

EAST AFR. PROT.
10314

C O
10314
30 MAR 11

1911



Chon R.C.

Nairobi Electric Lighting Commission

Date.

1911

79 inch.

previous Paper.

Submit views on position & claims of Co. in regard to water rights under the Commission. Request early settlement.

9940

Copy made for last paper
to C. of I. was 10 April
copy made for 19 May
copy made for 10 June
copy made for 10 July
copy made for 10 August
copy made for 10 September
copy made for 10 October
copy made for 10 November
copy made for 10 December

Mr. F. J. ...

The essential part of the previous history of the case is contained in the printed list of papers annexed. The ^{two} possibilities seem to be:

- (1) That the Nairobi Municipality should take over the concern in the near future
 - (2) That the fact should be settled with a view to eventual transfer to the Municipality
 - (3) That matters should remain as they are
 - (4) That an agreement should be arrived at with the Syndicate under which a return for modification of the terms of the original concession, the fact of the Municipality should be placed in a better position to ^{be} ^{operated}.
- with regard to the fact that it has not yet furnished details

details of the scheme for the municipality -
any case, the municipality could not raise the
necessary funds, without the Crown Land,
to which we may expect a lengthy
argument with the Treasury.

I think that it is out of the question for
us to go to the Treasury? the year for the
money (say £50,000) required to
re-purchase the Syndicate.

Proposals (1) & (2) are, therefore, so remote
that it is not worth while considering
them.

With regard to (3), we want to know exactly
what we are letting ourselves in for by
taking matters inside, & we therefore require
the advice of a legal expert, an electoral
expert & of someone who knows the
the country, the immigration requirements of the
settlers, etc. We also require reports of the
kind to advise us with regard to (4).

I think therefore that the best plan
will be to have a small C.C., consisting
of Mr. Puckey, the B. of T.'s Electoral
advice (on one of his officers), Col.

Montgomery (late Comm^r of Lands & the
S.A.P.), Mr. Butler & myself, with a view
to trying to find some solution. The first of
course have to be consulted before any decision
is finally taken.

I do not think that the matter could be
carefully

carefully taken up by the Government etc
at the present stage.

325

Mr. Brydson would no doubt be willing to
attend the small etc affected above if it
were on any points.

We should also refer Mr. B's letter & say
that the matter will be dealt with as
expeditiously as practicable, but that
Mr. Harcourt can hold out no hope that
he will be able to give a final answer
within the short period mentioned in the
last para: but this of the letter?

* J.R.

3/IV

Lord Russ
Mr Harcourt

I can suggest nothing better.
— And in the interim time send the Gov. &
copy of this & all his other matters in
being considered.

(D)
1871 3/4

for
3875
minutes
p.B.
larger L. 4.

as proposed

H. 4-4-11

P.T.O.

W. Read.

Please see the attached letter
from Col. Montgomery. His return
railway ^{steamer} fare is £2.16.2. He spent
11 nights in London, only 10 of which
however, were necessary for the purpose
of attending our Cte. at 15/- a night
detention allowance, this is £7.10.
As there is a C.A. to pay him £10.6.2
from G.A.P. funds, so inform him
& explain to the Comd that the
payment is.

HAB.
May 24.

at once.
G.J.R.
24/5

R

J^r E. Coombs,

Morille,

Ludlow, Wyo.

10th July, 1911.

Dear Mr. Coombs,

The draft report
of the Committee on the Commission
of the National Electric Light
and Power Commission appears
to me to be in accordance
with the conclusions reached
to-day.

Yours truly,
J. A. L. Montgomery

327

BOARD OF TRADE,
8, RICHMOND TERRACE,
WHITEHALL, S.W.

14th July 1911

Sir,

Nairobi Electrical Concession.

I beg to acknowledge the receipt of the draft of the proposed Report of the Committee appointed to consider questions relating to the concession of the Nairobi Electric Light and Power Co., and to express my concurrence with it.

Yours faithfully,

A. P. Trotter

Harold T. Allen Esq.
Colonial Office.

Mr. Halsey

The acc. draft of the
 proposed report of the Committee
 appointed to consider questions
 relating to the Alaska Electric
 Light & Power Co's concession is
 submitted for your consideration.
 This has been submitted to
 the other members of the Committee

A.H.

Mr. Allen

Some slight alterations might perhaps be
 made on p 6 or p 7 to avoid too much
 repetition. There are also some other things

NAME
ADDRESS
CITY
STATE
ZIP

329

JUNIOR UNITED SERVICE CLUB,
LONDON, S W.

22 May 1941

Dear Sir

In writing this

note to the government
last year, re: the

... it would

... to make a loan

... the fall, which

... in place of the

...

...

...

...

12 mile, below the Fry
Hall Road, in land
on one side is believed
belong to outlet.

It would also be well
I think to ask that
map if you, by some
illustrating the point
showing

- (1) That is distinct
as per measurement
* falls now held
- (2) The falls, as held
on the Truck.

JUNIOR UNITED SERVICE CLUB,
LONDON, S.W.

23rd May 1911.

Dear Butter

I arrived in

London from my home in
Ireland on Saturday, 13th
May to attend the meeting
of the committee in the
Journal office on Monday,
15th

The last meeting of the
committee was yesterday,
14th and I was present at a
retiree's lecture in the class,

My pleasure for the day
to receive your attention to
and to burden, as to
56/2.

I think this gives the
invitation no need to
draw up my bill for
for travelling expenses
a detention allowance

Yours very

Frank Westbury

15, Queen's Lane, London
Town, W.C. 2

8 Martine Lane,

Gannon Street. E.O.

30 Mar 1911

333



29th. March 1911.

Sir,

I have the honour to bring to your notice the position which will shortly arise at Nairobi, and to place on record my opinion and certain reasons for considering that the matter should be dealt with at once, and briefly outline my own position past and present in the matter.

(1) Under the Concession granted to Sir August Hirst on 20th. July 1906, the following circumstances have arisen or will shortly arise :-

(A) The power of certain falls are solely reserved for the Concessionaire's use; meaning that when he requires to use them no one except those with definitely contracted rights previous to the date of the Concession has a right to extract one drop of water for any purpose from the rivers, tributaries, etc. which would contribute to the power of those falls.

A reference to the map and an appreciation of the position of these falls will show the very large and important area prejudicially affected, more especially in view of the acknowledged claim of Government that under the 1902 Land Ordinance no landholder has a right to any water for any purpose whatsoever.

(B) The power in the falls above mentioned will, in my opinion based upon my own practical experience of generation and supply in that district, not be sufficient to meet the growing needs of Nairobi for more than the next 5 years at the outside.

30
8 Martine Lane,

Gannon Street. E.C.

C.O.
10314
30

333

29th. March 1911.



Sir,

I have the honour to bring to your notice the position which will shortly arise at Nairobi, and to place on record my opinion and certain reasons for considering that the matter should be dealt with at once, and briefly outline my own position past and present in the matter.

(1) Under the Concession granted to Clement Hirtzel of 26th. July 1906, the following circumstances have arisen or will shortly arise :-

(A) The power of certain falls are solely reserved for the Concessionaire's use; meaning that when he requires to use them no one except those with definitely contracted rights previous to the date of the Concession has a right to extract one drop of water for any purpose from the rivers, tributaries, etc. which would contribute to the power of those falls.

A reference to the map and an appreciation of the position of these falls will show the very large and important area prejudicially affected, more especially in view of the acknowledged claim of Government that under the 1902 Land Ordinance no landholder has a right to any water for any purpose whatsoever.

(B) The power in the falls above mentioned will, in my opinion based upon my own practical experience of generation and supply in that district, not be sufficient to meet the growing needs of Nairobi for more than the next 5 years at the outside.

The position will then arise :-

(1). That the demand will be greater than the supply and that the suppliers will have to insist most strenuously on their rights to all water (vide A.)

(2) That when the demand exceeds the supply later consumers will simply have to go without electric current unless they generate for themselves, a practically impossible thing for the ordinary consumer.

(3) That no one can come to the public's rescue and supply this excess demand (which in my opinion will, before the end of the period of the Concession, be many times greater than that available for supply) owing to the monopoly of supply clause of the Concession.

There can be little doubt that

(1) It is absolutely essential that a certain amount of water must be abstracted from the rivers through and about Nairobi for drinking purposes, watering cattle, domestic purposes, and irrigating coffee and other nurseries, etc., etc.

(2) It will be the greatest possible inconvenience to the public if the electric current supply, which has been generally admitted to have done so much towards the making of Nairobi and its growing industries, can only be available to those who apply for it within the next 5 years.

These facts have been before me ever since we started the electric installation, and I have made ^{repeated} ~~repeated~~ efforts to impress upon the government of the East Africa Protectorate the gravity of the position, viz :-

(1) In October 1904 I pointed out to His Excellency the Commissioner, through the Commissioner for Lands, the inconvenience of having falls on various rivers and asked for the fourth fall on the Ruere River, offering in exchange to give up our fall on the Nairobi River.

This fourth fall would have been at that moment a convenient one for us to use to start on, and all our power would then have been confined to one river.

Had my offer been accepted the main source of prevention of water usage by the public would have been removed, as it is the Nairobi fall with its vast network of rivers above which is the main impediment. The Ruera River being in any case held up owing to our having already 3 falls on it.

In a reply refusing the giving of this fall, the following passage is of interest :-

* Your Concession was drawn up after due deliberation and accepted by you and it has not been shown that the water power you have been given will be insufficient for generating the power needed for your scheme. *

(2) On my return to East Africa in October 1908 the first thing I was confronted with was the fact of irrigation not being allowed on the Ruera River, then the only one in use by us, and coffee growers prejudiced, and I was asked by His Excellency Sir James Hayes Sadler to try and find a solution to the difficulty.

Since then I have put forward three proposals, any one of which, at the date I made them, I would have accepted. None of these however have apparently been acceptable to Government, and I fear I must confess my inability to make any further suggestions, as so far as I can see there is no other alternative except leaving things as they are.

At the same time I am open to receive and consider any suggestion made by the Colonial Office.

I cannot too strongly emphasize my opinion that in the interests of the district and town of Nairobi it is essential that a solution be come to before further works

are undertaken by us and more money is spent.

I would point out that Government cannot by itself make any alteration in the existing conditions. They are made and fixed by a definite contract of less than 5 years ago between the two parties, Government and the Concessionaire; to the strict letter of which the Government in October 1908 stated they wished to hold.

I put it to you, Sir, that it is not at all improbable that the holders of the shares of the Nairobi Electric Power and Lighting Company Limited may, when the issues fully arise, say that they are quite satisfied with things as they are and decline to negotiate.

It is hardly to be expected that investors will submit with equanimity to a serious alteration of a business they have spent much time and capital in building up and it is a serious matter and to the interest of nobody for money to be spent on dams, buildings, and other permanent works and specially designed machinery for certain special spots put down, all of which will have to be thrown away and compensated for if a material alteration is made later.

I ask you to treat my opinion that the alteration is bound to be made if the interests of the community are to be considered, as the well and carefully considered opinion of the person who, having a large capital invested in the undertaking and who has been in charge of or on the spot since its inception, has probably spent more time and thought on the matter and has more practical knowledge of conditions than any one else.

If having done so you feel that I am wrong, I shall be happy to wait on you and endeavour to answer any questions which occur to you as being contrary to it.

Should you then decide that I am wrong I would ask for a definite answer to that effect, so that I may consider the matter finally closed and that the present contract

is to be the one to remain in force and be fairly carried out by both parties.

It is essential that I should have a definite answer within a very short time (about the next fortnight) as owing to rapidly increasing demand I must at once proceed with the installation of further plant on one of the other falls now not in use and make further arrangements for planning out the immediate use of the others, and I am preparing to order machinery.

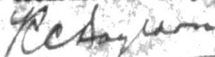
Also I have been approached by people desirous of buying us out and I have reason to believe I should have no difficulty in selling if I wish to do so. In fact, I actually had a cable accepting terms I had put forward and asking me to remain in East Africa till they sent a representative out, but as it arrived later than the date to which I had tied myself, I delayed matters and have left it open.

At the same time I now personally do not wish to sell, but on the other hand I foresee that when the impasse arises, it will be a case of considerable bitterness. The Company will have to claim their rights to water strictly, and it will be to the detriment of the general public and to many of my personal friends. Under these circumstances I cannot but feel that it may not be convenient for me to be practically the sole owner.

I have the honour to be,

Sir,

Your obedient servant,



Under Secretary of State for the Colonies,

Colonial Office.

Whitehall, S.W.

27 1034 Sat

DRAFT



R.L. Baylton Esq.

6 Capetown

Sir,

I am ^{pleased to receive} your letter of the 29th of March ^{in the subject} of the ^{held by} Commission to the Nairndie Electric Light & Power Co. Ltd. I am sorry to say that the matter will be dealt with as expeditiously as possible.

2. Mr. Stewart cannot, however, hold out any hope that he will be able to give a final answer within the short period mentioned in the last para.

W.P. 5/4
W.P. 5/4

2/7

7658-20
13 1034

Copy for Capt 7658

para. but two of your

letter

of same to
by J. F. ...

BT

18 APR 1971

all of
to be
25/70

~~From Mr. Bayden 29 March
10-114
Mr. Bayden (SF
(SF ...)~~

B/ 10314 Cal

338



Dr. J. F. (Conf.)

J. F. ...

Dr.

Have the honor to ack:
the conf receipt of your

conf: dispatch of the 22nd
of February on the subject
of the ^{held by} Commission of the

Nairobi Electric Light

Power Co. Ltd. & to
transmit by a copy
of a letter from Mr.

R. C. Bayden Mr. ...
on transportation

of the C. of which has 2 ...
10-14 + 10-14

2. The matter will
be considered as
expeditiously as
possible, but let
Raydon has been
inf. that there is
no prospect of a
great number being
given to him within
the short period
mentioned in the
last para. but two

of this letter



18 APR 1971

sent to him in reply

2. The matter will be carefully considered
here & I will ~~ensure~~ see
that no engagement is ~~performed~~
arrived at without your
assent consultation with you

J. Harvey
L. Harvey

10
20
[Signature]



Presbytery
10 April '01

DRAFT.

The Secy to the
Board of Trade

MINUTE.

- Mr. Read *Wapiti*
- Mr.
- Mr. Fiddes.
- Mr. Just.
- Mr. Cox.
- Sir C. Lucas.
- Sir F. Hopwood.
- Col. Seely.
- Lord Crewe.

Sir, I am directed by
Mr Secy Harcourt to
request you to inf. the
Board of Trade that an
important question has
arisen in connexion with
a concession which was
granted a few years ago
for the electric lighting
of Nairobi in the
East Africa Prots
2. Mr Harcourt has
appointed

appointed a small
depart. Committee to
look into the matter &
he would be much
obliged if the Board
of Trade could place
at his disposal the
services of their Electric
Advisor, whose advice
& technical knowledge
& advice would be of
very great assistance to
the C.E.

H. J. [unclear]
[unclear] WILDER.

27

~~J.S.~~

29 May, 1911

Gent.

I am to inform you

that he approves of your
payment to ^{Leut} Colonel J.A.L.

Montgomery, C.S.9,
~~whose address~~

~~is the Junior United States~~

~~Club, from E.A.P. funds, the~~

sum of £10.6.2 in

respect of his attendance in

~~at the meeting for~~
~~London in connection with~~

the purposes of a Committee

~~the Naval Districts~~
~~assembled at the Colonial~~

~~Commission Office.~~

2 Lt. Col. Montgomery's
present address is the
Junior United States Club, London, S.W.

DRAFT.

The Crown Agents
for the Colonies

MINUTE.

Mr. Tennant 25/5
Mr. Butler 25 f.s.

Mr. Fiddes.

Mr. Just.

Mr. Cox.

Sir C. Lucas.

Lord Lucas.

~~Col. Sneyd.~~

Mr. Harcourt.

3.0/10

B10314 "Cap"

29 May 1941

Lt Col J.A.L. Montgomery, C.S.

EM

Confidential
Lt Col E.L. Frowman

Sp 25/75

Lt Col 25 f3

Sp 25/75

Lt Col 25 f3

B. 10314 "Cap"

311

29 May 1941

Sir

With reference to my
Conf. despatch of the 7th of April
I have the honour to inform
you that those authorized
the CA for the Col to pay

Lt Col J.A.L. Montgomery, C.S.
E.M.P. for the sum of £100.00

in respect of his travelling
expenses ^{travelling} and detention ^{allowance} on London
allowance

in connection with his
attendance in London on
a special commission of the
discuss the Harrold ^{Harrold} ^{Harrold} ^{Harrold}

Sir

I am in receipt

~~of your letter of the~~

~~23rd of May addressed to~~

~~the Director of the~~

that the CA for the Colonies

have been authorized to pay to

you the sum of £100.00 in

respect of your travelling expenses

~~and detention allowance~~

in connection with the commission called to discuss the

connection with the Harrold

Harrold

H.W.G.

P. 15
3/15



THE NAIROBI ELECTRIC LIGHT AND POWER CONCESSION.

This concession is the grant of a monopoly for the provision and supply of electricity for lighting and power purposes in the district of Nairobi for the period of ten years from the 26th of July 1906, to be renewable for a further period of fifteen years if the concessionaires carry out the terms of the agreement.

The Nairobi district, ^{for the purpose of the concession} includes the township and ~~all other portions~~ ^{the rest of} of the area comprised within the circle drawn ^{with} as a radius of fifteen miles from the office of the Provincial Commissioner in the township. The concessionaire has the right to take power from the falls of four rivers in the neighbourhood of Nairobi, ^{the River} and ^{the power obtained from the same being insignificant} the River ^{the Khamiti, and the} ~~the River~~. The concession is a legacy from the Foreign Office.

When the Colonial Office took over the administration of the East Africa Protectorate it might perhaps have been possible, (but this is very doubtful), to annul the concession and compensate the holder, but it is quite certain that the Treasury would ^{not} ~~never~~ have consented to provide the funds which would enable the Government to instal the light and power themselves. As a matter of fact the concessionaire

leaf

concessionaire has provided sufficient electricity to light over 20 miles of streets in Nairobi and to supply a certain amount of power, with the result that the general community has benefited largely, while the concessionaire, who has sunk some £40,000 of capital, has only so far earned ^a very small percentage on the average on his outlay. At present the power is being taken only from the falls on ~~one~~ river — the Ruera, ^{and} which is capable of supplying about 1300 horse power.

With the development of the Protectorate, the settlers have taken up land close to and above the ^{Ruera} Falls, and in some cases are undertaking development for which irrigation will eventually be required. As the town of Nairobi increases, the demand for power from these falls will become greater and greater, with the result that the ^{amount} average of water available for irrigation purposes will become smaller and smaller. Although the settlers, under the Crown Lands Ordinance of the Protectorate, have no legal right to the use of the water for irrigation purposes, it is clearly desirable to make every effort to reconcile their interests with those of the concessionaire.

As stated above, the concessionaire is at present operating on one of the rivers only, but it is open ^{the question} to him to take power from the other three rivers, on ^{which} ~~where~~ there are also settlers in a position similar to that occupied by the settlers on the Ruera. ^{in the} ~~the~~ ^{are of the Ruera river, which is a special agreement, the power} ~~the~~ ^{may be} ~~the~~ ^{may be} difficulties of the position ~~will~~ ^{may be} be still further accentuated ^{in the future}.

Three courses appear to be open. **First**,
 (1) to allow matters to remain as they are; **secondly**,
 (2) to make arrangements for the expropriation of the
 concessionaire by the Nairobi Municipality in its
 new form or ^{by the} Government; **thirdly**, to make a new
 agreement with the concessionaire.

With regard to (1), the power which is at
 present being produced at the Ruera Falls is about
 1284 H.P. The concessionaire is making the most
 of the power at his disposal on that river by erect-
 ing dams, but there can be little doubt that, in view
 of the probable increase of the township of Nairobi,
 he will soon reach the limit of the power which can
 be obtained from this source, and will have to con-
 sider the question of utilising the falls on the
 other three rivers. The Governor thinks that there

is but little prospect of his establishing power
 stations on these rivers, but ^{there is} nothing transpired in
 the course of the interview with Mr. Baylson, ^{in his conversation with} to show
 that this is likely to be the case. ^{the} The

Protectorate Government could, under the contract ^{conclude}
 compel him to erect power stations on these three
 rivers if the power developed by the existing
 stations proved insufficient, but to do this would
 of course be to bring about ^{the} additional irrigation
 difficulties. ^{required to do so} It should be noted that, in the
 opinion of the legal adviser of the Colonial Office,
 if the concessionaire is unable to supply the
 adequate light and power from the sources at present
 at his disposal, the Government are ^{affair} precluded by the

terms

terms of the concession from annulling it on this ground ^{and for} of granting a supplementary concession to another party. The present period of the concession expires on 25th July, 1916, when, if the concessionaire has fulfilled all his obligations, he is entitled to a renewal for a further period of 15 years, subject to a revision ^{made for the supply of water} of the rates. At the end of the full term of 25 years, i.e., on 25th July, 1931, the Government have the option of expropriating the concessionaire at a price which is roughly the then market value of the undertaking, including buildings, works, materials, plant, etc., plus 25 per cent of such value by way of allowance for compulsory purchase and goodwill and prospective profits.

With regard to (2) we are expecting from the Governor definite proposals with regard to the new Municipality for Nairobi, and it is understood that this particular question will be dealt with in his despatch. It should, however, be pointed out that, even if the Municipality are granted the Crown Lands ^{in fact} which the Governor wishes to transfer to it, there will be other heavy calls ^{to face} upon them. There seems to be little doubt that the Nairobi Waterworks would have to be taken over in the first instance, and it is presumed that, as ^{a corollary} ~~consequence~~ of this the drainage of the town would have to be completed by the Municipality. It appears from Mr. Baylson's statement at his interview with the Committee that he would require a sum of about £60,000 as the price of expropriation at the present time; but it should be noted that ^{the provision of the sum} this would only be a partial solution

of our difficulties. Neither the Municipality nor the Government could continue to develop power from the falls mentioned in the concession without being ~~invested~~ ^{invested} in very heavy irrigation difficulties, which it is ~~desire~~ ^{would} to avoid by getting rid of the present concession. This would involve additional expenditure for the ~~annihilation~~ ^{abolition} of the present power station, and its removal to falls at a great distance from Nairobi, where irrigation difficulties would not exist.

These three enterprises alone would probably entail the raising of a sum of well over £100,000, and it is doubtful whether a sum of this magnitude could be raised on advantageous terms on the security of land in a protectorate in so early a stage of development as the East Africa Protectorate, and whether, even if this could be done, a community consisting of less than 1,000 Europeans could properly be entrusted with the conduct of commercial enterprises on so large a scale. The apprehensions felt on the latter point have been confirmed by what Mr. Bowring the new Chief Secretary to the Government of the Protectorate has recently stated in conversation at this office.

It would be almost equally difficult for the Government as distinct from the Municipality to find the money for expropriating the concessionaire at the present moment. The Treasury have just agreed to a considerable loan for development purposes, and it would be necessary to make out an

irresistible

irresistible case if they were to be asked to put up another £50,000 or £60,000 at the present juncture. All that has been said as to the additional expenditure which it would be necessary to incur for transferring the power station to falls more remote from Nairobi applies equally to the contingency of ^{being brought out} the taking over of the undertaking by the Government.

With regard to ⁽³⁾ ~~three~~ the object of a revision of the present concession would be to do away with the rights of the Concessionaire on the four rivers mentioned in the present agreement, and to get him to transfer his operations to ~~the~~ falls or other rivers ~~as to~~ ^{on} which ~~the same~~ ^{not} difficulties as to irrigation would ^a be encountered. ~~The~~ ^{the} statement of the terms on which the Concessionaire might consent to a revision of the ~~assent~~ ^{concession} is given in Mr. Baylson's letter of the 1st of November. *The following observations apply generally to the points enumerated in the sketch.*

(a) Extension of term. *Concession for 25 years.*

If the extension were granted, and if the Government would agree to modify Clause 22 of the present concession so as to make it obligatory ~~on~~ ^(instead) ~~of~~ ^{to} the Government to expropriate the Concessionaire on the expiration of the ~~term~~ ^{term}, ~~he~~ ^{whenever it appeared that Mr. Baylson} would be willing to agree to a revision of the prices chargeable for light and power at the end of every seven years - this being the ~~provision~~ ^{provision inserted} provided in similar agreements in this country. The ~~obligation~~ ^{that} which it is proposed to impose on the Government ^{should assume} of expropriating the Company at the end of their ~~term~~ ^{concession} would be ~~available~~ ^{a valuable asset} to the Company. ~~concession~~ as it would relieve them of the necessity of building a depreciation fund, and ~~would~~ ^{would} ~~facilitate~~ ^{facilitate} ~~the~~ ^{the} raising of ~~fixed~~ ^{fixed} capital.

(b) District of Supply.

As has been stated above the operations of the

unlimited concessionaire to carry on the concession fully during the whole or any part of the area outside the area of the concession. But within that area would continue to enjoy the monopoly conferred by the present concession down to 1921.

the Company do not extend beyond the radius of 15 miles from Nairobi. It appears that there is a demand for power beyond this district, but Mr Baydon in his interview with the Committee took the line that this extension of area was not ^a of very great attraction to him at the present time.

(c) Source of Power.

Which he would like to see the Government purchase as it would be a better source of power
 These new falls are at a greater distance (some 30 miles) from Nairobi and if the Power Stations are located there, the Governor sees no difficulty in settling any irritation ^{difficulties} which may arise with the few ^{settlers} farmers who are already there, and in preventing further difficulties arising in the future. Mr Baydon explained that he had already acquired an option over certain lands in the neighbourhood of the falls on the Thika River, which would enable him to erect his Power Stations and exclude competitors, but that these options expired shortly, and that ^{that} was one of the reasons why he required a ^{speedy} ~~rapid~~ decision from the Government.

(d) Further Storage Facilities.

Mr Baydon said that he did not now desire to press this proposal, as he had decided to drop for the present the idea of erecting reservoirs. He asked, however, that if at any future time it became necessary to arrange for storage, the Government would place no obstacle in the way of his acquiring the necessary land.

(e)

(e) Safeguarding the Company's power supply.

It was suggested that the best safeguard would be some arrangement by which the settlers above the falls would be entitled to a certain percentage of the water for irrigation purposes. ^{It was stated that the} Apparently rules for dealing with ^{similar} questions of this kind already exist in British Columbia ^{in connection with mining and the waterfalls} and could no doubt be adapted to the requirements of the East Africa Protectorate. It was recognised that the details of any such arrangements would have to be settled locally by experts.

(f) Present falls.

Mr. ~~Haydon~~ ^{Haydon} was asked ^{at the time for the length of time} he would propose to retain the use of the falls on the Nuara River if he were given rights as proposed for new falls on the Inika River. He replied that he would continue the use of the Nuara Falls until he had reached the limit of power which they could supply. ^{operations would not be started on the Inika River until the Nuara falls had reached their minimum depth} ^{but if the Government gave the guarantees for which he asked (and which are discussed below) as to the making of electric power and light for ^{other} purposes, the Company would be compelled to open the power station on the Inika River immediately. ^{The point was pressed} ^{posed that if the new agreement were made an arrangement should be made ^{immediately come into force} whereby settlers ^{above the falls} would be allowed a percentage of water for irrigation purposes, should be immediately brought into force on the Nuara River, as otherwise, the object of making a new arrangement, namely to ^{avoid} the present irrigation difficulties, would}}

would not be attained. Mr. Baylson was understood to assent to this, and also to agree that, if and when the new agreements ^{was} entered into, he should immediately give up all the rights conferred by the present agreement in respect of the Nairobi, ^{the} Murgaka and Mandia rivers.

(g) Way leaves for cables.

It was agreed that this ^{question} extension would have to be settled by the local authorities in the light of any precedents which might exist in other Colonies.

(h) Customs.

It appears that, although apparatus and appliances used in connection with the generation and storage of electricity are exempt from ^{import} export duty, this is not the case with electric cable or wire and the posts for carrying the same. The electrical adviser of the board of trade was unable to understand on what ground this distinction was ^{made,} drawn as the electric cable, wires, and posts form an essential part of an electric installation, and cannot be used for other purposes. ^{such as cables,} it was decided to ^{be desirable to enquire} ~~make an inquiry~~ of the local government on what basis the distinction was made.

- (i) Traffic in Nairobi - electrification of the Mikia Tramway - supply of power to the Government workshops in Nairobi - supply of electric light to quarters of junior officials.

In the discussion with Mr Baydon at the ~~the~~ ^{his} meeting ^{with} of the Committee it was made clear to him that the Government could give no assurance, with ^{on} regard to this matter ~~and if that~~ ^{these points. He also stated} became clear that he regarded some such guarantee as an apparently indispensable preliminary to any new arrangements. He and Mr Monkhouse ^(the engineering adviser) pointed out that a considerable amount of capital had already been sunk by the Company, which was only now beginning to obtain satisfactory return from its outlay, and it ~~is~~ ^{was} therefore not desired to ~~make~~ ^{undertake} any further capital expenditure at the present time. They could give no estimate of the cost of removing the ~~fire~~ ^{power} stations to the Thika River, and they hinted at the possibility of its involving a very large expenditure. They did not regard the extension of the area in which the Company could operate ~~for~~ ^{and of} the period of the ~~concession~~ ^{concessions} lease as any adequate compensation for this additional outlay.

With regard to ~~the~~ ^{tramways} ~~trams~~ in Nairobi, the Company only asked for a concession for their construction if the Municipality itself is not prepared to instal them within a reasonable time. Owing to the ~~striking~~ ^{striking} nature of the town-ship and the fact that the Company has a monopoly of ^{technical} ~~cheap~~ power for ~~a~~ ^{the} period of its ~~lease~~ ^{present concession} there seems to be little or no prospect of the Municipality undertaking the work within a reasonable time. On the other hand, there

will

usual attitude that they were satisfied with the position, that it is to be desired to have more to be done on the river, and that the Government should make arrangements to do so.

will naturally be reluctance to add what is practically another monopoly to that which the Company already possesses.

With regard to the Thika tramway, it was explained to Mr Bayldon that a definite sum had been obtained from the Treasury for its construction on the understanding that a portion of the old rolling stock of the Uganda Railway would be used in its working, ^{and that} the adaptation of the ^{line} railway to electrical work would probably involve ^{considerable} additional expense. The Director of Public Works, moreover, has expressed the opinion that the Thika tramway, with ^{its} meagre service of trains making infrequent halts, presents conditions far removed from the ideal for economical electric working.

With regard to the supply of power to Government workshops, the Director of Public Works has stated that it is not likely that the workshops could be run with electric power as cheaply as they are run at present. Mr Bayldon asked on what figures this opinion was based, and expressed his confidence that he could show a more economical method of working ^{the} workshops by electricity. It might be well to ask the Governor to state in detail the grounds on which it is considered that the use of electric power would be more expensive than the present system.

With regard to the electric lighting of the quarters of junior officials, this appears

to

to be an apparently small matter, and probably some compromise could be arrived at with regard to it.

With regard to the three preceding points it, should be ^{noted} ~~arranged~~ that, if the Company's requests are acceded to, the Government will in effect surrender the right which it enjoys under the present ~~contract~~ ^{agreement} of generating its own electric light and power if it desires to do so. It is clear that the Governor must ^{evidently} be consulted on all four points. This was made quite clear to Mr Baydon, who pressed for a ^{speedy} ~~decision~~ ^{as possible} as the options which he had acquired in the neighbourhood of the Thika Falls ^{would} expire very shortly. In this connection it might be well to call the attention of the Governor to the apparent desirability of safeguarding the position of the government in the neighbourhood of falls which might be utilised for purposes of this kind, by not allowing ^{them} ~~these~~ to pass into the hands of private parties.

Handwritten notes in the left margin:
 "I have been told
 that the Govt. will
 not give the right
 to the company
 to generate power
 at the falls
 unless the
 Government
 is satisfied
 with the
 terms of the
 agreement."
 There is a large handwritten 'X' over this section.

Handwritten notes in the left margin:
 "B"
 "on"
 "8"