calculate Transportation of Poles from MSA to NBI								
	Kshs VAT			5,837.50 934.00 6,771.50	8,541.14 1,366.58 9,907.72	7,877.08 1,260.33 9,137.41	14,466.91 2,314.55 16,780.46	17,377.50 2,780.40 20,157.90	20,627.10 3,300.34 23,927.44
10	TTP-South Africa Prices								
	Special price								
	Unsold price								
	Unsold price								
	Unsold price								
11A	Imported Wooden Poles-TTP X-Rate 76								
	August '05			206.84	244.78	292.87			
	Net			15,720	18,604	22,258			
11B	Imported Wooden Poles-TTP								
	September-05			17,934	21,224	24,394			
	VAT			16%					
11C	Imported Wooden Poles-TTP								
	February-06			16,988	16,985	21,685			
	VAT Incl			16,989	19,617				

APPENDIX XV

190 Loop Street, Pietermaritzburg 3201

P O Box 13823 Cascades KwaZulu-Natal 3202 South Africa

Tel: 033 342 2679 Fax: 033 345 5187 E-mail: treatedt@rweb.co.za

2 February 2006

The Managing Director
Kenya Power & Lighting Co
Fax No 09254 20 3750181

ATTENTION : MR J ODOUR

Dear Sirs

SUPPLY OF TREATED WOODEN POLES

We have completed our feasibility study on using containers for delivery to Nairobi. The prices are very competitive with the added container advantage of (1) weekly delivery, (2) quick port handling and clearing, no port storage charges, and (3) competitive rail transport to Nairobi with a full 24-25 ton load of poles.

Our price delivered to Nairobi (railhead) in containers:

Pole Length	9m	10m	11m	12m
Class	Medium	Medium	Medium	Medium
Top Diam (Minimum)	180mm	180mm	185mm	190mm
G/line Diam (Minimum)	215mm	220mm	230mm	240mm
Prices in South African Rands	R780	R900	R1040	R1300

Prices are valid for acceptance until 15 February 2006.

The prices quoted above exclude the following and are for KPLC's account:

- 1) Delivery – Local delivery from rail siding to KPLC store us not included
- 2) VAT – Prices do not include VAT
- 3) Customs Clearance – Not included in price quoted
- 4) Duty and Statutory Charges – Not included in price quoted
- 5) Container storage and demurrage charges at Port or railhead or KPLC stores is not included in price quoted.

It is our understanding that if containers are sent from Mombassa to Nairobi by rail directly into ICD Nairobi then customs clearance can be done by KPLC staff in Nairobi.

If you want the containers transported by road then the customs clearance, duties etc will have to be paid in Mombassa and KPLC will have to accept delivery in Mombassa. We will pass a credit for USD1250 per 40' containers to cover the railrage costs.

We have been supplying poles to KPLC for the past 5 years. The container option has resulted in a major reduction to the cost of poles delivered to Nairobi.

Yours sincerely



HOWARD HOLLEY
MANAGING DIRECTOR

Directors : H.W. Holley (Managing Director) C.G.H. Holley (Chairman)



luna
CM, Logistics
Supplies Manager
lu

190 Loop Street, Pietermaritzburg 3201
P O Box 13823 Cascades KwaZulu-Natal 3202 South Africa
Tel: 033 342 2679 Fax: 033 345 5187 E-mail: treatedt@mweb.co.za

31 January 2006

The Managing Director
Kenya Power & Lighting Co Ltd
Fax No 09254 20 3750181

ATTENTION : MR J ODURO

Dear Sirs

SUPPLY OF TREATED WOODEN POLES

We are doing a feasibility study on containers for delivering our poles to Nairobi in order to reduce the high road transport charge from Mombassa to Nairobi.

We need clarity on the following Kenya charges:

- 1) VAT charge for goods entering Kenya. If KPLC pay this charge then it can be claimed back by KPLC. Can you confirm that KPLC will pay this charge?
- 2) Customs Clearance. Will KPLC agents clear the cargo or must we arrange this?
- 3) Duties. Can you confirm that poles enter Kenya duty free.
- 4) CCA Treatment. All local Kenya suppliers treat with CCA so we assume we can quote on CCA as well. Containers for CCA treated poles are readily available. It is more difficult to get containers for creosote poles.

If our calculations are correct, we are confident that we can reduce the cost of delivering our poles to Nairobi by a very large amount.

We can ship containers on a weekly basis so we can offer a regular weekly supply of poles into your Mombassa and Nairobi stores. If you want us to quote on other destinations please let us know which towns to offer delivery to.

Yours sincerely



PP **HOWARD HOLLEY**
MANAGING DIRECTOR

*CM, Logistics
Supplies Manager*
*You had asked for
this? What
action is
required here?
Why?*
*hms
3/2/06*

190 Loop Street, Pietermaritzburg 3201
P O Box 13823 Cascades KwaZulu-Natal 3202 South Africa
Tel: 033 342 2679 Fax: 033 345 5187 E-mail: treatedt@mweb.co.za

17 January 2006

The Managing Director
Kenya Power & Lighting Co Ltd
Nairobi
Kenya

ATTENTION : MR J O'BURG - MANAGING DIRECTOR
Cc A N GATUKUI - SUPPLIES MANAGER



Dear Sirs

DELIVERY SCHEDULE FOR 14M - 18M WOODEN POLES

We request that you consider extending the delivery period for the last shipment of 14m - 18m poles to 24 March 2006.


The three main reasons for this request are:

- 1) Very heavy rains in the tree growing areas during December 2005 and to date in January 2006. In January 2006 we have had flood warnings in most parts of Mpumalanga Province, where the trees are grown, because of a tropical storm off the coast. As a result we have not been able to move a single pole out of the forests this month. As you know, the poles we are supplying you are extremely large, some weighing up to one and a half tons each. We have to have several days of sunshine before we can move the poles from the forest to the roadside and then into the treatment plant for processing.
- 2) Because of the heavy rains we have not been able to supply the plant with poles so no pole drying has taken place for the next shipment. We need time to ensure that the poles are properly dried before treatment and so we request that the last date of shipment be extended.
- 3) We also need some time to search for a vessel that will take all the poles still to be delivered because we will have to ship all the poles in one shipment. If we do not do this we will find it difficult to find space on other ships to take a few poles that may be left behind.

The weather conditions are out of our control and the tropical storm in Mozambique has been a major disruption to our forest operation.

We regret having to request an extension to the delivery period and we will do all we can to deliver the last of the poles as quickly as possible.

Yours sincerely


HOWARD HOLLEY
MANAGING DIRECTOR.

cc C.M. Logistics

