SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported) July 13, 1998

WESTERN RESOURCES, INC.
(Exact Name of Registrant as Specified in Its Charter)

KANSAS	1-3523	48-0290150
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(Employer Identification No.)

818 KANSAS AVENUE, TOPEKA, KANSAS	66612
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number Including Area Code (785) 575-6300

WESTERN RESOURCES, INC.

Item 5. Other Events

Western Resources herein files the following:

Exhibit 23 - Consent of Independent Public Accountants
Exhibit 99.1 - Kansas City Power & Light Company 12/31/97 Form 10-K
Exhibit 99.2 - Kansas City Power & Light Company 3/31/98 Form 10-Q

Western Resources was not involved in the preparation of Exhibit 99.1 or Exhibit 99.2 and therefore is not in a position to verify any such information or statements.

AVAILABLE INFORMATION

The reader's attention is directed to additional filings of Western Resources, Inc. (Western Resources) and Kansas City Power & Light Company (KCPL).

Western Resources and KCPL are subject to the informational requirements of the Exchange Act, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Reports, proxy statements and other information filed by Western Resources and KCPL with the Commission may be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549 and at the public reference facilities in the Commission's Regional Offices at Seven World Trade Center, 13th Floor, New York, New York 10048 and Citicorp Center, 500 West Madison Street, Suite

1400, Chicago, Illinois 60661. Copies of information may be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Because Western Resources and KCPL each file certain documents electronically with the Commission, reports, proxy and information statements and other information regarding Western Resources and KCPL may also be obtained at prescribed rates from the Commission at the Commission's Web site, http//:www.sec.gov. The Western Resources Common Stock and the KCPL Common Stock are listed and traded on the NYSE. The KCPL Common Stock is also listed on the Chicago Stock Exchange. Reports, proxy statements and other information filed by Western Resources and KCPL with the Commission may be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005 and, concerning KCPL only, at the offices of the CSE, 440 South LaSalle Street, Chicago, Illinois 60605.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Western Resources, Inc.

Date July 13, 1998 By /s/ Jerry D. Courington
Jerry D. Courington,
Controller

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements on Form S-3 (Nos. 333-26115, 33-49553, 333-02023, 33-50069 and 33-62375), the registration statements on Form S-8 (Nos. 33-57435, 333-13229, 333-06887, 333-20393, and 333-20413) and the registration statements on Form S-4 (Nos. 33-56369 and 333-02711) of Western Resources, Inc. of our report dated January 30, 1998, on our audits of the consolidated financial statements of Kansas City Power & Light Company and Subsidiary as of December 31, 1997 and 1996, and for the years ended December 31, 1997, 1996 and 1995, which report is included in Kansas City Power & Light Company and Subsidiary's Form 10-K, an exhibit in this Form 8-K.

Kansas City, Missouri
July 13, 1998

/s/PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the fiscal year ended DECEMBER 31, 1997

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 1-707

KANSAS CITY POWER & LIGHT COMPANY
(Exact name of registrant as specified in its charter)

Missouri	44-0308720
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1201 Walnut Street
Kansas City, Missouri 64106
(Address of principal executive offices)

Registrant's telephone number, including area code: 816-556-2200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Cumulative Preferred Stock par value $100 per share - 3.80%, 4.50%, 4.35%	New York Stock Exchange
Common Stock without par value	New York Stock Exchange Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K. X

On March 10, 1998, KCPL had 61,872,915 outstanding shares of common stock without par value, and the aggregate market value (based upon the closing price of these shares on the New York Stock Exchange) of voting securities held by nonaffiliates of KCPL was approximately $1,890,990,964.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 1998 Proxy Statement are incorporated by reference in Part III of this report.

TABLE OF CONTENTS

		Page Number
Item 1.	Business	1
	Proposed Merger With Western Resources, Inc.	1
	Regulation	2
	Rates	2

Environmental Matters................ 2
Air............................. 3
Water........................... 3
Competition................................ 4
Fuel Supply................................ 4
Coal................................. 4
Nuclear.............................. 4
High-Level Waste................. 5
Low-Level Waste.................. 5
Employees.................................. 6
Subsidiaries............................... 6
Officers of the Registrant................. 7
KCPL Officers......................... 7
KLT Inc. Officers..................... 8

Item 2. Properties...................................... 8
Generation Resources....................... 8
Transmission and Distribution Resources.... 9
General.................................... 9

Item 3. Legal Proceedings.............................. 10

Item 4. Submission of Matters to a Vote of Security Holders... 11

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters................. 11
Market Information......................... 11
Holders.................................... 12
Dividends.................................. 12

Item 6. Selected Financial Data......................... 13

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations..................................... 14

Item 8. Consolidated Financial Statements.............. 25

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure..................................... 47

Item 10. Directors and Executive Officers of the Registrant..................................... 47

Item 11. Executive Compensation......................... 47

Item 12. Security Ownership of Certain Beneficial Owners and Management.......................... 47

Item 13. Certain Relationships and Related Transactions.. 47

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K............................ 48

PART I

ITEM 1. BUSINESS

Kansas City Power & Light Company (KCPL) was incorporated in Missouri in 1922 and is headquartered in downtown Kansas City, Missouri. KCPL is a medium-sized public utility engaged in the generation, transmission, distribution and sale of electricity to over 445,000 customers in a 4,700 square mile area located in all or portions of 31 counties in western Missouri and eastern Kansas. About two-thirds of KCPL's retail sales are to Missouri customers and the remainder to Kansas customers. Customers include approximately 391,000 residences, 51,000 commercial firms, and 3,000 industrials, municipalities and other electric utilities. Retail revenues in Missouri and Kansas accounted for approximately 92% of KCPL's total utility revenues in 1997. Wholesale firm power, bulk power sales and miscellaneous electric revenues accounted for the remainder of utility revenues. Low fuel costs and superior plant performance enable KCPL to serve its customers well while maintaining a leadership position in the bulk power market.

KLT Inc., a wholly-owned, nonutility subsidiary of KCPL formed in 1992, pursues nonregulated business ventures. Existing ventures include investments in domestic and international nonregulated power production, energy services, oil and gas development and production, telecommunications, telemetry technology and affordable housing limited partnerships. See "Subsidiaries" on page 6 of this report. Approximately 7.9% of KCPL's net income came from the KLT companies in 1997 (the first year of significant positive contribution by KLT). KCPL also owns 47% of Wolf Creek Nuclear Operating Corporation (WCNOC), the operating company for the Wolf Creek Generating Station (Wolf Creek).

PROPOSED MERGER WITH WESTERN RESOURCES, INC.

On February 7, 1997, KCPL and Western Resources, Inc. (Western Resources) entered into an Agreement and Plan of Merger (the Merger Agreement) to form a strategic business combination. Western Resources first delivered an unsolicited exchange offer to KCPL's Board of Directors during the second quarter of 1996. This initial offer, subject to numerous conditions, proposed the exchange of $28 (later increased to $31) worth of Western Resources common stock for each share of KCPL common stock. In July 1996, Western Resources commenced an exchange offer for KCPL common stock. In late 1996, KCPL began discussing a possible merger with Western Resources leading to the Merger Agreement.

In December 1997, KCPL canceled its previously-scheduled special meeting of shareholders to vote on the transaction because Western Resources advised that its investment banker, Salomon Smith Barney (Salomon), had indicated it was unlikely that Salomon would be in a position to issue a fairness opinion from a financial point of view to the Western shareholders on the transaction. The companies are currently exploring other alternatives on which a transaction could be based.

The current Merger Agreement does not allow KCPL to increase its common stock dividend prior to the effective time or termination. It also requires KCPL to redeem all outstanding shares of preferred stock prior to completion of the merger. The Merger Agreement can be terminated on June 30, 1998, under certain circumstances, if

shareholder approval has not been obtained. If, however, the current Merger Agreement is terminated under other circumstances and KCPL, within two and one-half years following termination, agrees to consummate a business combination with a third party that made a proposal to combine prior to termination, a payment of $50 million will be due Western Resources.

REGULATION

KCPL is subject to the jurisdiction of the Public Service Commission of the State of Missouri (MPSC), the State Corporation Commission of the State of Kansas (KCC), the Federal Energy Regulatory Commission (FERC), the Nuclear Regulatory Commission (NRC) and certain other governmental regulatory bodies as to various phases of its operations, including rates, service, safety and nuclear plant operations, environmental matters and issuances of securities.

RATES

KCPL's retail electric rates are regulated by the MPSC and KCC for sales within the respective states of Missouri and Kansas. FERC approves KCPL's rates for wholesale bulk electricity sales. Firm electric sales are made by contractual arrangements between the entity being served and KCPL.

KCPL has not increased any of its retail or wholesale rates since 1988. Pursuant to a stipulation and agreement with the MPSC, KCPL reduced Missouri retail rates by about 2.7% effective January 1, 1994, 2% effective July 9, 1996, and by about 2.5% effective January 1, 1997. Pursuant to a stipulation and agreement with the KCC, KCPL began accruing a reduction of about 4.7% in its Kansas retail rates effective January 1, 1998. The reduction will be implemented coincident with the completion of a pending rate design case. The amount that accrues between January 1, 1998, and the implementation date of the rate reduction will be refunded at that time.

ENVIRONMENTAL MATTERS

KCPL's operations must comply with federal, state and local environmental laws and regulations. The generation and transmission of electricity uses, produces and requires disposal of certain products and by-products, including polychlorinated biphenyl (PCBs), asbestos and other potentially hazardous materials. The Federal Comprehensive Environmental Response, Compensation and Liability Act (the Superfund law) imposes strict joint and several liability for those who generate, transport or deposit hazardous waste. This liability extends to the current property owner as well as prior owners since the time of contamination.

KCPL continually conducts environmental audits designed to detect contamination and ensure compliance with governmental regulations. However, compliance programs needed to meet future environmental laws and regulations governing water and air quality, including carbon dioxide emissions, hazardous waste handling and disposal, toxic substances and the effects of electromagnetic fields, could require substantial changes to operations or facilities. KCPL cannot presently estimate any additional costs of meeting such new regulations or standards which might be established in the future, nor can it estimate the possible effect which any new regulations or standards could have upon its operations. However, KCPL currently estimates that expenditures necessary to comply with environmental regulations will not be material with the possible exceptions set forth below.

AIR

The Clean Air Act Amendments of 1990 call for a study of certain air toxic substances. Based on the outcome of this study, regulation of these substances, including mercury, could be required. We cannot predict the likelihood of any such regulations or compliance costs.

The United States Environmental Protection Agency (EPA) published new air quality standards for ozone and particulate matter in July 1997. Additional regulations implementing the new standards are expected to be finalized in 1998. In the absence of the implementation regulations, the real impact of the standards on KCPL cannot be determined; however, the impact on KCPL and other utilities who use fossil fuels could be substantial.

Under the new fine particulate regulations, EPA will begin a five-year study of fine particulate emissions. Until this testing and review period have been completed, KCPL cannot determine additional compliance costs, if any, associated with the new particulate regulations.

In 1997, EPA also issued new proposed regulations on reducing Nitrogen Oxide (NOx) emissions. Under the new regulations, 22 states, including Missouri but not Kansas, would be required to develop plans to reduce NOx emissions. The new limits would go into effect in either 2002 or 2004. The cost of equipment to reduce NOx emissions could be substantial; however, until studies are completed on the actual impact of the new regulations on KCPL, the costs cannot be determined.

At a December 1997 meeting in Kyoto, Japan, the Clinton Administration supported changes to the International Global Climate Change treaty which would require a 7% reduction in United States Carbon Dioxide (CO2) emissions below 1990 levels. President Clinton has stated that this change in the treaty will not be submitted to the U.S. Senate at this time where ratification is uncertain. If future national restrictions on electric utility CO2 emissions are eventually required, the financial impact upon KCPL could be substantial.

WATER

KCPL commissioned an environmental assessment of its Northeast Station and of its Spill Prevention Control and Countermeasure plan as required by the Clean Water Act. The assessment revealed contamination of the site by petroleum products, heavy metals, volatile and semi-volatile organic compounds, asbestos, pesticides and other regulated substances. Based upon studies and discussions with Burns & McDonnell, the cost of the cleanup could range between $1.5 million and $6 million.

Also, groundwater analysis has indicated that certain volatile organic compounds are moving through the Northeast site, just above bedrock, from unidentified sources off-site. The Missouri Department of Natural Resources (MDNR) was notified of the possible release of petroleum products and the presence of volatile organic compounds (VOCs) moving under the site. Monitoring and removal of free petroleum products continues at the site. During 1997, KCPL was advised that MDNR located a source of the VOCs upgradient and unrelated to KCPL. MDNR is working with that site owner to reduce the flow of VOCs under Northeast Station.

COMPETITION

See "Regulation and Competition" on page 14 of this report.

FUEL SUPPLY

KCPL's principal sources of fuel for electric generation are coal and nuclear fuel. These fuels are expected to satisfy about 98% of the 1998 fuel requirements with the remainder provided by other sources including natural gas, oil and steam. The 1997 and estimated 1998 fuel mix, based on total Btu generation, are as follows:

	1997	Estimated 1998
Coal	74%	74%
Nuclear	25%	25%
Other	1%	1%

COAL

KCPL's average cost per million Btu of coal burned, excluding fuel handling costs, was $0.85 in 1997, $0.85 in 1996 and $0.89 in 1995. KCPL's cost of delivered coal is about 62% of the regional average.

During 1998, approximately 10.9 million tons of coal (7.6 million tons, KCPL's share) are projected to be burned at KCPL's generating units, including jointly-owned units. KCPL has entered into coal-purchase contracts with various suppliers in Wyoming's Powder River Basin, the nation's principal supplier of low-sulfur coal. These contracts, with expiration dates ranging from 1998 through 2003, will satisfy approximately 95% of the projected coal requirements for 1998, 50% for 1999, and 20% thereafter.

NUCLEAR

WCNOC has on hand or under contract 100% of the uranium needs for 1998 and 59% of the uranium required to operate Wolf Creek through September 2003. The balance is expected to be obtained through spot market and contract purchases.

Contracts are in place for the conversion of uranium to uranium hexaflouride sufficient for operation of Wolf Creek through 2001.

Contracts are in place for 100% of Wolf Creek's uranium enrichment requirements for 1998 and 88% of the enrichment services required for operation of Wolf Creek through March 2005. The balance is expected to be obtained through a combination of contract and spot market purchases.

HIGH-LEVEL WASTE

Nuclear fuel is amortized to fuel expense based on the quantity of heat produced for the generation of electricity. Under the Nuclear Waste Policy Act of 1982, the Department of Energy (DOE) is responsible for the permanent disposal of spent nuclear fuel. We pay the DOE a quarterly fee of one-tenth of a cent for each kilowatt-hour of net nuclear generation delivered and sold for future disposal of spent nuclear fuel. These disposal costs are charged to fuel expense and recovered through rates.

In 1996 a United States Court of Appeals issued a decision that the Nuclear Waste Policy Act unconditionally obligated DOE to begin accepting spent fuel for disposal in 1998. In late 1997, the same court issued another decision precluding DOE from concluding that its delay in accepting spent fuel is "unavoidable" under its contracts with utilities due to lack of a repository or interim storage authority. By yearend 1997, KCPL and other utilities had petitioned DOE for authority to suspend payments of their quarterly fees until such time as DOE begins accepting spent fuel. In January 1998, DOE denied the utilities' petition. The utilities intend to appeal that decision.

A permanent disposal site may not be available for the industry until 2010 or later, although an interim facility may be available earlier. Under current DOE policy, once a permanent site is available, the DOE will accept spent nuclear fuel on a priority basis; the owners of the oldest spent fuel will be given the highest priority. As a result, disposal services for Wolf Creek may not be available prior to 2016. Wolf Creek has an on-site, temporary storage facility for spent nuclear fuel. Under current regulatory guidelines, this facility can provide storage space until about 2005. Wolf Creek has started plans to increase its on-site spent fuel storage capacity. That project, expected to be complete by 2000, should provide storage capacity for all spent fuel expected to be generated by Wolf Creek through the end of its licensed life in 2025.

LOW-LEVEL WASTE

The Low-Level Radioactive Waste Policy Amendments Act of 1985 mandated that the various states, individually or through interstate compacts, develop alternative low-level radioactive waste disposal facilities. The states of Kansas, Nebraska, Arkansas, Louisiana and Oklahoma formed the Central Interstate Low-Level Radioactive Waste Compact and selected a site in northern Nebraska to locate a disposal facility. The present estimate of the cost for such a facility is about $154 million. WCNOC and the owners of the other five nuclear units in the compact have provided most of the pre-construction financing for this project. As of January 31, 1998, utilities in the compact have spent in excess of $82 million, of which $13.3 million was WCNOC's share.

There is uncertainty as to whether this project will be completed. Significant opposition to the project has been raised by Nebraska officials and residents in the area of the proposed facility, and attempts have been made through litigation and proposed legislation in Nebraska to slow down or stop development of the facility.

EMPLOYEES

At December 31, 1997, KCPL and its wholly-owned subsidiaries had 2,298 employees (including temporary and part-time employees), 1,429 of which were represented by three local unions of the International Brotherhood of Electrical Workers (IBEW). KCPL has labor agreements with Local 1613, representing clerical employees (which expires March 31, 1999), with Local 1464, representing outdoor workers (which expires January 8, 2000), and with Local 412, representing power plant workers (which expires February 28, 2001). KCPL is also a 47% owner of WCNOC, which employs 981 persons to operate Wolf Creek.

SUBSIDIARIES

KLT Inc. has six active wholly-owned direct subsidiaries:

- KLT Investments Inc., a passive investor in affordable housing investments which generate tax credits.

- KLT Investments II Inc., a passive investor in economic, community-development and energy-related projects.

- KLT Energy Services Inc., a participant in energy management and lighting services businesses. KLT Energy Services Inc. has one majority-owned subsidiary, Custom Energy, L.L.C., which provides energy management and lighting services to commercial, industrial and governmental customers. KLT Energy Services Inc. also has a 50%-owned subsidiary, Custom Lighting Services, L.L.C., which provides streetlight design, construction and maintenance services to municipalities.

- KLT Power Inc., a participant in independent power and cogeneration projects. KLT Power Inc. has five wholly-owned subsidiaries, KLT Iatan Inc., which was formed for the co-development of the Iatan Unit 2 coal-fired power plant; KLT Power International 2, which participates in independent power projects located in China; KLT Power Asia which participates in independent power projects located in certain Asian countries; and KLT Power Latin American and KLT Power (Bermuda), Ltd., which participate in independent power projects located in Latin America.

- KLT Gas Inc., a participant in oil and gas reserves and exploration. KLT Gas Inc. has one wholly-owned subsidiary, FAR Gas Acquisitions Corporation, which holds limited partnerships in coal seam methane gas wells that generate tax credits. KLT Gas Inc. also has a 95% ownership in Apache Canyon Gas L.L.C., which has production from over 70 coal seam methane wells and continues development of mineral rights in the vicinity of Weston, Colorado.

- KLT Telecom Inc., an investor in communications and information technology opportunities. KLT Telecom Inc. has two majority-owned subsidiaries, Municipal Solutions, an outsourcer of municipal services, and Telemetry Solutions, a provider of storage tank monitoring services. KLT Telecom Inc. is also an investor in Digital Teleport, Inc., a St. Louis, Missouri, facility-based provider of long-haul and local telecommunication services.

KCPL's equity investment in KLT Inc. at December 31, 1997, was $119 million.

OFFICERS OF THE REGISTRANT

KCPL OFFICERS

Name	Age	Positions Currently Held	Year Named Officer
Drue Jennings	51	Chairman of the Board, President and Chief Executive Officer	1980
Bernard J. Beaudoin	57	Executive Vice President - Chief Financial Officer	1984
Marcus Jackson	46	Executive Vice President - Chief Operating Officer	1989
J. Turner White	49	Executive Vice President - Corporate Development	1990
John J. DeStefano	48	Senior Vice President - Business Development	1989
Jeanie Sell Latz	46	Senior Vice President - Corporate Services, Corporate Secretary and Chief Legal Officer	1991
Frank L. Branca	50	Vice President - Wholesale and Transmission	1989
Steven W. Cattron	42	Vice President - Marketing and Sales	1994
Charles R. Cole	51	Vice President - Customer Services	1990
Douglas M. Morgan	55	Vice President - Information Technology	1994
Richard A. Spring	43	Vice President - Production	1994
Bailus M. Tate	51	Vice President - Human Resources	1994
Andrea F. Bielsker	39	Treasurer	1996
Neil A. Roadman	52	Controller	1980
Mark C. Sholander	52	General Counsel and Assistant Secretary	1986

KLT INC. OFFICERS

Name	Age	Positions Currently Held	Year Named Officer
Ronald G. Wasson	53	President	1995
Floyd R. Pendleton	54	Vice President-Business Development	1992
David M. McCoy	50	Vice President-Business Development	1996
Mark G. English	46	Vice President, General Counsel and Corporate Secretary	1995
James P. Gilligan	41	Treasurer	1997
Teresa D. Cook	37	Controller	1997

All of the foregoing persons have been officers or employees in a responsible position with KCPL or KLT for the past five years except for Mr. Spring. Mr. Spring was an employee of KCPL from 1978 to 1993, when he left KCPL to join Northern Indiana Public Service Company as Director of Electric Production. In July 1994, he rejoined KCPL as Vice President-Production.

The term of office of each officer commences with his or her appointment by the Board of Directors and ends at such time as the Board of Directors may determine.

ITEM 2. PROPERTIES

GENERATION RESOURCES

KCPL's generating facilities consist of the following:

	Unit	Year Completed	Estimated 1998 Megawatt (mw) Capacity	Fuel
Existing Units				
Base Load..	Wolf Creek(a)	1985	547(b)	Nuclear
	Iatan	1980	469(b)	Coal
	LaCygne 2	1977	336(b)	Coal
	LaCygne 1	1973	344(b)	Coal
	Hawthorn 6(c)	1997	142	Gas/Oil
	Hawthorn 5	1969	479	Coal/Gas
	Montrose 3	1964	171	Coal
	Montrose 2	1960	163	Coal
	Montrose 1	1958	163	Coal
Peak Load..	Northeast 13 and 14(c)	1976	119	Oil
	Northeast 17 and 18(c)	1977	124	Oil
	Northeast 15 and 16(c)	1975	124	Oil
	Northeast 11 and 12(c)	1972	106	Oil
	Grand Avenue (2 units)	1929 & 1948	77	Gas
	Total		3,364	

(a) This unit is one of KCPL's principal generating facilities and has the lowest fuel cost of any of its generating facilities. An extended shutdown of the unit could have a substantial adverse effect on the operations of KCPL and its financial condition.
(b) KCPL's share of jointly-owned unit.
(c) Combustion turbines.

KCPL's maximum system net hourly peak load of 3,044 mw occurred on July 25, 1997. The maximum winter peak load of 2,012 mw occurred on December 19, 1996. The accredited generating capacity of KCPL's electric facilities in the summer (when peak loads are experienced) of 1997 under MOKAN Power Pool standards was 3,297 mw.

KCPL owns the Hawthorn Station (Jackson County, Missouri), Montrose Station (Henry County, Missouri), Northeast Station (Jackson County, Missouri) and two Grand Avenue Station turbine generators (Jackson County, Missouri). KCPL also owns 50% of the 688-mw LaCygne 1 Unit and 672-mw LaCygne 2 Unit in Linn County, Kansas; 70% of the 670-mw Iatan Station in Platte County, Missouri; and 47% of the 1,164 mw Wolf Creek in Coffey County, Kansas.

TRANSMISSION AND DISTRIBUTION RESOURCES

KCPL's electric transmission system is interconnected with systems of other utilities to permit bulk power transactions with other electricity suppliers in Kansas, Missouri, Iowa, Nebraska and Minnesota. KCPL is a member of the MOKAN Power Pool, which is a contractual arrangement among eleven utilities in western Missouri and Kansas which interchange electric energy, share reserve generating capacity, and provide emergency and standby electricity services to each other.

KCPL owns approximately 1,700 miles of transmission lines, approximately 8,900 miles of overhead distribution lines, and approximately 3,100 miles of underground distribution lines. KCPL has all franchises necessary to sell electricity within the territories from which substantially all of its gross operating revenue is derived.

GENERAL

KCPL's principal plants and properties, insofar as they constitute real estate, are owned in fee; certain other facilities are located on premises held under leases, permits or easements; and its electric transmission and distribution systems are for the most part located over or under highways, streets, other public places or property owned by others for which permits, grants, easements or licenses (deemed satisfactory but without examination of underlying land titles) have been obtained.

Substantially all of the fixed property and franchises of KCPL, which consists principally of electric generating stations, electric transmission and distribution lines and systems, and buildings (subject to exceptions and reservations), are subject to a General Mortgage Indenture and Deed of Trust dated as of December 1, 1986.

ITEM 3. LEGAL PROCEEDINGS

KANSAS CITY POWER & LIGHT CO. V. WESTERN RESOURCES, INC., ET. AT

On May 20, 1996, KCPL commenced litigation in the United States District Court for the Western District of Missouri, Western Division (District Court), against Western Resources, Inc. (Western Resources) and Robert L. Rives (Rives) requesting the District Court to declare the Amended and Restated Agreement and Plan of Merger between KCPL, KC Merger Sub, Inc., UtiliCorp and KC United Corp., dated January 1996, amended May 20, 1996 (Amended Merger Agreement), and the transactions contemplated thereby (collectively the Transaction) were legal. On May 24, 1996, Jack R. Manson (Manson), filed an action to become a party to the above litigation as the shareholders' representative. Manson made claims against KCPL and all its directors stating they had violated their fiduciary duties; that their actions in adopting the Amended Merger Agreement were illegal and ultra vires; that the adoption of the Amended Merger Agreement illegally deprived shareholders of rights under Missouri law; and that the adoption of the Amended Merger Agreement was an excessive response to Western Resources' acquisition offer.

The District Court on August 2, 1996, ruled the transactions contemplated by the Amended Merger Agreement were legally valid and authorized under Missouri law; but the combined transactions resulted in a merger between KCPL and UtiliCorp requiring, under Missouri law, approval by the holders of two-thirds of the outstanding shares of KCPL's stock.

By order dated November 25, 1996, the District Court allowed Manson to amend his counterclaim claiming the directors breached their fiduciary duties by refusing to meet with Western Resources and had committed reckless, grossly negligent, or negligent waste of corporate assets by pursuing the merger with UtiliCorp.

On July 18, 1997, the District Court issued an Order dismissing the amended counterclaim. Manson then filed a motion to amend the Order requesting the Court award his attorneys' fees in this matter. The Court, in an Order dated August 25, 1997, agreed to consider the issue of attorneys' fees. In response, Manson and his counsel filed an Application for an Award of Attorneys' Fees and Related Disbursements seeking an award of over $6 million, which is still pending. On September 23, 1997, Manson also appealed the Order as amended, to the United States Court of Appeals for the Eighth Circuit, which has stayed the matter pending the outcome of the fee application. KCPL believes it will be able to successfully defend these actions.

STATE OF MISSOURI EX REL. INTER-CITY BEVERAGE CO., INC., ET. AL VS. THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI, ET. AL; AND JEWISH COMMUNITY CAMPUS OF GREATER KANSAS CITY, INC. VS. KANSAS STATE CORPORATION COMMISSION, ET. AL.

On August 13, 1993, a lawsuit was filed by nine customers, including Inter-City Beverage Co., Inc., in the Circuit Court of Jackson County, Missouri against KCPL. The suit alleged the misapplication of certain of KCPL's electric rate tariffs resulting in overcharges to industrial and commercial customers which had been provided service under those tariffs and requested certification as a class action. On December 3, 1993, the Court dismissed the matter for lack of subject matter jurisdiction. Plaintiffs appealed to the Missouri Court of Appeals, Western District. The Court of Appeals upheld the

dismissal. Plaintiffs then filed a motion to transfer the case with the Missouri Supreme Court. The motion was denied.

Plaintiffs then took their claims to the state commissions filing complaints at the MPSC on August 23, 1995, and at the KCC on August 30, 1995, on behalf of Jewish Community Campus, the only Kansas plaintiff. The MPSC complaint was dismissed May 1, 1996. The Cole County, Missouri Circuit Court affirmed the dismissal on January 29, 1997. On March 4, 1997, Plaintiffs filed a Notice of Appeal to the Missouri Court of Appeals, Western District. Plaintiffs' Initial Brief was filed with the Court of Appeals on June 9, 1997. The briefs of KCPL and the MPSC were filed on July 9, 1997. Plaintiffs' Reply Brief was filed on August 4, 1997. The appeal was argued December 9, 1997.

The KCC complaint was dismissed April 9, 1996. The Johnson County, Kansas District Court affirmed the dismissal on February 4, 1997. The Plaintiff filed a Notice of Appeal to the Kansas Court of Appeals on March 3, 1997. Plaintiff's Initial Brief was filed with the Court of Appeals on May 27, 1997. The briefs of KCPL and the KCC were filed on June 30, 1997. Plaintiff's Reply Brief was filed July 15, 1997.

Should the proceedings before the MPSC and KCC be overturned by the state courts, KCPL could be required to refund the alleged overcharges. KCPL believes it will be able to successfully defend these actions.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders through the solicitation of proxies or otherwise.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION:

(1) Principal Market:

Common Stock of KCPL is listed on the New York Stock Exchange and the Chicago Stock Exchange.

(2) Stock Price Information:

Common Stock Price Range

	1997		1996	
Quarter	High	Low	High	Low
First	$29-3/4	$28	$27-1/4	$24
Second	29-1/8	27-3/8	27-3/4	23-5/8
Third	29-13/16	28-7/16	28-3/8	26-1/4
Fourth	29-15/16	27-3/8	29-3/8	26-1/2

HOLDERS:

At December 31, 1997, KCPL's Common Stock was held by 24,300 shareholders of record.

DIVIDENDS:

Common Stock dividends were declared as follows:

Quarter	1998	1997	1996
First	$0.405	$0.405	$0.390
Second		0.405	0.390
Third		0.405	0.405
Fourth		0.405	0.405

KCPL's Restated Articles of Consolidation contain certain restrictions on the payment of dividends on KCPL's Common Stock.

ITEM 6. SELECTED FINANCIAL DATA

	Year Ended December 31				
	1997(a)	1996(b)	1995	1994(c)	1993
	(dollars in millions except per share amounts)				
Operating revenues	$ 896	$ 904	$ 886	$ 868	$ 857
Net income	$ 77	$ 108	$ 123	$ 105	$ 106
Earnings per common share	$ 1.18	$ 1.69	$ 1.92	$ 1.64	$ 1.66
Total assets at year-end	$3,058	$2,915	$2,883	$2,770	$2,755
Total mandatorily redeemable preferred securities	$ 150	$ --	$ --	$ --	$ --
Total redeemable preferred stock and long-term debt (including current maturities)	$1,008	$ 971	$ 911	$ 833	$ 870
Cash dividends per common share	$ 1.62	$ 1.59	$ 1.54	$ 1.50	$ 1.46
Ratio of earnings to fixed charges	2.03	3.06	3.94	4.07	3.80

(a) In 1997, KCPL recorded a $53 million payment to UtiliCorp United (UtiliCorp) for terminating the merger with UtiliCorp and agreeing to a merger with Western Resources Inc. (Western Resources). See Note 13 to the Consolidated Financial Statements.
(b) In 1996, KCPL recorded $31 million in merger related costs.
(c) In 1994, KCPL recorded a $22.5 million expense for a voluntary early retirement program.

CERTAIN FORWARD-LOOKING INFORMATION

Statements made in this report which are not based on historical facts are forward-looking and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Any forward-looking statements are intended to be as of the date on which such a statement is made. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are providing the following important factors that could cause actual results to differ materially from provided forward-looking information. These important factors include: (a) the Western Resources Inc. (Western Resources) merger (see Note 13 to the Consolidated Financial Statements); (b) future economic conditions in the regional, national and international markets; (c) state, federal and foreign regulation and possible additional reductions in regulated electric rates; (d) weather conditions; (e) financial market conditions, including, but not limited to changes in interest rates; (f) inflation rates; (g) increased competition, including, but not limited to, the deregulation of the United States electric utility industry, and the entry of new competitors; (h) ability to carry out marketing and sales plans; (i) ability to achieve generation planning goals and the occurrence of unplanned generation outages; (j) nuclear operations; (k) ability to enter new markets successfully and capitalize on growth opportunities in nonregulated businesses, and (l) adverse changes in applicable laws, regulations or rules governing environmental, tax or accounting matters. This list of factors may not be all inclusive since it is not possible for us to predict all possible factors.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

STATUS OF MERGER

See Note 13 to the Consolidated Financial Statements as to the current status of the merger agreement with Western Resources Inc. (Western Resources). In December 1996 the Federal Energy Regulatory Commission (FERC) issued a statement concerning electric utility mergers. Under the statement, companies must demonstrate that their merger does not adversely affect competition or wholesale rates. As remedies, FERC may consider a range of conditions including transmission upgrades, divestitures of generating assets or formation of independent system operators.

REGULATION AND COMPETITION

As competition develops throughout the electric utility industry, we are positioning Kansas City Power & Light Company (KCPL) to excel in an open market. We are improving the efficiency of KCPL's core utility operations, lowering prices and offering new services. We now offer customized energy packages to larger customers, including options offering natural gas contracts.

Competition in the electric utility industry was accelerated with the National Energy Policy Act of 1992. This Act gives FERC the authority to require electric utilities to provide transmission line access to independent power producers (IPPs) and other utilities (wholesale wheeling). KCPL, already active in the wholesale wheeling market, was one of the first utilities to receive FERC's approval of an open-access tariff for wholesale wheeling transactions. In April 1996 FERC issued an order requiring all owners of transmission facilities to adopt open-access tariffs and participate in wholesale wheeling. We have made the necessary filings to comply with that order.

FERC's April 1996 order has encouraged more movement toward retail competition at the state level. An increasing number of states have already adopted open access requirements for utilities' retail electric service, allowing competing suppliers access to their retail customers (retail wheeling). Many other states are actively considering retail wheeling. In Kansas, the retail wheeling task force has proposed a restructuring bill that would implement retail competition on July 1, 2001. Some of the key points included in the proposed bill are: 1) the Kansas Corporation Commission (KCC) will determine the amount of under-utilized assets (stranded costs) each utility is allowed to recover and 2) a unit charge per kwh will be assessed to all customers for recovery of competitive transition costs (these costs include stranded costs, other regulatory assets, nuclear decommissioning, etc.). In Missouri, a legislative committee has been formed to study the issue while the Missouri Public Service Commission (MPSC) has established a task force to plan for implementation of retail wheeling if authorized by law.

Competition through retail wheeling could result in market-based rates below current cost-based rates. This would provide growth opportunities for low-cost producers and risks for higher-cost producers, especially those with large industrial customers. Lower rates and the loss of major customers could result in stranded costs and place an unfair burden on the remaining customer base or shareholders. Testimony filed in the merger case in Kansas for KCPL indicated that stranded costs are approximately $1 billion. An independent study prepared at the request of the KCC concluded that there are no stranded costs. We cannot predict the extent that stranded costs will be recoverable in future rates. If an adequate and fair provision for recovery of these lost revenues is not provided, certain generating assets may have to be evaluated for impairment and appropriate charges recorded against earnings. In addition to lower profit margins, market-based rates could also require generating assets to be depreciated over shorter useful lives, increasing operating expenses.

Although Missouri and Kansas have not yet authorized retail wheeling, we believe KCPL is positioned well to compete in an open market with its diverse customer mix and pricing strategies. About 21% of KCPL's retail mwh sales are to industrial customers which is below the utility industry average. KCPL has a flexible rate structure with industrial rates that are competitively priced with other companies in the region. In addition, long-term contracts are in place or under negotiation for a large portion of KCPL's industrial sales. There has not been direct competition for retail electric service in KCPL's service territory although there has been competition in the bulk power market and between alternative fuels.

Increased competition could also force utilities to change accounting methods. Financial Accounting Standards Board (FASB) Statement No. 71 - Accounting for Certain Types of Regulation, applies to regulated entities whose rates are designed to recover the costs of providing service. An entity's operations could stop meeting the requirements of FASB 71 for various reasons, including a change in regulation or a change in the competitive environment for a company's regulated services. For those operations no longer meeting the requirements of regulatory accounting, regulatory assets would be written off. KCPL's regulatory assets, totaling $153 million at December 31, 1997, will be maintained as long as FASB 71 requirements are met.

It is possible that competition could eventually have a materially adverse affect on KCPL's results of operations and financial position. Should competition eventually result in a significant charge to equity, capital costs and requirements could increase significantly.

NONREGULATED OPPORTUNITIES

KLT Inc. (KLT) is a wholly-owned subsidiary pursuing nonregulated business ventures. Existing ventures include investments in domestic and international nonregulated power production, energy services, oil and gas development and production, telecommunications, telemetry technology and affordable housing limited partnerships.

KCPL had a total equity investment in KLT of $119 million as of December 31, 1997, and KLT's net income for the year totaled $6 million compared to a $1.4 million loss in 1996. KLT's consolidated assets at December 31, 1997, totaled $346 million. The growth of KLT accounts for most of the increase in KCPL's consolidated investments and nonutility property (see Capital Requirements and Liquidity section). The February 7, 1997, Agreement and Plan of Merger with Western Resources includes a provision that requires Western Resources' approval of investments beyond a certain limit excluding the cost of routine regulated utility capital expenditures. In 1997 new investments were restricted under this agreement.

EARNINGS OVERVIEW

Earnings per share (EPS) for 1997 of $1.18 decreased $0.51 from 1996. KCPL's pursuit of its strategic options resulted in the September 1996 termination of a merger agreement with UtiliCorp United Inc. (UtiliCorp) and the February 1997 announcement of KCPL's agreement to combine with Western Resources after nine months of defending against an unsolicited exchange offer. These actions triggered KCPL's payment of $53 million in February 1997 to UtiliCorp under provisions of the UtiliCorp merger agreement, lowering EPS for 1997 by $0.52. In 1997 $7 million ($0.07 per share) of merger-related expenses were incurred (see Note 13). The net effect of the rate reductions approved by the MPSC lowered EPS for the year by an estimated $0.17. Increased depreciation expense also negatively affected EPS for the year. Partially offsetting these decreases are continued load growth, lower deferred Wolf Creek amortization and an increase in subsidiary income. Additionally, merger-related costs reduced EPS in the prior year by $0.31.

EPS for 1996 of $1.69 decreased $0.23 from 1995. Terminating the merger agreement in September 1996 with UtiliCorp and defending against Western Resources' unsolicited exchange offer reduced 1996 EPS by $0.31. Other factors contributing to the decrease included mild summer temperatures and the effects of a new stipulation and agreement with the Missouri commission. In addition, EPS for 1995 included a $0.05 per share gain on the sale of rail cars. Despite the unfavorable weather and merger-related charges, continued load growth contributed favorably to 1996 EPS.

MEGAWATT-HOUR (MWH) SALES AND ELECTRIC OPERATING REVENUES

Sales and revenue data:

	Increase (Decrease) from Prior Year			
	1997		1996	
	Mwh	Revenues	Mwh	Revenues
	(revenue change in millions)			
Retail:				
Residential	5 %	$ 9	1 %	$ -
Commercial	4 %	(1)	4 %	10
Industrial	(4)%	(3)	6 %	5
Other	1 %	(3)	(4)%	-
Total retail	3 %	2	4 %	15
Sales for resale:				
Bulk power sales	(22)%	(12)	1 %	6
Other	19 %	1	29 %	-
Total		(9)		21
Other revenues		1		(3)
Total electric operating revenues		$(8)		$18

During 1996 the MPSC approved a stipulation and agreement authorizing a $20 million revenue reduction in two phases and an increase in depreciation and amortization expense by $9 million per year. In July 1996 we implemented phase one of the revenue reduction designed to reduce revenues from commercial and industrial customers by an estimated $9 million per year. This decrease is achieved with an increase in summer revenues offset by a larger decrease in winter revenues. This design more closely follows KCPL's increased costs of generating electricity in the summer. The second phase of this stipulation, implemented January 1, 1997, further reduced Missouri residential, commercial and industrial revenues by an estimated $11 million per year. The decreases in revenues as a result of this stipulation and agreement were about $20 million for 1997 and $3 million for 1996.

Effective January 1, 1998, the KCC approved a settlement agreement authorizing a $14.2 million revenue reduction and an increase in depreciation expense of $2.8 million. When the KCC approves a new rate design, which is anticipated by year-end 1998, KCPL will refund the portion of the $14.2 million that has accrued between January 1, 1998 and the implementation date of the new rate design.

Summer temperatures were very mild in 1997 and 1996 compared with 1995, remaining below normal for the fifth consecutive year. Despite this mild weather pattern, retail mwh sales increased in each of the last five years due to load growth. Load growth consists of higher usage-per-customer as well as the addition of new customers.

Retail mwh sales for 1997 increased 3% over 1996 while retail revenues remained relatively flat due largely to the Missouri revenue reductions discussed above. Industrial sales and revenues

declined primarily because of reduced sales to a major industrial customer as a result of a strike by its employees.

Retail mwh sales for 1996 increased 4% over 1995 while retail revenues increased only 2%. Similar to 1997, the Missouri revenue reductions are the main reason for this difference. Additionally, long-term contracts with major industrial customers contributed to the decline in retail revenue per mwh. These contracts are tailored to meet customers' needs in exchange for their long-term commitment to purchase energy. Long-term contracts are in place or under negotiation for a large portion of KCPL's industrial sales.

Bulk power sales vary with system requirements, generating unit and purchased power availability, fuel costs and the requirements of other electric systems. Outages at the LaCygne 1 and 2 generating units in the second quarter of 1997 contributed to lower bulk power mwh sales in the current year (see Fuel and Purchased Power section).

Total revenue per mwh sold varies with changes in rate tariffs, the mix of mwh sales among customer classifications and the effect of declining price per mwh as usage increases. An automatic fuel adjustment provision is only included in sales for resale tariffs, which apply to less than 1% of revenues.

Future mwh sales and revenues per mwh will also be affected by national and local economies, weather and customer conservation efforts. Competition, including alternative sources of energy such as natural gas, co-generation, IPPs and other electric utilities, may also affect future sales and revenue.

FUEL AND PURCHASED POWER

Combined fuel and purchased power expenses for 1997 remained consistent with 1996 levels while total mwh sales (total of retail and sales for resale) decreased by 3%. This difference is largely attributable to an increase in purchased power expenses. The cost per kwh for purchased power is significantly higher than the cost per kwh of generation. Purchased power expense increased by about $7 million in 1997 over 1996 as additional replacement power expenses were incurred during outages at the LaCygne generating units in 1997.

Nuclear fuel costs per MMBTU remain substantially less than the MMBTU price of coal. Nuclear fuel costs per MMBTU increased 1% during 1997 and 26% during 1996. Nuclear fuel costs per MMBTU averaged 60%, 59% and 45% of the MMBTU price of coal during 1997, 1996 and 1995, respectively. We expect the current relationship and the price of nuclear fuel to remain fairly constant through the year 2001. During 1997 and 1996 fossil plants represented about 74% of generation and the nuclear plant about 26%.

The price of coal burned declined slightly in 1997 compared to 1996 and declined 4% during 1996. KCPL's coal procurement strategies continue to provide coal costs below the regional average. We expect coal costs to remain fairly consistent with 1997 levels through 2001.

Combined fuel and purchased power expenses for 1996 increased 8% or $15 million from 1995, while total mwh sales increased only 3%. Items contributing to this increase include increases in capacity purchase contracts, increases in replacement power expenses for Wolf Creek's spring 1996 refueling outage, and increases in the cost of nuclear fuel. Partially offsetting these increased expenses was a $2 million decrease in expense from coal inventory adjustments.

Capacity purchase contracts provide a cost-effective alternative to constructing new capacity and contributed to increased purchased power expenses in 1996. Additional capacity purchases increased purchased power expenses about $9 million in 1996.

OTHER OPERATION AND MAINTENANCE EXPENSES

Combined other operation and maintenance expenses for 1997 increased from 1996 due largely to increases in system dispatch, customer accounts expenses and Wolf Creek non-fuel operations. Combined other operation and maintenance expenses for 1996 decreased from 1995 due to the timing of scheduled maintenance programs.

We continue to emphasize new technologies, improved work methodology and cost control. We are improving system processes to provide increased efficiencies and improved operations. Through the use of cellular technology, a majority of customer meters are read automatically.

DEPRECIATION AND AMORTIZATION

The increase in depreciation expense from 1996 to 1997 and from 1995 to 1996 reflects the implementation of the MPSC stipulation and agreement discussed in the revenue sections as well as normal increases in depreciation from capital additions. The stipulation and agreement, effective July 1, 1996, authorized a $9 million annual increase in depreciation expense at about the same time the Missouri portion of Deferred Wolf Creek costs became fully amortized in December 1996. This amortization totaled about $9 million per year.

The Kansas portion of Deferred Wolf Creek costs became fully amortized in the second quarter of 1997. Amortization of the Kansas portion of this asset totaled about $3 million per year.

The Kansas retail revenue agreement approved by the KCC in January 1998 authorized an annual increase in depreciation expense by about $3 million effective January 1, 1998.

INCOME TAXES

Operating income taxes decreased $9 million in 1996 from 1995. The decrease was primarily due to adjustments necessary to reflect the filing of the 1995 tax returns and the settlement with the Internal Revenue Service regarding tax issues included in the 1985 through 1990 tax returns. Operating income taxes increased by $3 million in 1997 from this lower than normal 1996 level.

GENERAL TAXES

Components of general taxes:

	1997	1996	1995
		(thousands)	
Property	$ 43,529	$ 45,519	$ 46,019
Gross receipts	40,848	42,554	41,416
Other	8,920	9,175	9,386
Total	$ 93,297	$ 97,248	$ 96,821

Property taxes decreased from 1996 to 1997 as a result of changes in Kansas tax law which reduced the mill levy rates.

OTHER INCOME AND (DEDUCTIONS)

Miscellaneous Income

Miscellaneous income increased in 1997 from 1996 due primarily to increased revenues from non-utility and subsidiary operations. Dividends on the investment in a fossil-fuel generator in Argentina (see Capital Requirements and Liquidity section), revenues from a subsidiary in which KLT obtained a controlling interest during 1997 and increased revenues from oil and gas exploration contributed to the increase in miscellaneous income from subsidiary operations.

Miscellaneous income for 1995 included a $5 million gain from the sale of steel railcars, which were replaced by leased aluminum cars. Aluminum cars are lighter-weight and offer more coal capacity per car, contributing to lower delivered coal prices.

Miscellaneous Deductions

Miscellaneous deductions increased in 1997 from 1996 due primarily to a $53 million payment to UtiliCorp in February 1997. The September 1996 termination of the UtiliCorp merger agreement and the February 1997 announcement of the agreement to combine with Western Resources, triggered the payment to UtiliCorp under provisions of the UtiliCorp merger agreement. Miscellaneous deductions for 1997 also include $7 million of merger-related expenses (see Note 13). Miscellaneous deductions for 1996 included $31 million in merger-related costs.

The increase in Miscellaneous deductions in 1997 from 1996 also reflects increased non-utility expenses and subsidiary operating costs. Subsidiary expenses included in Miscellaneous deductions increased by $29 million in 1997 from 1996. The primary subsidiary expenses that increased are cost of sales, administrative and general labor and benefits, incentives for gas production, external consulting services and provision for uncollectible notes receivable. Expansion into new projects for the power subsidiaries, increased gas operations and inclusion of three small companies in which KLT obtained controlling interests during 1997 are the primary activities that contributed to the increased expenses.

Miscellaneous deductions increased in 1996 from 1995 due primarily to the termination of the UtiliCorp merger agreement and defense against Western Resources' unsolicited exchange offer. During the third quarter of 1996, $13 million in previously deferred merger costs and $5 million of the termination fee were expensed. In addition, costs incurred to defend against the unsolicited exchange offer increased 1996 expenses by $13 million. Also, subsidiary expenses increased about $9 million. Total subsidiary expenses, including interest charges discussed below, are substantially offset by related tax benefits.

Income Taxes

Income taxes reflect the tax impact of the excess of miscellaneous deductions over miscellaneous income. Additionally, we accrued tax credits in 1997 of $23 million related to KLT's investments in affordable housing limited partnerships and oil and gas investments. In 1996 and 1995 we accrued tax credits of $12 million and $5 million, respectively, related primarily to KLT's investments in affordable housing limited partnerships. The increase in tax credits accrued in 1997 from 1996 is due to an increase of $8 million in tax credits related to oil and gas investments. This increase in tax credits and reduced net income resulted in a significant impact on the effective income tax rate. Accrued taxes on the balance sheet decreased primarily because $9 million of these tax credits did not reduce estimated tax payments because such amounts can only be refunded by the IRS after the tax return is filed in 1998. Non-taxable increases in the cash surrender value of corporate-owned life insurance contracts also affected the relationship between miscellaneous deductions and income taxes.

INTEREST CHARGES

Long-term debt interest expense increased during 1997 reflecting higher average levels of long-term debt outstanding compared with the previous year. The higher average levels of debt resulted mainly from financing by KLT to support expanding subsidiary operations and funding of other corporate capital requirements.

The average interest rate on long-term debt, including current maturities, was 6.1% in 1997 compared with 6.0% in 1996 and 1995.

We use interest rate swap and cap agreements to limit the interest expense on a portion of KCPL's variable-rate long-term debt. We do not use derivative financial instruments for trading or other speculative purposes. Although these agreements are an integral part of KCPL's interest rate management, their incremental effect on interest expense and cash flows is not significant.

The increase in miscellaneous interest charges in 1997 compared to 1996 is primarily due to interest charges incurred on the $150 million of 8.3% preferred securities.

WOLF CREEK

Wolf Creek is one of KCPL's principal generating units representing about 17% of its accredited generating capacity. The plant's operating performance has remained strong, contributing about 26% of the annual mwh generation while operating at an average capacity of 87% over the last three years. It has the lowest fuel cost per MMBTU of any of KCPL's generating units.

The incremental operating, maintenance and replacement power costs for planned outages are accrued evenly over the unit's operating cycle, normally 18 months. As actual outage expenses are incurred, the refueling liability and related deferred tax asset are reduced.

Wolf Creek's ninth refueling and maintenance outage, budgeted for 35 days, began in early October 1997 and was completed in December 1997 (58 days). The extended length of the ninth outage was caused by several equipment problems, the most significant of which included: failure of the fuel assembly gripper, failure of a residual heat removal pump to start on demand, difficulties in declaring operable an essential service water system and a reactor trip during startup. Wolf Creek's eighth scheduled refueling and maintenance outage, budgeted for 45 days, began in early February 1996 and was completed in April 1996 (64 days). The eighth outage started one month early when the plant was shut down after water flow from the cooling lake was restricted by ice buildup on an intake screen. The extended lengths of the outages were the primary reasons for the increases in Wolf Creek related replacement power and operating and maintenance expenses in 1997 and 1996 over 1995. Costs of the 1997 and 1996 outages were $6 million and $2 million in excess of the costs estimated and accrued for the outages. Wolf Creek's tenth refueling and maintenance outage is scheduled for the spring of 1999 and is estimated to be a 40 day outage.

Wolf Creek's assets and operating expenses represent about 42% and 19% of utility total assets and operating expenses, respectively. Currently, no major equipment replacements are expected, but an extended shut-down of Wolf Creek could have a substantial adverse effect on KCPL's business, financial condition and results of operations. Higher replacement power and other costs would be incurred as a result. Although not expected, an unscheduled plant shut-down could be caused by actions of the Nuclear Regulatory Commission reacting to safety concerns at the plant or other similar

nuclear units. If a long-term shut-down occurred, the state regulatory commissions could consider reducing rates by excluding the Wolf Creek investment from rate base.

Ownership and operation of a nuclear generating unit exposes KCPL to risks regarding the cost of decommissioning the unit at the end of its life and to potential retrospective assessments and property losses in excess of insurance coverage. These risks are more fully discussed in the related sections of Notes 1 and 4 to the Consolidated Financial Statements.

ENVIRONMENTAL MATTERS

KCPL's policy is to act in an environmentally responsible manner and use the latest technology available to avoid and treat contamination. We continually conduct environmental audits designed to ensure compliance with governmental regulations and detect contamination. However, these regulations are constantly evolving; governmental bodies may impose additional or more rigid environmental regulations that could require substantial changes to operations or facilities.

The Clean Air Act Amendments of 1990 contain two programs significantly affecting the utility industry. KCPL has spent about $5 million for the installation of continuous emission monitoring equipment to satisfy the requirements under the acid rain provision. The other utility-related program calls for a study of certain air toxic substances. Based on the outcome of this study, regulation of these substances, including mercury, could be required. We cannot predict the likelihood of any such regulations or compliance costs.

In July 1997 the United States Environmental Protection Agency (EPA) published new air quality standards for ozone and particulate matter. Additional regulations implementing these new standards are expected to be finalized in 1998. Without the implementation regulations, the real impact of the standards on KCPL cannot be determined. However, the impact on KCPL and other utilities who use fossil fuels could be substantial. Under the new fine particulate regulations EPA will begin a five-year study of fine particulate emissions. Until this testing and review period has been completed, KCPL cannot determine additional compliance costs, if any, associated with the new particulate regulations.

In 1997 EPA also issued new proposed regulations on reducing Nitrogen Oxide (NOx) emissions. Under the new regulations 22 states, including Missouri but not Kansas, would be required to develop plans to reduce NOx emissions. The new limits would go into effect in either 2002 or 2004. The cost of equipment to reduce NOx emissions could be substantial, however, until studies are completed on the actual impact of the new regulations on KCPL the costs cannot be determined.

At a December 1997 meeting in Kyoto, Japan, the Clinton Administration supported changes to the International Global Climate Change treaty which would require a seven percent reduction in United States Carbon Dioxide (CO_2) emissions below 1990 levels. President Clinton has stated that this change in the treaty will not be submitted to the U.S. Senate at this time where ratification is uncertain. If future national restrictions on electric utility CO_2 emissions are eventually required, the financial impact upon KCPL could be substantial.

IMPACT OF THE YEAR 2000 ISSUE

The Year 2000 Issue is the result of computer programs using two digits instead of four digits to define the applicable year. Computer programs with date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations.

Through ongoing assessment of the Year 2000 Issue, we have determined that it is necessary to modify or replace some of KCPL's internal software so that its computer systems will properly utilize dates beyond December 31, 1999. We believe that with the planned modifications and conversions of KCPL's software, the Year 2000 Issue can be mitigated. We will utilize both internal and external resources to address the Year 2000 Issue. We plan to complete the Year 2000 project by December 31, 1998. This will allow time for additional compliance testing of the systems.

The cost of the Year 2000 project is being expensed as incurred and is not material to KCPL's results of operations. However, there is no guarantee that current cost estimates of the Year 2000 project will not be exceeded. For the past several years, we have been replacing older systems with new and innovative technologies that place us in a stronger competitive position for the future. As a result, the cost of the Year 2000 project has been lessened. Specific factors that might cause costs to exceed estimates include, but are not limited to, the availability and cost of appropriately trained personnel, the ability to locate and correct all relevant computer codes, and similar uncertainties.

We have initiated formal communications with all of KCPL's large suppliers and customers to evaluate KCPL's vulnerability to those third parties' failure to remediate their own Year 2000 Issue. However, there is no guarantee that third party systems on which KCPL's systems rely will be timely converted, or that a failure to convert, or a conversion that is incompatible with KCPL's systems, would not have a material adverse effect on KCPL.

PROJECTED CONSTRUCTION EXPENDITURES

We are fully exploring alternatives to new construction. During 1995 we entered into an operating lease for a new 142 mw combustion turbine, now scheduled to be placed in service during 1998. We have also contracted to purchase capacity through fixed-price agreements (see Note 4 to the Consolidated Financial Statements - Capacity Purchase Commitments). Compared to the long-term fixed costs of building new capacity, these contracts provide a cost-effective way of meeting uncertain levels of demand growth, even though there are risks associated with market price fluctuations.

Total utility capital expenditures, excluding allowance for funds used during construction, were $125 million in 1997. The utility construction expenditures are projected for the next five years as follows:

	Construction Expenditures					
	1998	1999	2000	2001	2002	Total
	(millions)					
Generating facilities	$ 27	$ 34	$ 34	$13	$ 40	$148
Nuclear fuel	19	2	21	25	1	68
Transmission facilities	6	4	4	8	18	40
Distribution and general facilities	54	53	53	49	45	254
Total	$106	$ 93	$112	$95	$104	$510

This construction expenditure plan is subject to continual review and change.

CAPITAL REQUIREMENTS AND LIQUIDITY

As of December 31, 1997, liquid resources of KCPL included cash flows from operations, $300 million of registered but unissued unsecured medium-term notes and $343 million of unused bank lines

of credit. The unused lines consisted of KCPL's short-term bank lines of credit of $300 million and KLT's long-term revolving line of credit of $43 million. Cash and cash equivalents increased by $51 million from December 31, 1996 to December 31, 1997, primarily due to $21.5 million of proceeds from the sale of streetlights to the City of Kansas City, Missouri at a minimal gain; the issuance of $150 million of preferred securities (see Note 10 to the Consolidated Financial Statements) and because expenditures during 1997 for certain investments were restricted under the Western Resources merger agreement.

KCPL continues to generate positive cash flows from operating activities, although individual components of working capital will vary with normal business cycles and operations including the timing of receipts and payments.

Cash required to meet current tax liabilities has increased as KCPL no longer receives the benefits of accelerated tax depreciation on any significant generating plant assets. Accelerated depreciation lowers tax payments in the earlier years of an asset's life while increasing deferred tax liabilities; this relationship reverses in the later years of an asset's life. KCPL's last significant generating plant addition was the completion of Wolf Creek in 1985.

At December 31, 1997 coal inventory levels were at 75% of targeted levels. This shortfall was due mainly to poor railroad delivery performance throughout 1997. Such railroad related problems are expected to continue at least through 1998. We are working with KCPL's rail carriers to ensure an adequate coal supply and allow recovery to targeted coal inventory levels.

Deferred debt issuance expenses and goodwill resulting from KLT's acquisitions contributed to the increase in Other deferred charges on the Consolidated Balance Sheets from December 31, 1996 to December 31, 1997. Other deferred credits increased due to an increase in Wolf Creek decommissioning liabilities. Also, minority interests included in Other deferred credits increased as KLT obtained controlling interests in new companies in 1997.

Cash used in investing activities varies with the timing of utility capital expenditures and KLT's purchases of investments and nonutility properties. KLT completed several investments during 1997 increasing Investments and Nonutility Property on the Consolidated Balance Sheet by approximately $100 million. These include a 12% ownership interest in the largest fossil-fuel generator in Argentina and a significant ownership interest in Digital Teleport, Inc. (DTI), a St. Louis, Missouri, facilities-based provider of long-haul and local telecommunications services. As part of the DTI transaction, KLT converted a note receivable, with a balance at December 31, 1996, of $9 million, to the investment in DTI.

Construction work in progress increased by $24 million from December 31, 1996 to December 31, 1997, due to continued construction on production projects and system software upgrades.

Cash provided by financing activities increased from December 1996 to December 1997 due to additional long-term borrowings. Long-term debt, including current maturities, increased by $37 million from December 31, 1996 to December 31, 1997, primarily due to additional borrowings by KLT on its long-term revolving line of credit. As discussed in Note 10 to the Consolidated Financial Statements, KCPL Financing I, a wholly-owned subsidiary of KCPL, issued $150 million of preferred securities in April 1997. The $53 million payment to UtiliCorp, recorded as an expense, and KLT's purchases of investments and nonutility properties were financed mostly by the preferred securities and additional long-term borrowings. Cash used in Other financing activities increased from 1996 to 1997 due primarily to the costs of issuing the preferred securities which are being amortized over 40 years.

KCPL's common dividend payout ratio was 137% in 1997, 94% in 1996 and 80% in 1995. The increase in the payout ratios for 1997 and 1996 from 1995 is due mainly to the significant merger related costs expensed in both periods. The last time the common dividend payout ratio was greater than 100% was 1992. The summer of 1992 was the second coolest on record.

We expect to meet day-to-day operations, utility construction requirements and dividends with internally-generated funds. Uncertainties affecting KCPL's ability to meet these requirements with internally-generated funds include the effect of inflation on operating expenses, the level of mwh sales, regulatory actions, the availability of generating units and compliance with future environmental regulations (see Environmental Matters section). The funds needed for the retirement of $462 million of maturing debt through the year 2002 will be provided from operations, refinancings or short-term debt. KCPL might issue additional debt and/or additional equity to finance growth or take advantage of new opportunities.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31		
	1997	1996 (Thousands)	1995
ELECTRIC OPERATING REVENUES	$895,943	$903,919	$885,955
OPERATING EXPENSES			
Operation			
Fuel	134,509	140,505	139,371
Purchased power	59,247	52,455	38,783
Other	191,897	180,719	178,599
Maintenance	70,892	71,495	78,439
Depreciation	110,898	103,912	97,225
Income taxes	71,113	68,155	77,062
General taxes	93,297	97,248	96,821
Deferred Wolf Creek costs amortization	1,368	11,617	12,607
Total	733,221	726,106	718,907
OPERATING INCOME	162,722	177,813	167,048
OTHER INCOME AND (DEDUCTIONS)			
Allowance for equity funds used during construction	2,407	2,368	2,279
Miscellaneous income	39,021	4,843	8,623
Miscellaneous deductions	(118,442)	(55,172)	(11,101)
Income taxes	63,034	36,402	10,259
Total	(13,980)	(11,559)	10,060
INCOME BEFORE INTEREST CHARGES	148,742	166,254	177,108
INTEREST CHARGES			
Long-term debt	60,298	53,939	52,184
Short-term debt	1,382	1,251	1,189
Miscellaneous	12,843	4,840	3,112
Allowance for borrowed funds used during construction	(2,341)	(1,947)	(1,963)
Total	72,182	58,083	54,522
Net Income	76,560	108,171	122,586
Preferred Stock Dividend Requirements	3,789	3,790	4,011
Earnings Available for Common Stock	$72,771	$104,381	$118,575
Average Number of Common Shares Outstanding	61,895	61,902	61,902
Basic and Diluted Earnings per Common Share	$1.18	$1.69	$1.92
Cash Dividends per Common Share	$1.62	$1.59	$1.54

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Year Ended December 31		
	1997	1996 (thousands)	1995
Beginning Balance	$455,934	$449,966	$426,738
Net Income	76,560	108,171	122,586
	532,494	558,137	549,324
Dividends Declared			
Preferred stock - at required rates	3,773	3,782	4,029
Common stock	100,269	98,421	95,329
Ending Balance	$428,452	$455,934	$449,966

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED BALANCE SHEETS

ASSETS	December 31 1997	December 31 1996
	(thousands)	
UTILITY PLANT, at original cost		
Electric	$3,502,796	$3,472,607
Less-accumulated depreciation	1,314,154	1,238,187
Net utility plant in service	2,188,642	2,234,420
Construction work in progress	93,264	69,577
Nuclear fuel, net of amortization of $86,516 and $84,540	41,649	39,497
Total	2,323,555	2,343,494
REGULATORY ASSET - RECOVERABLE TAXES	123,000	126,000
INVESTMENTS AND NONUTILITY PROPERTY	345,126	231,874
CURRENT ASSETS		
Cash and cash equivalents	74,098	23,571
Electric customer accounts receivable, net of allowance for doubtful accounts of $1,941 and $1,644	28,741	27,093
Other receivables	33,492	36,113
Fuel inventories, at average cost	13,824	19,077
Materials and supplies, at average cost	46,579	47,334
Deferred income taxes	648	2,737
Other	7,155	5,055
Total	204,537	160,980
DEFERRED CHARGES		
Regulatory assets	30,017	37,747
Other deferred charges	31,798	14,417
Total	61,815	52,164
Total	$3,058,033	$2,914,512
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (see statements)	$2,051,489	$1,943,647
CURRENT LIABILITIES		
Notes payable to banks	1,243	0
Current maturities of long-term debt	74,180	26,591
Accounts payable	57,568	55,618
Accrued taxes	1,672	18,443
Accrued interest	22,360	21,054
Accrued payroll and vacations	23,409	25,558
Accrued refueling outage costs	1,664	7,181
Other	15,068	11,980
Total	197,164	166,425
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred income taxes	638,679	643,189
Deferred investment tax credits	63,257	67,107
Other	107,444	94,144
Total	809,380	804,440
COMMITMENTS AND CONTINGENCIES (note 4)		
Total	$3,058,033	$2,914,512

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31		
	1997	1996	1995
	(thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$76,560	$108,171	$122,586
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	110,898	103,912	97,225
Amortization of:			
Nuclear fuel	16,836	16,094	14,679
Deferred Wolf Creek costs	1,368	11,617	12,607
Other	8,223	5,507	8,152
Deferred income taxes (net)	4,780	(8,662)	(3,268)
Investment tax credit amortization and reversals	(3,850)	(4,163)	(11,570)
Deferred storm costs	0	(8,885)	0
Allowance for equity funds used during construction	(2,407)	(2,368)	(2,279)
Other operating activities (Note 1)	(3,924)	(4,314)	(14,955)
Net cash from operating activities	208,484	216,909	223,177
CASH FLOWS FROM INVESTING ACTIVITIES			
Utility capital expenditures	(124,734)	(100,947)	(134,070)
Allowance for borrowed funds used during construction	(2,341)	(1,947)	(1,963)
Purchases of investments	(107,603)	(35,362)	(56,759)
Purchases of nonutility property	(15,733)	(20,395)	0
Sale of streetlights	21,500	0	0
Other investing activities	(8,902)	(931)	9,046
Net cash from investing activities	(237,813)	(159,582)	(183,746)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of mandatorily redeemable Preferred Securities	150,000	0	0
Issuance of long-term debt	66,292	135,441	111,055
Repayment of long-term debt	(28,832)	(74,230)	(33,428)
Net change in short-term borrowings	1,243	(19,000)	(13,000)
Dividends paid	(104,042)	(102,203)	(99,358)
Other financing activities	(4,805)	(2,154)	3,473
Net cash from financing activities	79,856	(62,146)	(31,258)
NET CHANGE IN CASH AND CASH EQUIVALENTS	50,527	(4,819)	8,173
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	23,571	28,390	20,217
CASH AND CASH EQUIVALENTS AT END OF YEAR	$74,098	$23,571	$28,390
CASH PAID DURING THE YEAR FOR:			
Interest (net of amount capitalized)	$71,272	$52,457	$48,200
Income taxes	$22,385	$58,344	$67,053

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CAPITALIZATION

	December 31 1997	December 31 1996
	(thousands)	
COMMON STOCK EQUITY		
Common stock-150,000,000 shares authorized without par value-61,908,726 shares issued, stated value	$449,697	$449,697
Retained earnings (see statements)	428,452	455,934
Unrealized gain on securities available for sale	1,935	6,484
Capital stock premium and expense	(1,664)	(1,666)
Total	878,420	910,449
CUMULATIVE PREFERRED STOCK		
$100 Par Value		
3.80% - 100,000 shares issued	10,000	10,000
4.50% - 100,000 shares issued	10,000	10,000
4.20% - 70,000 shares issued	7,000	7,000
4.35% - 120,000 shares issued	12,000	12,000
No Par Value		
4.75%* - 500,000 shares issued	50,000	50,000
$100 Par Value - Redeemable		
4.00%	62	62
Total	89,062	89,062
COMPANY-OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY KCPL SUBORDINATED DEBENTURES	150,000	0
LONG-TERM DEBT (excluding current maturities)		
General Mortgage Bonds		
Medium-Term Notes due 1997-2008, 6.92% and 6.81% weighted-average rate at December 31	407,500	468,500
4.24%* Environmental Improvement Revenue Refunding Bonds due 2012-23	158,768	158,768
Guaranty of Pollution Control Bonds		
4.31%* due 2015-17	196,500	196,500
Subsidiary Obligations		
Affordable Housing Notes due 2000-06, 8.48% and 8.51% weighted-average rate at December 31	61,207	65,368
Bank Credit Agreement due 1999, 6.67% and 6.78% weighted-average rate at December 31	107,500	55,000
Other Long-Term Notes	2,532	0
Total	934,007	944,136
Total	$2,051,489	$1,943,647

* Variable rate securities, weighted-average rate as of December 31, 1997

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

Kansas City Power & Light Company is a medium-sized electric utility with more than 445,000 customers at year-end in western Missouri and eastern Kansas. About 95% of KCPL's retail revenues are from the Kansas City metropolitan area, an agribusiness center and major regional center for wholesale, retail and service companies. About two-thirds of KCPL's retail sales are to Missouri customers, the remainder to Kansas customers.

The consolidated financial statements include the accounts of Kansas City Power & Light Company and KLT Inc. (KLT), a wholly-owned, nonutility subsidiary. The consolidated entity is referred to as KCPL. KLT was formed in 1992 as a holding company for various nonregulated business ventures. Existing ventures include investments in domestic and international nonregulated power production, energy services, oil and gas development and production, telecommunications, telemetry technology and affordable housing limited partnerships. Currently, the electric utility accounts for about 89% of consolidated assets and about 92% of net income. Intercompany balances and transactions have been eliminated. KLT's revenues and expenses have been classified as Other Income and (Deductions) and Interest Charges in the income statement.

The accounting records conform to the accounting standards prescribed by the Federal Energy Regulatory Commission (FERC) and generally accepted accounting principles. These standards require the use of estimates and assumptions that affect amounts reported in the financial statements and the disclosure of commitments and contingencies.

Cash and Cash Equivalents

Cash and cash equivalents consists of highly liquid investments with original maturities of three months or less.

Derivative Financial Instruments

We use interest rate swap and cap agreements to reduce the impact of changes in interest rates on variable-rate debt.

Interest rate swap agreements effectively fix the interest rates on a portion of KCPL's variable-rate debt. Interest rate caps limit the interest rate on a portion of KCPL's variable-rate debt by setting a maximum rate. The costs of rate caps are paid annually and included in interest expense. Any difference paid or received due to these agreements is recorded as an adjustment to interest expense.

These agreements are not marked to market value as they are used only to manage interest expense and the intent is to hold them until their termination date. We do not use derivative financial instruments for trading or other speculative purposes.

Fair Value of Financial Instruments

The stated values of financial instruments as of December 31, 1997 and 1996, approximated fair market values. KCPL's incremental borrowing rate for similar debt was used to determine fair value if quoted market prices were not available.

Securities Available for Sale

Certain investments in equity securities are accounted for as securities available for sale in accordance with Financial Accounting Standards Board (FASB) Statement No. 115 - Accounting for Certain Investments in Debt and Equity Securities. This requires adjusting the securities to market value with unrealized gains (or losses), net of deferred income taxes, reported as a separate component of shareholders' equity.

Investments in Affordable Housing Limited Partnerships

Through December 31, 1997, KLT had invested $100 million in affordable housing limited partnerships. About $79 million of these investments were recorded at cost; the equity method was used for the remainder. Tax credits are recognized in the year generated. A change in accounting principle relating to investments made after May 19, 1995, requires limited partnership investments of more than 5% to use the equity method. Of the investments recorded at cost, $69 million exceed this 5% level but were made prior to May 19, 1995.

Utility Plant

Utility plant is stated at historical costs of construction. These costs include taxes, an allowance for funds used during construction (AFDC) and payroll-related costs including pensions and other fringe benefits. Additions of, and replacements and improvements to units of property are capitalized. Repairs of property and replacements of items not considered to be units of property are expensed as incurred (except as discussed under Wolf Creek Refueling Outage Costs). When property units are retired or otherwise disposed, the original cost, net of salvage and removal, is charged to accumulated depreciation.

AFDC represents the cost of borrowed funds and a return on equity funds used to finance construction projects. It is capitalized as a cost of construction work in progress. AFDC on borrowed funds reduces interest charges. AFDC on equity funds is shown as a noncash item of other income. When a construction project is placed in service, the related AFDC, as well as other construction costs, is used to establish rates under regulatory rate practices. The rates used to compute gross AFDC are compounded semi-annually and averaged 8.6% for 1997, 8.5% for 1996 and 8.7% for 1995.

Depreciation is computed using the straight-line method over the estimated lives of depreciable property based on rates approved by state regulatory authorities. Average annual composite rates were about 3.2% in 1997 compared with 3.1% in 1996 and 2.9% in 1995.

Wolf Creek Refueling Outage Costs

Forecasted incremental costs to be incurred during scheduled Wolf Creek Generating Station (Wolf Creek) refueling outages are accrued monthly over the unit's operating cycle, normally about 18 months. Estimated incremental costs, which include operating, maintenance and replacement power expenses, are based on budgeted outage costs and the estimated outage duration. Changes to or variances from those estimates are recorded when known or probable.

Nuclear Plant Decommissioning Costs

The Missouri Public Service Commission (MPSC) and the Kansas Corporation Commission (KCC) require the owners of Wolf Creek to submit an updated decommissioning cost study every three years. The following table shows the decommissioning cost estimates and the escalation rates and earnings assumptions approved by the MPSC in January 1998 and the KCC in 1997. The decommissioning cost estimates are based on the immediate dismantlement method and include the costs of decontamination, dismantlement and site restoration. Plant decommissioning is not expected to start before 2025.

	KCC	MPSC
Future cost of decommissioning:		
Total Station	$1.3 billion	$1.8 billion
47% share	$624 million	$832 million
Current cost of decommissioning (in 1996 dollars):		
Total Station	$409 million	$409 million
47% share	$192 million	$192 million
Annual escalation factor	3.60%	4.50%
Annual return on trust assets	6.80%	7.66%

KCPL contributes about $3 million annually to a tax-qualified trust fund to be used to decommission Wolf Creek. These costs are charged to other operation expenses and recovered in rates. Contributions to the trust will remain consistent through 1999 and are expected to increase slightly beginning in 2000. These funding levels assume a certain return on trust assets. If the actual return on trust assets is below the anticipated level, we believe a rate increase will be allowed ensuring full recovery of decommissioning costs over the remaining life of the unit. This assumes KCPL continues to be regulated.

As of December 31, 1997 and 1996, the trust fund balance, including reinvested earnings, was $40 and $31 million, respectively. These amounts are reflected in Investments and Nonutility Property. The related liabilities for decommissioning are included in Deferred Credits and Other Liabilities - Other.

In 1996 FASB issued an Exposure Draft of a proposed Statement of Financial Accounting Standards, Accounting for Certain Liabilities Related to Closure or Removal of Long-Lived Assets, that addressed the accounting for obligations arising from dismantlement, removal, site reclamation, and decontamination of certain long-lived assets. In November 1997 FASB decided to reconsider the scope of the statement. The effective date of the statement is undecided. If current electric utility industry accounting practices for such decommissioning costs are changed: 1) annual decommissioning expenses could increase, and 2) trust fund income from the external decommissioning trusts could be reported as investment income. We are not able to predict what affect those changes would have on results of operations, financial position, or related regulatory practices until the final issuance of a revised accounting guidance. However, we do not anticipate results of operations to be significantly affected as long as KCPL is regulated.

Nuclear Fuel

Nuclear fuel is amortized to fuel expense based on the quantity of heat produced for the generation of electricity. Under the Nuclear Waste Policy Act of 1982, the Department of Energy (DOE)

is responsible for the permanent disposal of spent nuclear fuel. KCPL pays the DOE a quarterly fee of one-tenth of a cent for each kilowatt-hour of net nuclear generation delivered and sold for future disposal of spent nuclear fuel. These disposal costs are charged to fuel expense and recovered through rates.

In 1996 a U.S. Court of Appeals issued a decision that the Nuclear Waste Policy Act unconditionally obligated the DOE to begin accepting spent fuel for disposal in 1998. In late 1997 the same court issued another decision precluding the DOE from concluding that its delay in accepting spent fuel is "unavoidable" under its contracts with utilities due to lack of a repository or interim storage authority. By year-end 1997 KCPL and other utilities had petitioned the DOE for authority to suspend payments of their quarterly fees until such time as the DOE begins accepting spent fuel. In January 1998 the DOE denied the utilities' petition. The utilities intend to appeal that decision.

A permanent disposal site may not be available for the industry until 2010 or later, although an interim facility may be available earlier. Under current DOE policy, once a permanent site is available, the DOE will accept spent nuclear fuel on a priority basis; the owners of the oldest spent fuel will be given the highest priority. As a result, disposal services for Wolf Creek may not be available prior to 2016. Wolf Creek has an on-site, temporary storage facility for spent nuclear fuel. Under current regulatory guidelines, this facility can provide storage space until about 2005. Wolf Creek has started plans to increase its on-site storage capacity for all spent fuel expected to be generated by Wolf Creek through the end of its licensed life in 2025.

Regulatory Assets

FASB Statement No. 71 - Accounting for Certain Types of Regulation, applies to regulated entities whose rates are designed to recover the costs of providing service. In accordance with this statement, certain items that would normally be reflected in the income statement are deferred on the balance sheet. These items are then amortized as the related amounts are recovered from customers through rates.

We recognize regulatory assets when allowed by a commission's rate order or when it is probable, based on regulatory precedent, that future rates will recover the amortization of the deferred costs. We continuously monitor changes in market and regulatory conditions and consider the effects of any changes in assessing the continued applicability of FASB 71. If we were unable to apply FASB 71, the unamortized balance of $153 million of KCPL's regulatory assets, net of the related tax benefit, would be written off.

Deferred Wolf Creek Costs

The KCC and MPSC allowed continued construction accounting for ratemaking purposes after Wolf Creek's 1985 commercial in-service date. Certain other carrying costs were also deferred. The deferrals were amortized and recovered in rates from 1987 through June 1997.

Recoverable Taxes

See the following Income Taxes section.

Deferred Charges - Regulatory Assets

	December 31, 1997	Amortization Ending period
	(millions)	
Coal contract termination costs	$ 8.1	2002
1996 snowstorm costs	7.0	2001
Decommission and decontaminate federal uranium enrichment facilities	6.0	2007
Premium on redeemed debt	6.9	2014
Other	2.0	2006
Total	$ 30.0	

Revenue Recognition

We use cycle billing and accrue estimated unbilled revenue at the end of each reporting period.

Income Taxes

The balance sheet includes deferred income taxes for all temporary differences between the tax basis of an asset or liability and that reported in the financial statements. These deferred tax assets and liabilities are determined using the tax rates scheduled by the tax law to be in effect when the differences reverse.

Regulatory Asset - Recoverable Taxes mainly reflects the future revenue requirements necessary to recover the tax benefits of existing temporary differences previously passed through to customers. Operating income tax expense is recorded based on ratemaking principles. However, if the method used for the balance sheet were reflected in the income statement, net income would remain the same.

Investment tax credits are deferred when utilized and amortized to income over the remaining service lives of the related properties.

Environmental Matters

Environmental costs are accrued when it is probable a liability has been incurred and the amount of the liability can be reasonably estimated. We believe all appropriate costs related to environmental matters have been recorded.

Basic and Diluted Earnings per Common Share Calculation

Basic and diluted earnings per common share of $1.18, $1.69, and $1.92 for 1997, 1996 and 1995 were determined by dividing earnings available for common stock of $72,771,000, $104,381,000 and $118,575,000 by the average number of shares outstanding of 61.9 million. Derivation of earnings available for common stock is reflected on the Consolidated Statements of Income.

Consolidated Statements of Cash Flows - Other Operating Activities

Cash flows affected by changes in:	1997	1996	1995
	(thousands)		
Receivables	$ 973	$ 1,462	$(17,551)
Fuel inventories	5,253	3,026	(5,533)
Materials and supplies	755	(159)	(2,222)
Accounts payable	1,950	3,112	(20,980)
Accrued taxes	(16,771)	(21,283)	15,042
Accrued interest	1,306	4,148	4,697
Wolf Creek refueling outage accrual	(5,517)	(6,382)	11,443
Pension and postretirement benefit obligations	(2,245)	(84)	(4,176)
Other	10,372	11,846	4,325
Total	$ (3,924)	$ (4,314)	$(14,955)

2. PENSION PLANS AND OTHER EMPLOYEE BENEFITS

Pension Plans

KCPL has defined benefit pension plans for its employees, including officers. Benefits under these plans reflect the employees' compensation, years of service and age at retirement. KCPL has satisfied the minimum funding requirements under the Employee Retirement Income Security Act of 1974.

Funded status of the plans:

December 31	1997	1996
	(thousands)	
Accumulated benefit obligation:		
Vested	$ 264,974	$ 247,264
Nonvested	7,978	6,526
Total	$ 272,952	$ 253,790
Determination of plan assets less obligations:		
Fair value of plan assets (a)	$ 423,331	$ 363,285
Projected benefit obligation (b)	334,017	307,050
Difference	$ 89,314	$ 56,235
Reconciliation of difference:		
Accrued trust liability	$ (11,349)	$ (13,645)
Unrecognized transition obligation	8,469	10,541
Unrecognized net gain	96,662	63,022
Unrecognized prior service cost	(4,468)	(3,683)
Difference	$ 89,314	$ 56,235

(a) Plan assets are invested in insurance contracts, corporate bonds, equity securities, U.S. Government securities, notes, mortgages and short-term investments.

(b) Based on weighted-average discount rates of 7.5% in 1997 and 8.0% in 1996; and increases in future salary levels of 4% to 5% in 1997 and 1996.

Components of provisions for pensions:

	1997	1996	1995
		(thousands)	
Service cost	$ 8,427	$ 8,164	$ 6,414
Interest cost on projected benefit obligation	24,258	23,379	22,593
Actual return on plan assets	(75,435)	(40,831)	(50,108)
Other	48,090	15,347	25,656
Net periodic pension cost	$ 5,340	$ 6,059	$ 4,555

Long-term rates of return on plan assets of 8.5% to 9.25% were used.

Postretirement Benefits Other Than Pensions

In addition to providing pension benefits, certain postretirement health care and life insurance benefits are provided for substantially all retired employees.

We accrue the cost of postretirement health care and life insurance benefits during an employee's years of service. These costs are currently recovered through rates on an accrual basis. In 1995 we began funding the year's overall net periodic postretirement benefit cost, subject to maximum deductible limits for income tax purposes.

Reconciliation of postretirement benefits to amounts recorded in the balance sheets:

December 31	1997	1996
	(thousands)	
Accumulated postretirement benefit obligation (APBO) (a):		
Retirees	$ 20,464	$ 20,582
Fully eligible active plan participants	3,820	3,149
Other active plan participants	8,914	8,459
Total APBO	33,198	32,190
Fair value of plan assets (b)	(4,970)	(3,620)
Unrecognized transition obligation	(17,616)	(18,791)
Unrecognized net gain	2,424	3,255
Unrecognized prior service cost	(632)	(709)
Accrued postretirement benefit obligation (included in Deferred Credits and Other Liabilities - Other)	$ 12,404	$ 12,325

(a) Based on weighted-average discount rates of 7.5% in 1997 and 8.0% in 1996; and increases in future salary levels of 4% in 1997 and 1996.

(b) Plan assets are invested in certificates of deposit.

Net periodic postretirement benefit cost:

	1997	1996	1995
	(thousands)		
Service cost	$ 514	$ 574	$ 435
Interest cost on APBO	2,518	2,520	2,423
Amortization of unrecognized transition obligation	1,174	1,174	1,175
Other	(66)	6	(60)
Net periodic postretirement benefit cost	$ 4,140	$ 4,274	$ 3,973

Actuarial assumptions include an increase in the annual health care cost trend rate for 1998 of 9%, decreasing gradually over a three-year period to its ultimate level of 6%. The health care plan requires retirees to share in the cost when premiums exceed a certain amount. Because of this provision, an increase in the assumed health care cost trend rate by 1% per year would only increase the APBO as of December 31, 1997, by about $554,000 and the combined service and interest costs of the net periodic postretirement benefit cost for 1997 by about $57,000.

Stock Options

The exercise price of stock options granted equaled the market price of KCPL's common stock on the grant date. One-half of all options granted vest one year after the grant date, the other half vest two years after the grant date. An amount equivalent to the quarterly dividends paid on KCPL's common stock shares (dividend equivalents) accrues on the options for the benefit of option holders. The option holders are entitled to stock for their accumulated dividend equivalents only if they exercise their option when the market price is above the exercise price. Unexercised options expire ten years after the grant date.

KCPL follows Accounting Principles Board Opinion 25 - Accounting for Stock Issued to Employees and related Interpretations in accounting for this plan. Because of the dividend provision, we expensed $1.2, $1.4 and $1.0 million for 1997, 1996 and 1995, respectively. The expense includes accumulated and reinvested dividends plus the appreciation in stock price since the grant date. If the stock price decreases below the exercise price, the cumulative expense related to those options is reversed.

FASB Statement No. 123 - Accounting for Stock-Based Compensation requires certain disclosures regarding expense and value of options granted using the fair-value method even though KCPL follows APB Opinion 25. The disclosures have not been made since we have expensed approximately the same amount as required by FASB 123. For options outstanding at December 31, 1997, exercise prices range from $20.625 to $26.188 and the weighted-average remaining contractual life is 6.6 years.

Stock option activity over the last three years is summarized below:

	1997		1996		1995	
	shares	price*	shares	price*	shares	price*
Outstanding at January 1	298,875	$22.96	266,125	$22.14	197,375	$21.87
Granted	---	--	59,000	26.19	68,750	23.06
Exercised	(33,625)	21.94	(26,250)	22.27	---	--
Outstanding at December 31	265,250	$23.12	298,875	$22.96	266,125	$22.18
Exercisable as of December 31	235,750	$22.73	206,500	$22.02	162,813	$22.14

*weighted-average exercise price

3. INCOME TAXES

Income tax expense consisted of the following:

	1997	1996	1995
		(thousands)	
Current income taxes:			
Federal	$2,801	$35,816	$69,697
State	4,348	8,762	11,944
Total	7,149	44,578	81,641
Deferred income taxes, net:			
Federal	4,108	(7,441)	(3,152)
State	672	(1,221)	(116)
Total	4,780	(8,662)	(3,268)
Investment tax credit amortization and reversals	(3,850)	(4,163)	(11,570)
Total income tax expense	$8,079	$31,753	$66,803

KCPL's effective income tax rates differed from the statutory federal rates mainly due to the following:

	1997	1996	1995
Federal statutory income tax rate	35.0%	35.0%	35.0%
Differences between book and tax depreciation not normalized	3.7	(0.4)	1.2
Amortization of investment tax credits	(4.5)	(3.0)	(2.5)
Income tax credits	(26.0)	(9.1)	(2.3)
State income taxes	3.9	3.5	4.1
Other	(2.6)	(3.3)	(0.2)
Effective income tax rate	9.5%	22.7%	35.3%

The tax effects of major temporary differences resulting in deferred tax assets and liabilities in the balance sheets are as follows:

December 31	1997	1996
	(thousands)	
Plant related	$ 558,629	$ 562,287
Recoverable taxes	48,000	49,000
Other	31,402	29,165
Net deferred income tax liability	$ 638,031	$ 640,452

The net deferred income tax liability consisted of the following:

December 31	1997	1996
	(thousands)	
Gross deferred income tax assets	$ (61,358)	$ (60,979)
Gross deferred income tax liabilities	699,389	701,431
Net deferred income tax liability	$ 638,031	$ 640,452

4. COMMITMENTS AND CONTINGENCIES

Nuclear Liability and Insurance

Liability Insurance

The Price-Anderson Act currently limits the combined public liability of nuclear reactor owners to $8.9 billion for claims that could arise from a single nuclear incident. The owners of Wolf Creek (the Owners) carry the maximum available commercial insurance of $0.2 billion. The remaining $8.7 billion balance is provided by Secondary Financial Protection (SFP), an assessment plan mandated by the Nuclear Regulatory Commission.

Under SFP, if there were a catastrophic nuclear incident involving any of the nation's licensed reactors, the Owners would be subject to a maximum retrospective assessment per incident of up to $79 million ($37 million, KCPL's share). The Owners are jointly and severally liable for these charges, payable at a rate not to exceed $10 million ($5 million, KCPL's share) per incident per year, excluding applicable premium taxes. The assessment, most recently revised in 1993, is subject to an inflation adjustment every five years based on the Consumer Price Index.

Property, Decontamination and Premature Decommissioning Insurance

The Owners also carry $2.8 billion ($1.3 billion, KCPL's share) of property damage, decontamination and premature decommissioning insurance for loss resulting from damage to the Wolf Creek facilities. This insurance is provided by Nuclear Electric Insurance Limited (NEIL).

In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination. KCPL's share of any remaining proceeds can be used for property damage restoration and premature decommissioning costs. Premature decommissioning coverage applies only if an accident at Wolf Creek exceeds $500 million in

property damage and decontamination expenses, and only after trust funds have been exhausted (see Note 1 - Nuclear Plant Decommissioning Costs).

Extra Expense Insurance - Including Replacement Power

The Owners also carry additional insurance from NEIL to cover costs of replacement power and other extra expenses incurred in the event of a prolonged outage resulting from accidental property damage at Wolf Creek.

Retrospective Assessments

Under all NEIL policies, KCPL is subject to retrospective assessments if NEIL losses, for each policy year, exceed the accumulated funds available to the insurer under that policy. The estimated maximum amount of retrospective assessments to KCPL under the current policies could total about $9 million.

Other

In the event of a catastrophic loss at Wolf Creek, the insurance coverage may not be adequate to cover property damage and extra expenses incurred. Uninsured losses, to the extent not recovered through rates, would be assumed by KCPL and could have a material, adverse effect on KCPL's financial condition and results of operations.

Nuclear Fuel Commitments

As of December 31, 1997, KCPL's portion of Wolf Creek nuclear fuel commitments included $35 million for enrichment through 2003, $68 million for fabrication through 2025 and $10 million for uranium and conversion through 2001.

Environmental Matters

KCPL's operations must comply with federal, state and local environmental laws and regulations. The generation and transmission of electricity uses, produces and requires disposal of certain products and by-products, including polychlorinated biphenyl (PCBs), asbestos and other potentially hazardous materials. The Federal Comprehensive Environmental Response, Compensation and Liability Act (the Superfund law) imposes strict joint and several liability for those who generate, transport or deposit hazardous waste. This liability extends to the current property owner as well as prior owners since the time of contamination.

We continually conduct environmental audits designed to detect contamination and ensure compliance with governmental regulations. However, compliance programs needed to meet new and future environmental laws and regulations governing water and air quality, including carbon dioxide emissions, hazardous waste handling and disposal, toxic substances and the effects of electromagnetic fields, could require substantial changes to operations or facilities.

Coal Contracts

KCPL's share of coal purchased under existing contracts was $38, $36 and $42 million in 1997, 1996 and 1995, respectively. Under these coal contracts, KCPL's remaining share of purchase commitments totals $91 million. Obligations for the years 1998 through 2002 total $33, $20, $9, $9 and $9 million, respectively. The remainder of KCPL's coal requirements will be fulfilled through spot market

purchases. KCPL has freight commitments for delivery of coal for the next five years of approximately $20 million per year.

Leases

KCPL has a transmission line lease with another utility whereby, with FERC approval, the rental payments can be increased by the lessor. If this occurs, we can cancel the lease if we are able to secure an alternative transmission path. Commitments under this lease total $2 million per year and $52 million over the remaining life of the lease if it is not canceled.

Rental expense for other leases including railcars, computer equipment, buildings, transmission line and other items was $20 to $22 million per year during the last three years. The remaining rental commitments under these leases total $167 million. Obligations for the years 1998 through 2002 average $15 million per year. Capital leases are not material and are included in these amounts.

As the managing partner of three jointly-owned generating units, we have entered into leases for railcars to serve those units. The entire lease commitment is reflected in the above amounts although about $2 million per year ($29 million total) will be reimbursed by the other owners.

KCPL has a lease agreement for a combustion turbine. The lease term expires in 1999. The lease is not included in the lease commitments disclosed above as lease payments will not begin until construction of the turbine is completed and accepted by KCPL. Rental payments will be based on a variable London InterBank Offered Rate (LIBOR) and will depend on the final capitalized cost. The operating lease will be up to a $50 million commitment.

Purchased Capacity Commitments

We purchase capacity from other utilities and nonutility suppliers. Purchased capacity gives us the option to purchase energy if needed or when market prices are favorable. This provides a cost-effective alternative to new construction. As of December 31, 1997, contracts to purchase capacity total $248 million through 2016. During 1997, 1996 and 1995, capacity purchases were $26, $26 and $17 million, respectively. For the years 1998 through 2002, these commitments average $22 million per year. For each of the next five years, net capacity purchases represent about 8% of KCPL's 1997 total available capacity.

5. SECURITIES AVAILABLE FOR SALE

KLT held a $5.0 million investment in convertible preferred stock of CellNet Data Systems, Inc. (CellNet). In September 1996 CellNet completed a public offering triggering conversion of the preferred stock into common stock. As a result of the conversion, the carrying value of the investment at December 31, 1996 was adjusted to its market value of $15.2 million. The $10.2 million increase in market value over original cost resulted in an unrealized gain at December 31, 1996, of $6.5 million (net of deferred taxes of $3.7 million). At December 31, 1997, the market value of the investment was $8.0 million resulting in a decrease in the unrealized gain to $1.9 million (net of deferred taxes of $1.1 million).

6. COSTANERA INVESTMENT

In 1997 KLT invested $46 million for a 12 percent ownership in the largest fossil-fueled generator in Argentina. The investment is not adjusted to fair value because the fair value of the acquired Class A stock is not readily determinable. Because of a legally binding consortium and

stockholders contract requiring the Class A shareholders to authorize the maximum dividend distribution, KLT accrued $3.4 million of estimated dividends prior to actual declaration.

7. INTANGIBLE ASSETS

The application of purchase accounting for certain KLT investments during 1997 resulted in $12 million of goodwill recognition. These amounts are included in Other deferred charges on the balance sheet and are being amortized over 10 to 15 years.

8. SALE OF ACCOUNTS RECEIVABLE

As of December 31, 1997 and 1996, an undivided interest in $60 million of designated customer accounts receivable was sold with limited recourse. Related costs of $3.6, $3.5 and $3.8 million for 1997, 1996 and 1995, respectively, were included in Other Income and (Deductions) - Miscellaneous deductions.

9. SHORT-TERM BANK LINES OF CREDIT

As of December 31, 1997 and 1996, under minimal fee arrangements, unused short-term bank lines of credit totaled $300 million and $280 million, respectively.

10. COMMON STOCK EQUITY, PREFERRED STOCK, REDEEMABLE PREFERRED STOCK AND MANDATORILY REDEEMABLE PREFERRED SECURITIES

Common Stock Equity

KCPL has shares of common stock registered with the Securities and Exchange Commission for a Dividend Reinvestment and Stock Purchase Plan (the Plan). The Plan allows common shareholders, directors and employees to purchase shares of the common stock by reinvesting dividends or making optional cash payments. We are currently purchasing shares for the Plan on the open market.

As of December 31, 1997 and 1996, KCPL held 35,811 and 12,907 shares of its common stock to be used for future distribution, respectively. The cost of these shares is included in Investments and Nonutility Property.

The Restated Articles of Consolidation contain a restriction related to the payment of dividends in the event common equity falls to 25% of total capitalization. If preferred stock dividends are not declared and paid when scheduled, KCPL could not declare or pay common stock dividends or purchase any common shares. If the unpaid preferred stock dividends equal four or more full quarterly dividends, the preferred shareholders, voting as a single class, could elect members to the Board of Directors.

Preferred Stock and Redeemable Preferred Stock

Scheduled mandatory sinking fund requirements for the redeemable 4% Cumulative Preferred Stock are 1,600 shares per year. Shares issued as of December 31 totaled 11,157 in 1997 and 12,757 in 1996. Shares held by KCPL, at December 31, to meet future sinking fund requirements totaled 10,534 in 1997 and 12,134 in 1996. The cost of the shares held is reflected as a reduction of the capital account.

As of December 31, 1997, 0.4 million shares of $100 par Cumulative Preferred Stock, 1.6 million shares of Cumulative No Par Preferred Stock and 11 million shares of no par Preference Stock were authorized. We have the option to redeem the $89 million Cumulative Preferred Stock at prices approximating par or stated value.

Mandatorily Redeemable Preferred Securities

In April 1997 KCPL Financing I (Trust), a wholly-owned subsidiary of KCPL, issued $150,000,000 of 8.3% preferred securities. The sole asset of the Trust is the $154,640,000 principal amount of 8.3% Junior Subordinated Deferrable Interest Debentures, due 2037, issued by KCPL. The terms and interest payments on these debentures correspond to the terms and dividend payments on the preferred securities. These payments are reflected as Miscellaneous Interest Charges in the Consolidated Statement of Income and are tax deductible by KCPL. We may elect to defer interest payments on the debentures for a period up to 20 consecutive quarters, causing dividend payments on the preferred securities to be deferred as well. In case of a deferral, interest and dividends will continue to accrue, along with quarterly compounding interest on the deferred amounts. We may redeem all or a portion of the debentures after March 31, 2002, requiring an equal amount of preferred securities to be redeemed at face value plus accrued and unpaid distributions. The back-up undertakings in the aggregate provide a full and unconditional guarantee of amounts due on the preferred securities.

11. LONG-TERM DEBT

General Mortgage Bonds and Unsecured Notes

KCPL is authorized to issue mortgage bonds under the General Mortgage Indenture and Deed of Trust dated December 1, 1986, as supplemented. The Indenture creates a mortgage lien on substantially all utility plant.

As of December 31, 1997, $627 million general mortgage bonds were pledged under the Indenture to secure the outstanding medium-term notes and revenue refunding bonds.

KCPL is also authorized to issue up to $300 million in unsecured medium-term notes under an indenture dated December 1, 1996. This indenture prohibits KCPL from issuing additional general mortgage bonds while any unsecured notes are outstanding. As of December 31, 1996 and 1997, no unsecured notes had been issued.

Interest Rate Swap and Cap Agreements

As of December 31, 1997, we had entered into four interest rate swap agreements and two cap agreements to limit the interest rate on $90 million of long-term debt. The swap agreements mature in 1998 and effectively fix the interest rates on $50 million of variable-rate debt to a weighted-average rate of 3.63% as of December 31, 1997. The cap agreements limit the interest rate on $40 million of variable-rate debt to 5.0% expiring in 1998.

As of December 31, 1996, we had entered into five interest rate swap agreements and three cap agreements limiting the interest rate on $120 million of long-term debt. The swap agreements mature from 1997 to 1998 and effectively fixed the interest rates on $60 million of variable-rate debt to a weighted-average rate of 3.84% as of December 31, 1996. The cap agreements limited the interest rate on $60 million of variable-rate debt to 5.0% expiring through 1998.

These swap and cap agreements are with several highly rated financial institutions and simply limit KCPL's exposure to increases in interest rates. They do not subject KCPL to any material credit or market risks. The fair value of these agreements is immaterial and is not reflected in the financial statements. Although derivatives are an integral part of KCPL's interest rate management, their incremental effect on interest expense for 1997 and 1996 was insignificant.

Subsidiary Obligations

KLT has a long-term revolving line of credit agreement for $150 million collateralized by the capital stock of KLT's direct subsidiaries. The affordable housing notes are collateralized by the affordable housing investments. At December 31, 1997, KLT has approximately $3.5 million of notes related to the 1997 acquisition of Simmons of which $950,000 are classified as current maturities. The Simmons notes are collateralized by the Simmons stock.

Scheduled Maturities

Long-term debt maturities for the years 1998 through 2002 are $74, $192, $67, $92 and $37 million, respectively.

12. JOINTLY-OWNED ELECTRIC UTILITY PLANTS

Joint ownership agreements with other utilities provide undivided interests in utility plants as of December 31, 1997, as follows (in millions of dollars):

	Wolf Creek Unit	LaCygne Units	Iatan Unit
KCPL's share	47%	50%	70%
Utility plant in service	$ 1,344	$ 296	$ 244
Estimated accumulated depreciation (production plant only)	$ 391	$ 180	$ 137
Nuclear fuel, net	$ 42	$ -	$ -
KCPL's accredited capacity-megawatts	547	677	469

Each owner must fund its own portion of the plant's operating expenses and capital expenditures. KCPL's share of direct expenses is included in the appropriate operating expense classifications in the income statement. Western Resources, Inc. (Western Resources) also owns a 47% share of the Wolf Creek unit and a 50% share of the LaCygne units (see Note 13).

13. AGREEMENT AND PLAN OF MERGER WITH WESTERN RESOURCES

On February 7, 1997, KCPL and Western Resources entered into an Agreement and Plan of Merger (the Merger Agreement) to form a strategic business combination. Western Resources first delivered an unsolicited exchange offer to KCPL's Board of Directors during the second quarter of 1996. This initial offer, subject to numerous conditions, proposed the exchange of $28 (later increased to $31) of Western Resources stock for each share of KCPL stock. After careful consideration, KCPL's Board of Directors rejected both offers. In July 1996 Western Resources commenced an exchange offer for KCPL common stock. In late 1996 KCPL began discussing a possible merger with Western Resources leading to the Merger Agreement.

In December 1997 KCPL canceled a previously scheduled special meeting of shareholders to vote on the transaction because Western Resources advised KCPL that its investment bankers, Salomon Smith Barney, had indicated that it was unlikely that Salomon would be in a position to issue a fairness opinion for the merger transaction on the basis of the previously announced terms. The companies are currently exploring other alternatives on which a transaction could be based. It is impossible to predict the outcome of these efforts at the present time.

In 1997 KCPL incurred and deferred $7 million of merger-related costs. Because of the December 1997 announcement, generally accepted accounting principles required these deferred merger costs to be expensed even though discussions and negotiations of the transaction continue.

The current Merger Agreement does not allow KCPL to increase its common stock dividend. It also requires KCPL to redeem all outstanding shares of cumulative preferred stock prior to completion of any merger. The current Merger Agreement can be terminated on June 30, 1998, under certain circumstances, if shareholder approval has not been obtained. However, if the current Merger Agreement is terminated under certain other circumstances, a payment of $50 million will be due Western Resources if, within two and one-half years following termination, KCPL agrees to consummate a business combination with a third party that made a proposal to combine prior to termination.

14. QUARTERLY OPERATING RESULTS (UNAUDITED)

	Quarter			
	1st	2nd	3rd	4th
	(millions)			
1997				
Operating revenues	$ 195	$ 215	$ 290	$ 196
Operating income	28	37	73	25
Net income	(15)	24	58	10
Basic and diluted earnings per common share	$(0.26)	$ 0.37	$ 0.92	$0.14

	Quarter			
	1st	2nd	3rd	4th
	(millions)			
1996				
Operating revenues	$ 207	$ 226	$ 270	$ 201
Operating income	35	42	68	33
Net income	25	27	36	20
Basic and diluted earnings per common share	$ 0.38	$ 0.43	$ 0.57	$ 0.31

The quarterly data is subject to seasonal fluctuations with peak periods occurring during the summer months.

In February 1997 KCPL paid UtiliCorp United Inc. (UtiliCorp) $53 million for agreeing to combine with Western Resources within two and one-half years from the termination of KCPL's agreement to merge with UtiliCorp. This agreement was terminated due to failure of KCPL shareholders to approve the transaction with UtiliCorp. Additionally, $7 million of merger-related costs were expensed in December 1997 (see Note 13).

As a result of terminating the merger agreement with UtiliCorp, $13 million in previously deferred merger costs and a $5 million termination fee were expensed lowering 1996 third quarter earnings. During 1996 about $13 million in costs to defend against Western Resources' unsolicited exchange offer were expensed ($5 million during the second quarter and $8 million during the third quarter).

15. SUBSEQUENT EVENT

On January 6, 1998 the KCC approved a settlement agreement authorizing a $14.2 million revenue reduction and an increase in depreciation expense of $2.8 million effective January 1, 1998.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors
Kansas City Power & Light Company:

We have audited the consolidated financial statements of Kansas City Power & Light Company and Subsidiary listed in the index on page 48 of this Form 10-K. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kansas City Power & Light Company and Subsidiary as of December 31, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

/s/Coopers & Lybrand L.L.P.
COOPERS & LYBRAND L.L.P.

Kansas City, Missouri
January 30, 1998

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

DIRECTORS

See General Note to Part III.

EXECUTIVE OFFICERS

See Part I, page 7, entitled "Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

See General Note to Part III.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

See General Note to Part III.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

General Note To Part III

Pursuant to General Instruction G to Form 10-K, the other information required by Part III (Items 10, 11, and 12) of Form 10-K not disclosed above will be either (i) incorporated by reference to the Definitive Proxy Statement for KCPL's 1998 Annual Meeting of Shareholders, filed with the Securities and Exchange Commission not later than April 30, 1998, or (ii) included in an amendment to this report filed with the Commission on Form 10-K/A.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

		Page No.
FINANCIAL STATEMENTS		
a.	Consolidated Statements of Income and Consolidated Statements of Retained Earnings for the years ended December 31, 1997, 1996, and 1995	25
b.	Consolidated Balance Sheets - December 31, 1997, and 1996	26
c.	Consolidated Statements of Cash Flows for the years ended December 31, 1997, 1996, and 1995	27
d.	Consolidated Statements of Capitalization - December 31, 1997 and 1996	28
e.	Notes to Consolidated Financial Statements	29
f.	Report of Independent Accountants	46

EXHIBITS

Exhibit Number	Description of Document
2	*Amendment and Plan of Merger (Exhibit (2)-1 to Form 8-K dated February 11, 1997).
3-a	*Restated Articles of Consolidation of KCPL dated as of May 5, 1992 (Exhibit 4 to Registration Statement, Registration No. 33-54196).
3-b	*By-laws of KCPL, as amended and in effect on August 6, 1996 (Exhibit 3(ii) to Form 10-Q dated September 30, 1996).
4-a	*General Mortgage and Deed of Trust dated as of December 1, 1986, between KCPL and UMB Bank, n.a. (formerly United Missouri Bank) of Kansas City, N.A., Trustee (Exhibit 4-bb to Form 10-K for the year ended December 31, 1986).
4-b	*Third Supplemental Indenture dated as of April 1, 1991, to Indenture dated as of December 1, 1986 (Exhibit 4-aq to Registration Statement, Registration No. 33-42187).
4-c	*Fourth Supplemental Indenture dated as of February 15, 1992, to Indenture dated as of December 1, 1986 (Exhibit 4-y to Form 10-K for year ended December 31, 1991).
4-d	*Fifth Supplemental Indenture dated as of September 15, 1992, to Indenture dated as of December 1, 1986 (Exhibit 4-a to Form 10-Q dated September 30, 1992).
4-e	*Sixth Supplemental Indenture dated as of November 1, 1992, to Indenture dated as of December 1, 1986 (Exhibit 4-z to Registration Statement, Registration No. 33-54196).

4-f *Seventh Supplemental Indenture dated as of October 1, 1993, to Indenture dated as of December 1, 1986 (Exhibit 4-a to Form 10-Q dated September 30, 1993).

4-g *Eighth Supplemental Indenture dated as of December 1, 1993, to Indenture dated as of December 1, 1986 (Exhibit 4 to Registration Statement, Registration No. 33-51799).

4-h *Ninth Supplemental Indenture dated as of February 1, 1994, to Indenture dated as of December 1, 1986 (Exhibit 4-h to Form 10-K for year ended December 31, 1993).

4-i *Tenth Supplemental Indenture dated as of November 1, 1994, to Indenture dated as of December 1, 1986 (Exhibit 4-I to Form 10-K for year ended December 31, 1994).

4-j *Resolution of Board of Directors Establishing 3.80% Cumulative Preferred Stock (Exhibit 2-R to Registration Statement, Registration No. 2-40239).

4-k *Resolution of Board of Directors Establishing 4% Cumulative Preferred Stock (Exhibit 2-S to Registration Statement, Registration No. 2-40239).

4-l *Resolution of Board of Directors Establishing 4.50% Cumulative Preferred Stock (Exhibit 2-T to Registration Statement, Registration No. 2-40239).

4-m *Resolution of Board of Directors Establishing 4.20% Cumulative Preferred Stock (Exhibit 2-U to Registration Statement, Registration No. 2-40239).

4-n *Resolution of Board of Directors Establishing 4.35% Cumulative Preferred Stock (Exhibit 2-V to Registration Statement, Registration No. 2-40239).

4-o *Certificate of Designation of Board of Directors Establishing the $50,000,000 Cumulative No Par Preferred Stock, Auction Series A (Exhibit 4-a to Form 10-Q dated March 31, 1992).

4-p *Indenture for Medium-Term Note Program dated as of April 1, 1991, between KCPL and The Bank of New York (Exhibit 4-bb to Registration Statement, Registration No. 33-42187).

4-q *Indenture for Medium-Term Note Program dated as of February 15, 1992, between KCPL and The Bank of New York (Exhibit 4-bb to Registration Statement, Registration No. 33-45736).

4-r *Indenture for Medium-Term Note Program dated as of November 15, 1992, between KCPL and The Bank of New York (Exhibit 4-aa to Registration Statement, Registration No. 33-54196).

4-s *Indenture for Medium-Term Note Program dated as of November 17, 1994, between KCPL and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Smith Barney Inc. (Exhibit 4-s to Form 10-K for year ended December 31, 1994).

4-t *Indenture for Medium-Term Note Program dated as of December 1, 1996, between KCPL and The Bank of New York (Exhibit 4 to Registration Statement, Registration No. 333-17285).

4-u *Amended and Restated Declaration of Trust of KCPL Financing I dated April 15, 1997 (Exhibit 4-a to Form 10-Q for quarter ended March 31, 1997).

4-v *Indenture dated as of April 1, 1997 between the Company and The First National Bank of Chicago, Trustee (Exhibit 4-b to Form 10-Q for quarter ended March 31, 1997).

4-w *First Supplemental Indenture dated as of April 1, 1997 to the Indenture dated as of April 1, 1997 between the Company and The First National Bank of Chicago, Trustee (Exhibit 4-c to Form 10-Q for quarter ended March 31, 1997).

4-x *Preferred Securities Guarantee Agreement dated April 15, 1997 (Exhibit 4-d to Form 10-Q for quarter ended March 31, 1997).

10-a *Copy of Wolf Creek Generating Station Ownership Agreement between Kansas City Power & Light Company, Kansas Gas and Electric Company

and Kansas Electric Power Cooperative, Inc. (Exhibit 10-d to Form 10-K for the year ended December 31, 1981).

10-b	*Copy of Receivables Purchase Agreement dated as of September 27, 1989, between KCPL, Commercial Industrial Trade-Receivables Investment Company and Citicorp North America, Inc. (Exhibit 10-p to Form 10-K for year ended December 31, 1989).
10-c	*Copy of Amendment to Receivables Purchase Agreement dated as of August 8, 1991, between KCPL, Commercial Industrial Trade-Receivables Investment Company and Citicorp North America, Inc. (Exhibit 10-m to Form 10-K for year ended December 31, 1991).
10-d	*Long-Term Incentive Plan (Exhibit 28 to Registration Statement, Registration 33-42187).
10-e	*Long- and Short-Term Incentive Compensation Plan, dated January 1, 1997 (Exhibit 10-e to Form 10-K for year ended December 31, 1996).
10-f	*Copy of Indemnification Agreement entered into by KCPL with each of its officers and directors (Exhibit 10-f to Form 10-K for year ended December 31, 1995).
10-g	*Copy of Severance Agreement entered into by KCPL with certain of its executive officers (Exhibit 10 to Form 10-Q dated June 30, 1993).
10-h	*Copy of Amendment to Severance Agreement dated January 15, 1996, entered into by KCPL with certain of its executive officers (Exhibit 10-h to Form 10-K dated December 31, 1995).
10-i	*Copy of Amendment to Severance Agreement dated January, 1997 entered into by KCPL with certain of its executive officers (Exhibit 10-I to Form 10-K for year ended December 31, 1996).
10-j	*Copy of Supplemental Executive Retirement and Deferred Compensation Plan (Exhibit 10-h to Form 10-K for year ended December 31, 1993).
10-k	*Copy of $50 million Letter of Credit and reimbursement agreement dated as of August 19, 1993, with The Toronto-Dominion Bank (Exhibit 10-i to Form 10-K for year ended December 31, 1993).
10-l	*Copy of $56 million Letter of Credit and Reimbursement Agreement dated as of August 19, 1993, with Societe Generale, Chicago Branch (Exhibit 10-j to Form 10-K for year ended December 31, 1993).
10-m	*Copy of $50 million Letter of Credit and Reimbursement Agreement dated as of August 19, 1993, with The Toronto-Dominion Bank (Exhibit 10-k to Form 10-K for year ended December 31, 1993).
10-n	*Copy of $40 million Letter of Credit and Reimbursement Agreement dated as of August 19, 1993, with Deutsche Bank AG, acting through its New York and Cayman Islands Branches (Exhibit 10-l to Form 10-K for year ended December 31, 1993).
10-o	*Copy of Railcar Lease dated as of April 15, 1994, between Shawmut Bank Connecticut, National Association, and KCPL (Exhibit 10 to Form 10-Q for period ended June 30, 1994).
10-p	*Copy of Amendment No. 2 to Receivables Purchase Agreement between KCPL and Ciesco L.P. and Citicorp North America, Inc. (Exhibit 10 to Form 10-Q for period ended September 30, 1994).
10-q	*Copy of Railcar Lease dated as of January 31, 1995, between First Security Bank of Utah, National Association, and KCPL (Exhibit 10-o to Form 10-K for year ended December 31, 1994).
10-r	*Copy of Lease Agreement dated as of October 18, 1995, between First Security Bank of Utah, N.A., and KCPL (Exhibit 10 to Form 10-Q for period ended September 30, 1995).
12	Computation of Ratios of Earnings to Fixed Charges.
23-a	Consent of Counsel.
23-b	Consent of Independent Accountants--Coopers & Lybrand L.L.P.

24   Powers of Attorney.
27   Financial Data Schedules (filed electronically).

* Filed with the Securities and Exchange Commission as exhibits to prior registration statements (except as otherwise noted) and are incorporated herein by reference and made a part hereof. The exhibit number and file number of the documents so filed, and incorporated herein by reference, are stated in parenthesis in the description of such exhibit.

Copies of any of the exhibits filed with the Securities and Exchange Commission in connection with this document may be obtained from KCPL upon written request.

REPORTS ON FORM 8-K

A report on Form 8-K was filed on January 6, 1998, with attached press release dated December 19, 1997, issued jointly by KCPL and Western Resources, Inc.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Kansas City, and State of Missouri on the 13th day of March, 1998.

KANSAS CITY POWER & LIGHT COMPANY

By /s/Drue Jennings
Chairman of the Board, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/Drue Jennings (Drue Jennings)	Chairman of the Board and President (Principal Executive Officer)	March 13, 1998
/s/Bernard J. Beaudoin (Bernard J. Beaudoin)	Executive Vice President-Chief Financial Officer (Principal Financial Officer)	March 13, 1998
/s/Neil A. Roadman (Neil A. Roadman)	Controller (Principal Accounting Officer)	March 13, 1998
David L. Bodde*	Director	March 13, 1998
William H. Clark*	Director	March 13, 1998
Robert J. Dineen*	Director	March 13, 1998
Arthur J. Doyle*	Director	March 13, 1998
W. Thomas Grant II*	Director	March 13, 1998
George E. Nettels, Jr.*	Director	March 13, 1998
Linda Hood Talbott*	Director	March 13, 1998
Robert H. West*	Director	March 13, 1998

*By /s/ Drue Jennings
(Drue Jennings)
Attorney-in-Fact

Form 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-707

KANSAS CITY POWER & LIGHT COMPANY
(Exact name of registrant as specified in its charter)

Missouri	44-0308720
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1201 Walnut, Kansas City, Missouri 64106-2124
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (816) 556-2200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes (X) No ( )

The number of shares outstanding of the registrant's Common stock at May 4, 1998, was 61,872,915 shares.

PART I - FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED BALANCE SHEETS

	March 31 1998	December 31 1997
	(thousands)	
ASSETS		
UTILITY PLANT, at original cost		
Electric	$3,517,951	$3,502,796
Less-accumulated depreciation	1,340,860	1,314,154
Net utility plant in service	2,177,091	2,188,642
Construction work in progress	99,741	93,264
Nuclear fuel, net of amortization of $91,240 and $86,516	37,107	41,649
Total	2,313,939	2,323,555
REGULATORY ASSET - RECOVERABLE TAXES	123,000	123,000
INVESTMENTS AND NONUTILITY PROPERTY	366,821	345,126
CURRENT ASSETS		
Cash and cash equivalents	19,566	74,098
Electric customer accounts receivable, net of allowance for doubtful accounts of $1,454 and $1,941	20,722	28,741
Other receivables	31,673	33,492
Fuel inventories, at average cost	16,001	13,824

Materials and supplies, at average cost	45,856	46,579
Deferred income taxes	1,658	648
Other	7,166	7,155
Total	142,642	204,537
DEFERRED CHARGES		
Regulatory assets	28,751	30,017
Other deferred charges	31,099	31,798
Total	59,850	61,815
Total	$3,006,252	$3,058,033
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (see statements)	$2,049,307	$2,051,489
CURRENT LIABILITIES		
Notes payable to banks	1,495	1,243
Commercial paper	2,000	0
Current maturities of long-term debt	23,168	74,180
Accounts payable	40,305	57,568
Accrued taxes	13,626	1,672
Accrued interest	20,663	22,360
Accrued payroll and vacations	24,021	23,409
Accrued refueling outage costs	4,259	1,664
Other	17,926	15,068
Total	147,463	197,164
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred income taxes	640,671	638,679
Deferred investment tax credits	62,128	63,257
Other	106,683	107,444
Total	809,482	809,380
COMMITMENTS AND CONTINGENCIES		
Total	$3,006,252	$3,058,033

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF CAPITALIZATION

	March 31 1998	December 31 1997
	(thousands)	
COMMON STOCK EQUITY		
Common stock-150,000,000 shares authorized without par value-61,908,726 shares issued, stated value	$449,697	$449,697
Retained earnings (see statements)	416,678	428,452
Unrealized gain on securities available for sale	4,122	1,935
Capital stock premium and expense	(1,664)	(1,664)
Total	868,833	878,420
CUMULATIVE PREFERRED STOCK		
$100 Par Value		
3.80% - 100,000 shares issued	10,000	10,000
4.50% - 100,000 shares issued	10,000	10,000
4.20% - 70,000 shares issued	7,000	7,000
4.35% - 120,000 shares issued	12,000	12,000
No Par Value		
4.375%* - 500,000 shares issued	50,000	50,000
$100 Par Value - Redeemable		
4.00%	62	62
Total	89,062	89,062
COMPANY-OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY KCPL SUBORDINATED DEBENTURES	150,000	150,000
LONG-TERM DEBT (excluding current maturities)		
General Mortgage Bonds		
Medium-Term Notes due 1998-2008, 6.92% and 6.92% weighted-average rate	407,500	407,500
3.98%* Environmental Improvement Revenue Refunding Bonds due 2012-23	158,768	158,768
Guaranty of Pollution Control Bonds		
3.94%* due 2015-17	196,500	196,500
Subsidiary Obligations		
Affordable Housing Notes due 2000-06, 8.34% and 8.48% weighted-average rate	68,612	61,207
Bank Credit Agreement due 1999, 6.51% and 6.67% weighted-average rate	107,500	107,500
Other Long-Term Notes	2,532	2,532
Total	941,412	934,007
Total	$2,049,307	$2,051,489

* Variable rate securities, weighted-average rate as of March 31, 1998

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF INCOME

Three Months Ended March 31	1998	1997
	(thousands)	
ELECTRIC OPERATING REVENUES	$195,635	$194,744
OPERATING EXPENSES		
Operation		
Fuel	35,697	34,922
Purchased power	8,231	11,246
Other	47,003	43,923
Maintenance	15,738	16,816
Depreciation	28,631	27,842
Income taxes	8,237	8,530
General taxes	22,168	22,692
Deferred Wolf Creek costs amortization	0	684
Total	165,705	166,655
OPERATING INCOME	29,930	28,089
OTHER INCOME AND (DEDUCTIONS)		
Allowance for equity funds used during construction	933	260
Miscellaneous income	13,223	3,893
Miscellaneous deductions	(20,900)	(62,161)
Income taxes	9,747	30,233
Total	3,003	(27,775)
INCOME BEFORE INTEREST CHARGES	32,933	314
INTEREST CHARGES		
Long-term debt	14,939	14,516
Short-term debt	91	839
Miscellaneous	4,190	875
Allowance for borrowed funds used during construction	(653)	(784)
Total	18,567	15,446
Net Income (Loss)	14,366	(15,132)
Preferred Stock Dividend Requirements	990	955
Earnings (Loss) Available for Common Stock	$13,376	($16,087)
Average Number of Common Shares Outstanding	61,873	61,896
Basic and Diluted earnings (loss) per Common Share	$0.22	($0.26)
Cash Dividends per Common Share	$0.405	$0.405

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF INCOME

Twelve Months Ended March 31	1998	1997
	(thousands)	
ELECTRIC OPERATING REVENUES	$896,834	$892,039
OPERATING EXPENSES		
Operation		
Fuel	135,284	144,654
Purchased power	56,232	49,716
Other	194,977	181,143
Maintenance	69,814	70,282
Depreciation	111,687	107,038
Income taxes	70,820	63,272
General taxes	92,773	95,579
Deferred Wolf Creek costs amortization	684	9,397
Total	732,271	721,081
OPERATING INCOME	164,563	170,958
OTHER INCOME AND (DEDUCTIONS)		
Allowance for equity funds used during construction	3,080	1,968
Miscellaneous income	48,351	7,995
Miscellaneous deductions	(77,181)	(113,548)
Income taxes	42,548	60,414
Total	16,798	(43,171)
INCOME BEFORE INTEREST CHARGES	181,361	127,787
INTEREST CHARGES		
Long-term debt	60,721	55,031
Short-term debt	634	1,972
Miscellaneous	16,158	4,609
Allowance for borrowed funds used during construction	(2,210)	(2,341)
Total	75,303	59,271
Net Income (Loss)	106,058	68,516
Preferred Stock Dividend Requirements	3,824	3,788
Earnings (Loss) Available for Common Stock	$102,234	$64,728
Average Number of Common Shares Outstanding	61,889	61,900
Basic and Diluted earnings (loss) per Common Share	$1.65	$1.05
Cash Dividends per Common Share	$1.62	$1.605

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

Year to Date March 31	1998	1997
	(thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 14,366	$ (15,132)
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	28,631	27,842
Amortization of:		
Nuclear fuel	4,724	5,115
Deferred Wolf Creek costs	0	684
Other	2,272	1,362
Deferred income taxes (net)	(258)	(2,885)
Investment tax credit amortization and reversals	(1,129)	(1,056)
Deferred merger costs	0	(4,787)
Kansas rate refund accrual	3,165	0
Allowance for equity funds used during construction	(933)	(260)
Other operating activities (Note 2)	5,327	(799)
Net cash from operating activities	56,165	10,084
CASH FLOWS FROM INVESTING ACTIVITIES		
Utility capital expenditures	(22,487)	(27,402)
Allowance for borrowed funds used during construction	(653)	(784)
Purchases of investments	(19,230)	(77,241)
Purchases of nonutility property	(2,794)	(1,611)
Other investing activities	2,884	(4,397)
Net cash from investing activities	(42,280)	(111,435)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of long-term debt	7,404	32,000
Repayment of long-term debt	(51,011)	(6,500)
Net change in short-term borrowings	2,252	102,361
Dividends paid	(26,140)	(26,028)
Other financing activities	(922)	1,059
Net cash from financing activities	(68,417)	102,892
NET CHANGE IN CASH AND CASH EQUIVALENTS	(54,532)	1,541
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	74,098	23,571
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$19,566	$25,112
CASH PAID DURING THE PERIOD FOR:		
Interest (net of amount capitalized)	$20,380	$17,019
Income taxes	$0	$0

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

Twelve Months Ended March 31	1998	1997
	(thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 106,058	$ 68,516
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	111,687	107,038
Amortization of:		
Nuclear fuel	16,445	20,012
Deferred Wolf Creek costs	684	9,397
Other	9,133	5,460
Deferred income taxes (net)	7,407	(17,278)
Investment tax credit amortization and reversals	(3,923)	(4,195)
Deferred storm costs	0	(8,885)
Deferred merger costs	4,787	596
Kansas rate refund accrual	3,165	0
Allowance for equity funds used during construction	(3,080)	(1,968)
Other operating activities (Note 2)	2,202	(23,825)
Net cash from operating activities	254,565	154,868
CASH FLOWS FROM INVESTING ACTIVITIES		
Utility capital expenditures	(119,819)	(98,800)
Allowance for borrowed funds used during construction	(2,210)	(2,341)
Purchases of investments	(49,592)	(95,014)
Purchases of nonutility property	(16,916)	(22,006)
Sale of streetlights	21,500	0
Other investing activities	(1,621)	(3,524)
Net cash from investing activities	(168,658)	(221,685)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of mandatorily redeemable Preferred Securities	150,000	0
Issuance of long-term debt	41,696	155,614
Repayment of long-term debt	(73,343)	(80,730)
Net change in short-term borrowings	(98,866)	92,361
Dividends paid	(104,154)	(103,119)
Other financing activities	(6,786)	(946)
Net cash from financing activities	(91,453)	63,180
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,546)	(3,637)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	25,112	28,749
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$19,566	$25,112
CASH PAID DURING THE PERIOD FOR:		
Interest (net of amount capitalized)	$74,633	$60,514
Income taxes	$22,385	$53,272

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31		Twelve Months Ended March 31	
	1998	1997	1998	1997
	(thousands)			
Net income (loss)	$ 14,366	$ (15,132)	$ 106,058	$ 68,516
Other comprehensive income (loss), net of tax: (Note 3)				
Net unrealized gain (loss) on securities available for sale	2,187	(4,803)	2,441	1,681
Comprehensive Income (Loss)	16,553	(19,935)	108,499	70,197

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Three Months Ended March 31		Twelve Months Ended March 31	
	1998	1997	1998	1997
	(thousands)			
Beginning Balance	$ 428,452	$ 455,934	$ 414,774	$ 449,377
Net Income (Loss)	14,366	(15,132)	106,058	68,516
	442,818	440,802	520,832	517,893
Dividends Declared				
Preferred stock - at required rates	1,081	960	3,894	3,772
Common stock	25,059	25,068	100,260	99,347
Ending Balance	$416,678	$414,774	$416,678	$414,774

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

KANSAS CITY POWER & LIGHT COMPANY

Certain Forward-looking Information

Statements made in this report which are not based on historical facts are forward-looking and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Any forward-looking statements are intended to be as of the date on which such a statement is made. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are providing the following important factors that could cause actual results to differ materially from provided forward-looking information. These important factors include: (a) the Western Resources Inc. (Western Resources) merger (see Note 1 to the Consolidated Financial Statements); (b) future economic conditions in the regional, national and international markets; (c) state, federal and foreign regulation and possible additional reductions in regulated electric rates; (d) weather conditions; (e) financial market conditions, including, but not limited to changes in interest rates; (f) inflation rates; (g) increased competition, including, but not limited to, the deregulation of the United States electric utility industry, and the entry of new competitors; (h) ability to carry out marketing and sales plans; (i) ability to achieve generation planning goals and the occurrence of unplanned generation outages; (j) nuclear operations; (k) ability to enter new markets successfully and capitalize on growth opportunities in nonregulated businesses, and (l) adverse changes in applicable laws, regulations or rules governing environmental, tax or accounting matters. This list of factors may not be all inclusive since it is not possible for us to predict all possible factors.

Notes to Consolidated Financial Statements

In management's opinion, the consolidated interim financial statements reflect all adjustments (which include only normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented. These statements and notes should be read in connection with the financial statements and related notes included in our 1997 annual report on Form 10-K.

1. AMENDED AND RESTATED PLAN OF MERGER WITH WESTERN RESOURCES

Western Resources, Inc. (Western Resources) delivered an unsolicited exchange offer and an amended offer to KCPL's Board of Directors during the second quarter of 1996. After careful consideration, KCPL's Board of Directors rejected both offers. In July 1996 Western Resources commenced an exchange offer for KCPL Common Stock. In late 1996 KCPL began discussing a possible merger with Western Resources leading to a February 7, 1997, agreement.

In December 1997 KCPL canceled its previously scheduled special meeting of shareholders to vote on the transaction because Western Resources advised KCPL that its investment bankers, Salomon Smith Barney, had indicated that it was unlikely that Salomon would be in a position to issue a fairness opinion for the merger transaction on the basis of the February 7, 1997, agreement. During 1997 KCPL incurred and deferred $7 million of merger-related costs which were expensed in December 1997.

On March 18, 1998, KCPL and Western Resources entered into an Amended and Restated Agreement and Plan of Merger (Amended Agreement). This Amended Agreement provides for the combination of the regulated electric utilities of KCPL and Western Resources into Westar Energy, a new company, using purchase accounting. Westar Energy will be owned approximately 80.1% by Western Resources and approximately 19.9% by KCPL shareholders. At closing, KCPL shareholders will receive for every share of KCPL Common Stock one share of Westar Energy Common Stock and a fraction of a share of Western Resources Common Stock valued at $23.50 if

the Western Resources Index Price (aggregate of the average high and low sales prices of Western Resources Common Stock over a 20-day trading period ending the tenth trading day prior to closing) is not greater than $47.00 or less than $38.28. If Western Resources Index Price is above $47.00 or below $38.28, the value of the Western Resources Common Stock to be issued to KCPL shareholders in the merger is subject to a collar and will increase or decrease, respectively. The value per share of Westar Energy Common Stock to be issued to KCPL shareholders in connection with the contemplated transactions is estimated to be in the range of $10 to $12 per share based on current market conditions. Since Westar Energy will be a newly formed entity with no trading history, there can be no assurance that Westar Energy will trade at such levels.

The transaction is subject to several closing conditions, including approval by each company's shareholders, approval by a number of regulatory and governmental agencies, confirmation from Kansas tax authorities that no sales or use tax is payable in connection with the proposed transactions and dissenting KCPL common shares constitute less than 5.5% of outstanding shares. If shareholder approval is not received by both companies by August 31, 1998, either party may terminate the Amended Agreement. If the merger has not been closed by December 31, 1999, either party may terminate the Amended Agreement as long as they did not contribute to the delay. If Western Resources Index Price is less than or equal to $29.78 five trading days prior to closing, either party can terminate this Amended Agreement.

The Amended Agreement allows the KCPL Board discretion to make changes (including increases) in the KCPL Common Stock dividend consistent with past practice exercising good business judgment. It also requires KCPL to redeem all outstanding shares of cumulative preferred stock prior to consummation of the proposed transactions. If the Amended Agreement is terminated under certain other circumstances and KCPL, within two and one-half years following termination, agrees to consummate a business combination with a third party that made a proposal to combine prior to termination, a payment of $50 million will be due Western Resources. Under certain circumstances, if KCPL determines not to consummate its merger into Westar Energy due to its inability to receive a favorable tax opinion from its legal counsel, it must pay Western Resources $5 million. Western Resources will pay KCPL $5 million to $35 million if the Amended Agreement is terminated and all closing conditions are satisfied other than conditions relating to Western Resources receiving a favorable tax opinion from its legal counsel, favorable statutory approvals or an exemption from the Public Utility Holding Company Act of 1935.

2. CONSOLIDATED STATEMENTS OF CASH FLOWS - OTHER OPERATING ACTIVITIES

	Three Months Ended		Twelve Months Ended	
	1998	1997	1998	1997
Cash flows affected by changes in:	(thousands)			
Receivables	$9,838	$25,895	$(15,084)	$9,547
Fuel inventories	(2,177)	1,360	1,716	(697)
Materials and supplies	723	37	1,441	(1,625)
Accounts payable	(17,263)	(18,873)	3,560	(15,296)
Accrued taxes	11,954	(7,356)	2,539	(30,182)
Accrued interest	(1,697)	(1,191)	800	(1,928)
Wolf Creek refueling outage accrual	2,595	2,099	(5,021)	8,723
Pension and postretirement benefit obligations	(1,549)	(532)	(3,262)	(97)
Other	2,903	(2,238)	15,513	7,730
Total	$5,327	$ (799)	$2,202	$(23,825)

3. ACCOUNTING CHANGES

Change in Accounting Estimate

In 1998 KCPL adopted the American Institute of Certified Public Accountants Statement of Position (SOP) 98-1 -- Accounting for the Costs of Computer Software Developed or Obtained For Internal Use. KCPL was generally in conformance with this SOP prior to adoption in regards to external direct costs and interest costs incurred in the development of computer software for internal use. This SOP also provides that once the capitalization criteria of the SOP have been met, payroll and payroll-related costs for employees who are directly associated with and who devote time to the internal-use computer software project should be capitalized.

Costs capitalized in accordance with SOP 98-1 will be amortized on a straight-line basis over estimated service lives of 5 to 10 years. The effect of adopting SOP 98-1 for the three-months ended March 31, 1998, is an increase of net income of approximately $600,000 ($0.01 per share).

Comprehensive Income (Loss)

In 1998 KCPL adopted Financial Accounting Standards Board Statement No. 130 -- Reporting Comprehensive Income which establishes standards for reporting of comprehensive income and its components.

4. SECURITIES AVAILABLE FOR SALE

Certain investments in equity securities are accounted for as securities available for sale and adjusted to market value with unrealized gains (or losses), net of deferred income taxes, reported as a separate component of comprehensive income and common stock equity.

KLT Inc. (KLT), a wholly-owned subsidiary of KCPL, has a $5 million investment in CellNet Data Systems, Inc. This investment is held as securities available for sale. Unrealized gains applicable to this investment of $4.1 million, net of $2.3 million deferred income taxes, at March 31, 1998, increased from $1.9 million, net of $1.1 million deferred income taxes, at December 31, 1997.

5. CAPITALIZATION

KCPL is authorized to issue up to $300 million in unsecured medium-term notes under an indenture dated December 1, 1996. As of March 31, 1998, no unsecured medium-term notes had been issued.

KCPL Financing I (Trust), a wholly-owned subsidiary of Kansas City Power & Light Company, has previously issued $150,000,000 of 8.3% preferred securities. The sole asset of the Trust is the $154,640,000 principal amount of 8.3% Junior Subordinated Deferrable Interest Debentures, due 2037, issued by KCPL.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

STATUS OF MERGER

See Note 1 to the Consolidated Financial Statements as to the current status of the merger agreement with Western Resources Inc. (Western Resources) including the Amended and Restated Agreement and Plan of Merger (Amended Merger Agreement) dated March 18, 1998. In December 1996 the Federal Energy Regulatory Commission (FERC) issued a statement concerning electric utility mergers. Under the statement, companies must demonstrate that their merger does not adversely affect competition or wholesale rates. As remedies, FERC may consider a range of conditions including transmission upgrades, divestitures of generating assets or formation of independent system operators.

REGULATION AND COMPETITION

As competition develops throughout the electric utility industry, we are positioning Kansas City Power & Light Company (KCPL) to excel in an open market. We are improving the efficiency of KCPL's core utility operations, lowering prices and offering new services. In particular, value-added services for large energy users can include contracts for natural gas commodities.

Competition in the electric utility industry was accelerated with the National Energy Policy Act of 1992. This Act gives FERC the authority to require electric utilities to provide transmission line access to independent power producers (IPPs) and other utilities (wholesale wheeling). KCPL, already active in the wholesale wheeling market, was one of the first utilities to receive FERC's approval of an open-access tariff for wholesale wheeling transactions. In April 1996 FERC issued an order requiring all owners of transmission facilities to adopt open-access tariffs and participate in wholesale wheeling. We have made the necessary filings to comply with that order.

FERC's April 1996 order has encouraged more movement toward retail competition at the state level. An increasing number of states have already adopted open access requirements for utilities' retail electric service, allowing competing suppliers access to their retail customers (retail wheeling). Many other states are actively considering retail wheeling. In Kansas, the retail wheeling task force has proposed a restructuring bill that would implement retail competition on July 1, 2001. Some of the key points included in the proposed bill are: 1) the Kansas Corporation Commission (KCC) will determine the amount of under-utilized assets (stranded costs) each utility is allowed to recover and 2) a unit charge per kwh will be assessed to all customers for recovery of competitive transition costs (these costs include stranded costs, other regulatory assets, nuclear decommissioning, etc.). No retail wheeling bill has been passed in the Kansas legislature in 1998. In Missouri, a legislative committee has been formed to study the issue. The retail wheeling task force formed by the Missouri Public Service Commission (MPSC) issued its report in May 1998. The report identifies issues and various options for the legislature to address.

Competition through retail wheeling could result in market-based rates below current cost-based rates. This would provide growth opportunities for low-cost producers and risks for higher-cost producers, especially those with large industrial customers. Lower rates and the loss of major customers could result in stranded costs and place an unfair burden on the remaining customer base or shareholders. Testimony filed in the merger case in Kansas for KCPL indicated that stranded costs are approximately $1 billion. An independent study prepared at the request of the KCC concluded that there are no stranded costs. We cannot predict the extent that stranded costs

will be recoverable in future rates. If an adequate and fair provision for recovery of these lost revenues is not provided, certain generating assets may have to be evaluated for impairment and appropriate charges recorded against earnings. In addition to lower profit margins, market-based rates could also require generating assets to be depreciated over shorter useful lives, increasing operating expenses.

Although Missouri and Kansas have not yet authorized retail wheeling, we believe KCPL is positioned well to compete in an open market with its diverse customer mix and pricing strategies. About 21% of KCPL's retail mwh sales are to industrial customers which is below the utility industry average. KCPL has a flexible rate structure with industrial rates that are competitively priced with other companies in the region. In addition, long-term contracts are in place or under negotiation for a large portion of KCPL's industrial sales. Although there currently is no direct competition for retail electric service within KCPL's service territory, it does exist within the bulk power market, between alternative fuel suppliers and among third-party energy management companies. Third-party energy management companies are seeking to initiate relationships with large users in an attempt to enhance their chances to directly supply electricity if retail wheeling is authorized.

Increased competition could also force utilities to change accounting methods. Financial Accounting Standards Board (FASB) Statement No. 71 - Accounting for Certain Types of Regulation, applies to regulated entities whose rates are designed to recover the costs of providing service. An entity's operations could stop meeting the requirements of FASB 71 for various reasons, including a change in regulation or a change in the competitive environment for a company's regulated services. For those operations no longer meeting the requirements of regulatory accounting, regulatory assets would be written off. KCPL's regulatory assets, totaling $152 million at March 31, 1998, will be maintained as long as FASB 71 requirements are met.

It is possible that competition could eventually have a materially adverse affect on KCPL's results of operations and financial position. Should competition eventually result in a significant charge to equity, capital costs and requirements could increase significantly.

NONREGULATED OPPORTUNITIES

KLT Inc. (KLT) is a wholly-owned subsidiary pursuing nonregulated business ventures. Existing ventures include investments in domestic and international nonregulated power production, energy services, oil and gas development and production, telecommunications, telemetry technology and affordable housing limited partnerships.

KCPL had a total equity investment in KLT of $119 million as of March 31, 1998, and KLT's net income for the three-month period ended March 31, 1998, totaled $4.1 million. KLT's consolidated assets at March 31, 1998, totaled $351 million. The growth of KLT accounts for most of the increase in KCPL's consolidated investments and nonutility property.

RESULTS OF OPERATIONS

Three-month period:	three months ended March 31, 1998, compared with three months ended March 31, 1997
Twelve-month period:	twelve months ended March 31, 1998, compared with twelve months ended March 31, 1997

EARNINGS OVERVIEW

Earnings Per Share (EPS)
For the Periods Ended March 31

	1998	1997	Increase	Merger Expenses	Increase(decrease) excluding Merger Expenses
Three months ended	$0.22	$(0.26)	$0.48	$0.43	$ 0.05
Twelve months ended	$1.65	$ 1.05	$0.60	$0.67	$(0.07)

EPS for the three-month period excluding merger expenses increased primarily due to increased subsidiary income $0.04, reduced cost of fuel $0.02, increased bulk power sales and continued load growth. Partially offsetting these increases were the effects on EPS of implementing rate reductions approved by the KCC effective January 1, 1998, ($0.03), increased interest expense related to the mandatorily redeemable preferred securities ($0.03) and milder weather.

EPS for the twelve-month period excluding merger expenses decreased due to the implementation of rate reductions approved by the KCC ($0.03), the effect of the rate reductions approved by the MPSC ($0.06), increased interest expense related to the mandatorily redeemable preferred securities ($0.12) and increased depreciation expense ($0.05). Partially offsetting these decreases are the effects on EPS of an increase in subsidiary income $0.14, a decrease in amortization expense $0.09 and continued load growth.

Merger expenses for the three-months ended March 31, 1998, were $5.3 million ($0.09 per share). During the three-months ended March 31, 1997, KCPL paid $53 million ($0.52 per share) to UtiliCorp United Inc. (UtiliCorp) for terminating the merger agreement with UtiliCorp and announcing an agreement to combine with Western Resources. Merger expenses for the twelve-months ended March 31, 1998, reduced EPS by $0.16. For the twelve-months ended March 31, 1997, merger expenses reduced EPS by $0.83 which includes $0.52 for the UtiliCorp payment and $0.31 for other merger expenses.

MEGAWATT-HOUR (MWH) SALES AND OPERATING REVENUES

Sales and revenue data:

	For the Periods Ended March 31, 1998 versus March 31, 1997			
	Three Months		Twelve Months	
	Mwh	Revenues	Mwh	Revenues
	(revenue change in millions)			
Retail:				
Residential	1 %	$ 1	5 %	$ 13
Commercial	3 %	2	5 %	10
Industrial	1 %	-	(3)%	(1)
Other	- %	(2)	2 %	(5)
Kansas rate refund accrual		(3)		(3)
Total Retail	2 %	(2)	3 %	14
Sales for resale:				
Bulk power sales	13 %	3	(22)%	(12)
Other	8 %	-	14 %	1
Total		1		3
Other revenues		-		2
Total electric Operating Revenues		$ 1		$ 5

The KCC approved a settlement agreement, effective January, 1, 1998, authorizing a $14.2 million revenue reduction and an increase in depreciation expense of $2.8 million. When the KCC approves a new rate design, which is anticipated near year-end 1998, KCPL will refund the portion of the $14.2 million that has accrued between January 1, 1998 and the implementation date of the new rate design. Recorded revenues for the three- and twelve-month periods are reduced by about $3 million as a result of an accrual for this rate refund.

During 1996 the MPSC approved a stipulation and agreement authorizing a $20 million revenue reduction in two phases and an increase in depreciation and amortization expense by $9 million per year. The decrease in revenues for the twelve-month period as a result of this stipulation and agreement was about $6 million.

These rate reductions, combined with seasonally lower retail sales in March 1998 versus December 1997, resulted in a lower accounts receivable balance at March 31, 1998, compared with December 31, 1997.

Even though weather was milder for the three-month period, retail mwh sales increased due to load growth. Load growth consists of higher usage-per-customer as well as the addition of new customers.

Retail mwh sales for the current twelve-month period increased 3% while retail revenues increased 2%. The MPSC and KCC rate reductions discussed above decreased revenues for the twelve-month period while retail mwh sales increased due to continued load growth.

KCPL has long-term sales contracts with certain major industrial customers. These contracts are tailored to meet customers' needs in exchange for their long-term commitment to purchase energy. Long-term contracts are in place or under negotiation for a large portion of KCPL's industrial sales.

Bulk power sales vary with system requirements, generating unit and purchased power availability, fuel costs and the requirements of other electric systems. Outages at the LaCygne 1 and 2 generating units in the second quarter of 1997 and the extended 1997 Wolf Creek outage contributed to lower bulk power mwh sales in the current twelve-month period.

Total revenue per mwh sold varies with changes in rate tariffs, the mix of mwh sales among customer classifications and the effect of declining price per mwh as usage increases. An automatic fuel adjustment provision is only included in sales for resale tariffs, which apply to less than 1% of revenues.

Future mwh sales and revenues per mwh will also be affected by national and local economies, weather and customer conservation efforts. Competition, including alternative sources of energy such as natural gas, co-generation, IPPs and other electric utilities, may also affect future sales and revenue.

FUEL AND PURCHASED POWER

Combined fuel and purchased power expenses for the three-month period decreased by 5% while total mwh sales (total of retail and sales for resale) increased by 5%. This difference is largely attributable to increased generation from LaCygne II, a low-cost, coal-fired generating unit that was not available during February and March 1997 because of a planned outage. Purchased power decreased primarily because of this additional generation. The cost per kwh for purchased power is significantly higher than the cost per kwh of generation.

Combined fuel and purchased power expenses for the twelve-month period decreased 1% while total mwh sales decreased 3%. This difference is largely due to increased purchased power expenses and a higher percentage of coal burned in the fuel mix.

Nuclear fuel costs per MMBTU remain substantially less than the MMBTU price of coal. Nuclear fuel costs per MMBTU decreased 2% for the twelve-month period. Nuclear fuel costs per MMBTU averaged 61% of the MMBTU price of coal for the current and prior twelve-month periods. We expect the current relationship and the price of nuclear fuel to remain fairly constant through the year 2001. During the current twelve-month period fossil plants represented about 75% of generation and the nuclear plant about 25%. For the prior twelve-month period, fossil plants represented about 72% of generation and the nuclear plant about 28%.

The price of coal burned declined by 2% for the twelve-month period. KCPL's coal procurement strategies continue to provide coal costs below the regional average. We expect the cost of coal per MMBTU to remain fairly constant through 2001.

OTHER OPERATION AND MAINTENANCE EXPENSES

Combined other operation and maintenance expenses for the three- and twelve-month periods increased due largely to increases in other power supply expenses and annual employee salary increases. The twelve-month period also reflects increases in customer accounts expenses and Wolf Creek non-fuel operations.

We continue to emphasize new technologies, improved work methodology and cost control. We are improving system processes to provide increased efficiencies and improved operations. Through the use of cellular technology, a majority of customer meters are read automatically.

DEPRECIATION AND AMORTIZATION

The increase in depreciation expense for the three- and twelve-month periods reflects the implementation of the KCC settlement agreement, the continued impact of the MPSC stipulation and agreement and normal increases in depreciation from capital additions. The KCC settlement agreement authorized an annual increase in depreciation expense of $2.8 million. The MPSC stipulation and agreement authorized a $9 million annual increase in depreciation expense.

INCOME TAXES

Operating income taxes for the twelve-month period increased by approximately $8 million as the prior twelve-month period reflected adjustments for the filing of the 1995 tax returns and the settlement with the Internal Revenue Service regarding tax issues included in the 1985 through 1990 tax returns.

OTHER INCOME AND (DEDUCTIONS)

Miscellaneous Income

Miscellaneous income for the three- and twelve-month periods includes increased revenues from non-utility and subsidiary operations. Dividends on the investment in a fossil-fuel generator in Argentina, revenues from a subsidiary in which KLT obtained a controlling interest during 1997 and increased revenues from oil and gas exploration contributed to the increase in miscellaneous income from subsidiary operations.

Miscellaneous Deductions

Miscellaneous deductions for the three- and twelve-month periods decreased primarily due to the $53 million payment to UtiliCorp in the prior periods. During the three-months ended March 31, 1998, $5 million of merger expenses were incurred related to the Amended Merger Agreement with Western Resources. In addition, the twelve-months ended March 31, 1998, includes $7 million of merger expenses related to the original merger agreement with Western Resources. In addition to the $53 million payment to UtiliCorp, the prior twelve-month period included $31 million in other merger costs. These costs consist of $13 million in previously deferred merger costs expensed as a result of terminating the merger agreement with UtiliCorp, a $5 million termination fee paid upon termination, and $13 million in costs to defend against Western Resources' unsolicited exchange offer.

Both periods also reflect increased non-utility expenses and subsidiary operating costs. Increased gas operations and inclusion of three small companies in which KLT obtained controlling interests during 1997 are the primary activities that contributed to the increased subsidiary expenses.

Income Taxes

Income taxes for the three- and twelve-month periods reflect the tax impact of the excess of miscellaneous deductions over miscellaneous income. Additionally, during the first quarter of both 1998 and 1997 we accrued tax credits of $6 million, or one-fourth of the total expected annual credits, related to affordable housing partnership investments and oil and

gas investments. Non-taxable increases in the cash surrender value of corporate-owned life insurance contracts and certain non-deductible expenses also affected the relationship between miscellaneous deductions and income taxes.

INTEREST CHARGES

The increase in long-term debt interest expense for the three- and twelve-month periods reflects higher average levels of long-term debt outstanding. The higher average levels of debt resulted mainly from increased KLT debt to support expanding subsidiary operations.

The increase in miscellaneous interest charges for the three- and twelve-month periods is primarily due to interest charges incurred on the $150 million of 8.3% preferred securities.

We use interest rate swap and cap agreements to limit the interest expense on a portion of KCPL's variable-rate long-term debt. We do not use derivative financial instruments for trading or other speculative purposes. These agreements are an integral part of KCPL's interest rate management. The effect of these agreements on interest expense and cash flows is not significant.

WOLF CREEK

Wolf Creek is one of KCPL's principal generating units representing about 16% of its accredited generating capacity. The plant's operating performance has remained strong, contributing about 27% of the annual mwh generation while operating at an average capacity of 88% over the last three years. It has the lowest fuel cost per MMBTU of any of KCPL's generating units.

The incremental operating, maintenance and replacement power costs for planned outages are accrued evenly over the unit's operating cycle, normally 18 months. As actual outage expenses are incurred, the refueling liability and related deferred tax asset are reduced.

Wolf Creek's ninth refueling and maintenance outage, budgeted for 35 days, began in early October 1997 and was completed in December 1997 (58 days). The extended length of the ninth outage was caused by several equipment problems. The extended length of the outage was the primary reason for a $6 million increase in Wolf Creek related replacement power and operating and maintenance expenses for the twelve-month period. Wolf Creek's tenth refueling and maintenance outage is scheduled for the spring of 1999 and is estimated to be a 40 day outage.

Currently, no major equipment replacements are expected. An extended shut-down of Wolf Creek could have a substantial adverse effect on KCPL's business, financial condition and results of operations. Higher replacement power and other costs would be incurred as a result. Although not expected, an unscheduled plant shut-down could be caused by actions of the Nuclear Regulatory Commission reacting to safety concerns at the plant or other similar nuclear units. If a long-term shut-down occurred, the state regulatory commissions could consider reducing rates by excluding the Wolf Creek investment from rate base.

Ownership and operation of a nuclear generating unit exposes KCPL to risks regarding the cost of decommissioning the unit at the end of its life and to potential retrospective assessments and property losses in excess of insurance coverage.

ENVIRONMENTAL MATTERS

KCPL's policy is to act in an environmentally responsible manner and use the latest technology available to avoid and treat contamination. We continually conduct environmental audits designed to ensure compliance with governmental regulations and detect contamination. However, these regulations are constantly evolving; governmental bodies may impose additional or more rigid environmental regulations that could require substantial changes to operations or facilities.

The Clean Air Act Amendments of 1990 contain two programs significantly affecting the utility industry. KCPL has spent about $5 million for the installation of continuous emission monitoring equipment to satisfy the requirements under the acid rain provision. The other utility-related program calls for a study of certain air toxic substances. Based on the outcome of this study, regulation of these substances, including mercury, could be required. We cannot predict the likelihood of any such regulations or compliance costs.

In July 1997 the United States Environmental Protection Agency (EPA) published new air quality standards for ozone and particulate matter. Additional regulations implementing these new standards are expected to be finalized in 1998. Without the implementation regulations, the real impact of the standards on KCPL cannot be determined. However, the impact on KCPL and other utilities who use fossil fuels could be substantial. Under the new fine particulate regulations the EPA will begin a five-year study of fine particulate emissions. Until this testing and review period has been completed, KCPL cannot determine additional compliance costs, if any, associated with the new particulate regulations.

In 1997 the EPA also issued new proposed regulations on reducing Nitrogen Oxide (NOx) emissions. Under the new regulations 22 states, including Missouri but not Kansas, would be required to develop plans to reduce NOx emissions. The new limits would go into effect in either 2002 or 2004. The cost of equipment to reduce NOx emissions could be substantial, however, until regulations are finalized the associated costs to KCPL cannot be determined.

At a December 1997 meeting in Kyoto, Japan, the Clinton Administration supported changes to the International Global Climate Change treaty which would require a seven percent reduction in United States Carbon Dioxide (CO_2) emissions below 1990 levels. President Clinton has stated that this change in the treaty will not be submitted to the U.S. Senate at this time where ratification is uncertain. If future national restrictions on electric utility CO_2 emissions are eventually required, the financial impact upon KCPL could be substantial.

IMPACT OF THE YEAR 2000 ISSUE

The Year 2000 Issue is the result of computer programs using two digits instead of four digits to define the applicable year. Computer programs with date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations.

Through ongoing assessment of the Year 2000 Issue, we have determined that it is necessary to modify or replace some of KCPL's internal software so that its computer systems will properly utilize dates beyond December 31, 1999. We believe that with the planned modifications and conversions of KCPL's software, the Year 2000 Issue can be mitigated. We will utilize both internal and external resources to address the Year 2000 Issue.

For the past several years, we have been incurring capitalizable costs to replace older systems with new and innovative technologies that place us in a stronger competitive position for the future. As a result, the cost of the Year 2000 project has been lessened. The costs of modifications and replacements identified in the Year 2000 project are being expensed as incurred and are not material to KCPL's results of operations. However, there is no guarantee that current cost estimates of the Year 2000 project will not be exceeded. Specific factors that might cause costs to exceed estimates include, but are not limited to, the availability and cost of appropriately trained personnel, the ability to locate and correct all relevant computer codes, and similar uncertainties.

We have initiated formal communications with all of KCPL's large suppliers and customers to evaluate KCPL's vulnerability to those third parties' failure to remediate their own Year 2000 Issue. However, there is no guarantee that third party systems on which KCPL's systems rely will be timely converted, or that a failure to convert, or a conversion that is incompatible with KCPL's systems, would not have a material adverse effect on KCPL.

CAPITAL REQUIREMENTS AND LIQUIDITY

As of April 1, 1998, the liquid resources of KCPL included cash flows from operations; $300 million of registered but unissued, unsecured medium-term notes; $150 million of registered but unissued, preferred securities and $314 million of unused bank lines of credit. The unused lines consisted of KCPL's short-term bank lines of credit of $271 million and KLT's long-term revolving line of credit of $43 million. Cash and cash equivalents decreased by $55 million from December 31, 1997 to March 31, 1998, primarily due to redeeming $51 million of maturing long-term debt and paying dividends.

KCPL continues to generate positive cash flows from operating activities although individual components of working capital items will vary with normal business cycles and operations including the timing of receipts and payments. The timing of the Wolf Creek outage affects the refueling outage accrual, deferred income taxes and amortization of nuclear fuel.

The increase in accrued taxes from December 31, 1997, to March 31, 1998, mainly reflects the timing of income tax and property tax payments.

Coal inventory levels at the end of April 1998 continue to be about 75% of targeted levels, due mainly to poor railroad delivery performance. Such railroad related problems are expected to continue at least through the end of 1998. We are continuing to work with KCPL's rail carriers to ensure an adequate coal supply and allow recovery to targeted coal inventory levels.

Cash used in investing activities varies with the timing of utility capital expenditures and KLT's purchases of investments and nonutility properties. KLT closed several large investments during the first three months of 1997. Additionally, the current twelve-month period reflects $21.5 million of proceeds from the sale of streetlights to the City of Kansas City, Missouri at a minimal gain.

Cash used for financing activities increased for the twelve-month period primarily due to repayment of long- and short-term debt. In April 1997, KCPL Financing I, a wholly-owned subsidiary of KCPL, issued $150 million of preferred securities, which was used in part for these repayments. Additionally, in the prior twelve-month period long- and short-term borrowings increased to finance KCPL's $53 million payment to UtiliCorp as well as additional purchases of investments and nonutility properties by KLT.

KCPL's common dividend payout ratio was 98% for the current twelve-month period and 153% for the prior twelve-month period compared to 80% for the twelve-month period ended March 31, 1996. The increase in the payout ratios is due mainly to the reduction in earnings because of the significant merger-related expenses in both twelve-month periods.

We expect to meet day-to-day operations, utility construction requirements and dividends with internally-generated funds. Uncertainties affecting KCPL's ability to meet these requirements with internally-generated funds include the effect of inflation on operating expenses, the level of mwh sales, regulatory actions, compliance with future environmental regulations and the availability of generating units. The funds needed for the retirement of $414 million of maturing debt through the year 2002 will be provided from operations, refinancings or short-term debt. KCPL might issue additional debt and/or additional equity to finance growth or take advantage of new opportunities.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

STATE OF MISSOURI EX REL. INTER-CITY BEVERAGE CO., INC., ET. AL VS. THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI, ET. AL; AND JEWISH COMMUNITY CAMPUS OF GREATER KANSAS CITY, INC. VS. KANSAS STATE CORPORATION COMMISSION, ET. AL.

On August 13, 1993, a lawsuit was filed by nine customers, including Inter-City Beverage Co., Inc., in the Circuit Court of Jackson County, Missouri against KCPL. The suit alleged the misapplication of certain of KCPL's electric rate tariffs resulting in overcharges to industrial and commercial customers which had been provided service under those tariffs and requested certification as a class action. On December 3, 1993, the Court dismissed the matter for lack of subject matter jurisdiction. Plaintiffs appealed to the Missouri Court of Appeals, Western District. The Court of Appeals upheld the dismissal. Plaintiffs then filed a motion to transfer the case with the Missouri Supreme Court. The motion was denied.

Plaintiffs then took their claims to the state commissions filing complaints at the MPSC on August 23, 1995, and at the KCC on August 30, 1995, on behalf of Jewish Community Campus, the only Kansas plaintiff. The MPSC complaint was dismissed May 1, 1996. The Cole County, Missouri Circuit Court affirmed the dismissal on January 29, 1997, and the Missouri Court of Appeals, Western District, affirmed the dismissal on April 21, 1998. Appellant has until May 6, 1998, to file an application for transfer to the Missouri Supreme Court.

The KCC complaint was dismissed April 9, 1996. The Johnson County, Kansas District Court affirmed the dismissal on February 4, 1997. The Plaintiff filed a Notice of Appeal to the Kansas Court of Appeals on March 3, 1997. Plaintiff's Initial Brief was filed with the Court of Appeals on May 27, 1997. The briefs of KCPL and the KCC were filed on June 30, 1997. Plaintiff's Reply Brief was filed July 15, 1997.

Should the proceedings before the MPSC and KCC be overturned by the state courts, KCPL could be required to refund the alleged overcharges. KCPL believes it will be able to successfully defend these actions.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

EXHIBITS

Exhibit 12	Computation of Ratios of Earnings to Fixed Charges
Exhibit 27	Financial Data Schedule (for the three months ended March 31, 1998)

REPORTS ON FORM 8-K

A report on Form 8-K was filed with the Securities and Exchange Commission on January 6, 1998, with attached copy of a press release issued jointly by KCPL and Western Resources, Inc. announcing postponement of their respective January 21, 1998, special meetings of shareholders.

A report on Form 8-K was filed with the Securities and Exchange Commission on March 23, 1998, with attached press release and copy of Amended and Restated Agreement and Plan of Merger by and among Western Resources, Inc., Kansas Gas and Electric Company, NKC, Inc., and Kansas City Power & Light Company, dated as of February 7, 1997, and as amended and restated March 18, 1998.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KANSAS CITY POWER & LIGHT COMPANY

Dated: May 5, 1998

By: /s/Drue Jennings
(Drue Jennings)
(Chief Executive Officer)

Dated: May 5, 1998

By: /s/Neil Roadman
(Neil Roadman)
(Principal Accounting Officer)