

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **June 30, 2014**

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 1-3523

WESTAR ENERGY, INC.

(Exact name of registrant as specified in its charter)

Kansas

(State or other jurisdiction of incorporation or organization)

48-0290150

(I.R.S. Employer Identification Number)

818 South Kansas Avenue, Topeka, Kansas 66612

(Address, including Zip code and telephone number, including area code, of registrant's principal executive offices)

(785) 575-6300

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Act). Check one:

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Common Stock, par value \$5.00 per share

(Class)

129,690,019 shares

(Outstanding at July 30, 2014)

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GLOSSARY OF TERMS

The following is a glossary of frequently used abbreviations or acronyms that are found throughout this report.

Abbreviation or Acronym	Definition
2013 Form 10-K	Annual Report on Form 10-K for the year ended December 31, 2013
AFUDC	Allowance for funds used during construction
BACT	Best Available Control Technology
BTA	Best Technology Available
CCB	Coal combustion byproduct
CO	Carbon monoxide
CO₂	Carbon dioxide
COLI	Corporate-owned life insurance
CSAPR	Cross-State Air Pollution Rule
CWA	Clean Water Act
ECRR	Environmental Cost Recovery Rider
EPA	Environmental Protection Agency
EPS	Earnings per share
FERC	Federal Energy Regulatory Commission
Fitch	Fitch Ratings
GAAP	Generally Accepted Accounting Principles
GHG	Greenhouse gas
IRS	Internal Revenue Service
JEC	Jeffrey Energy Center
KCC	Kansas Corporation Commission
KDHE	Kansas Department of Health and Environment
KGE	Kansas Gas and Electric Company
La Cygne	La Cygne Generating Station
Moody's	Moody's Investors Service
MW	Megawatt(s)
MWh	Megawatt hour(s)
NAAQS	National Ambient Air Quality Standards
NDT	Nuclear Decommissioning Trust
NO_x	Nitrogen oxides
NSPS	New Source Performance Standard
PM	Particulate matter
PSD	Prevention of Significant Deterioration
RECA	Retail energy cost adjustment
RSU	Restricted share unit
RTO	Regional transmission organization
S&P	Standard & Poor's Ratings Services
SO₂	Sulfur dioxide
SPP	Southwest Power Pool
VIE	Variable interest entity
Wolf Creek	Wolf Creek Generating Station

FORWARD-LOOKING STATEMENTS

Certain matters discussed in this Form 10-Q are "forward-looking statements." The Private Securities Litigation Reform Act of 1995 has established that these statements qualify for safe harbors from liability. Forward-looking statements may include words like we "believe," "anticipate," "target," "expect," "estimate," "intend" and words of similar meaning. Forward-looking statements describe our future plans, objectives, expectations or goals. Such statements address future events and conditions concerning matters such as, but not limited to:

- amount, type and timing of capital expenditures,
- earnings,
- cash flow,
- liquidity and capital resources,
- litigation,
- accounting matters,
- possible corporate restructurings, acquisitions and dispositions,
- compliance with debt and other restrictive covenants,
- interest rates and dividends,
- environmental matters,
- regulatory matters,
- nuclear operations, and
- the overall economy of our service area and its impact on our customers' demand for electricity and their ability to pay for service.

What happens in each case could vary materially from what we expect because of such things as:

- the risk of operating in a heavily regulated industry subject to frequent and uncertain political, legislative, judicial and regulatory developments at any level of government that can affect our revenues and costs,
- the difficulty of predicting the amount and timing of changes in demand for electricity, including with respect to emerging competing services and technologies,
- weather conditions and their effect on sales of electricity as well as on prices of energy commodities,
- equipment damage from storms and extreme weather,
- economic and capital market conditions, including the impact of inflation or deflation, changes in interest rates, the cost and availability of capital and the market for trading wholesale energy,
- the impact of changes in market conditions on employee benefit liability calculations, as well as actual and assumed investment returns on invested plan assets,
- the impact of changes in estimates regarding our Wolf Creek Generating Station (Wolf Creek) decommissioning obligation,
- the existence or introduction of competition into markets in which we operate,
- the impact of frequently changing laws and regulations relating to air and greenhouse gas (GHG) emissions, water emissions, waste management and other environmental matters,
- risks associated with execution of our planned capital expenditure program, including timing and receipt of regulatory approvals necessary for planned construction and expansion projects as well as the ability to complete planned construction projects within the terms and time frames anticipated,
- cost, availability and timely provision of equipment, supplies, labor and fuel we need to operate our business,
- availability of generating capacity and the performance of our generating plants,
- changes in regulation of nuclear generating facilities and nuclear materials and fuel, including possible shutdown or required modification of nuclear generating facilities,
- additional regulation due to Nuclear Regulatory Commission oversight to ensure the safe operation of Wolf Creek, either related to Wolf Creek's performance, or potentially relating to events or performance at a nuclear plant anywhere in the world,
- uncertainty regarding the establishment of interim or permanent sites for spent nuclear fuel storage and disposal,
- homeland and information and operating systems security considerations,
- changes in accounting requirements and other accounting matters,
- changes in the energy markets in which we participate resulting from the development and implementation of real time and next day trading markets, and the effect of the retroactive repricing of transactions in such markets following execution because of changes or adjustments in market pricing mechanisms by regional transmission organizations and independent system operators,
- reduced demand for coal-based energy because of potential climate impacts and development of alternate energy sources,

- current and future litigation, regulatory investigations, proceedings or inquiries,
- other circumstances affecting anticipated operations, electricity sales and costs, political, legislative, judicial and regulatory developments at the municipal, state and federal level that can affect us or our industry, including in particular those relating to environmental laws and regulations,
- the impact of adverse changes in financial markets potentially resulting in the need for additional funding for the nuclear decommissioning and pension trust,
- cost of fuel used in generation and wholesale electricity prices,
- conservation and energy efficiency measures which may reduce sales, and
- other factors discussed elsewhere in this report and in our Annual Report on Form 10-K for the year ended December 31, 2013 (2013 Form 10-K), including in "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," and in other reports we file from time to time with the Securities and Exchange Commission.

These lists are not all-inclusive because it is not possible to predict all factors. This report should be read in its entirety and in conjunction with our 2013 Form 10-K. No one section of this report deals with all aspects of the subject matter and additional information on some matters that could impact our consolidated financial results may be included in our 2013 Form 10-K. The reader should not place undue reliance on any forward-looking statement, as forward-looking statements speak only as of the date such statements were made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement was made.

PART I. FINANCIAL INFORMATION
ITEM I. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

WESTAR ENERGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands, Except Par Values)
(Unaudited)

	As of June 30, 2014	As of December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 10,751	\$ 4,487
Accounts receivable, net of allowance for doubtful accounts of \$4,503 and \$4,596, respectively	259,205	250,036
Fuel inventory and supplies	256,521	239,511
Deferred tax assets	41,878	37,954
Prepaid expenses	18,058	15,821
Regulatory assets	136,809	135,408
Other	24,931	23,608
Total Current Assets	748,153	706,825
PROPERTY, PLANT AND EQUIPMENT, NET	7,816,120	7,551,916
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	291,253	296,626
OTHER ASSETS:		
Regulatory assets	599,721	620,006
Nuclear decommissioning trust	185,896	175,625
Other	230,099	246,140
Total Other Assets	1,015,716	1,041,771
TOTAL ASSETS	\$ 9,871,242	\$ 9,597,138
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ —	\$ 250,000
Current maturities of long-term debt of variable interest entities	28,098	27,479
Short-term debt	343,300	134,600
Accounts payable	171,162	233,351
Accrued dividends	45,182	43,604
Accrued taxes	76,592	69,769
Accrued interest	55,556	80,457
Regulatory liabilities	54,185	35,982
Other	85,579	80,184
Total Current Liabilities	859,654	955,426
LONG-TERM LIABILITIES:		
Long-term debt, net	3,215,805	2,968,958
Long-term debt of variable interest entities, net	166,720	194,802
Deferred income taxes	1,423,021	1,363,148
Unamortized investment tax credits	190,702	192,265
Regulatory liabilities	307,053	293,574
Accrued employee benefits	325,449	331,558
Asset retirement obligations	177,755	160,682
Other	74,140	68,194
Total Long-Term Liabilities	5,880,645	5,573,181
COMMITMENTS AND CONTINGENCIES (See Notes 10 and 11)		
EQUITY:		
Westar Energy, Inc. Shareholders' Equity:		
Common stock, par value \$5 per share; authorized 275,000,000 shares; issued and outstanding 129,272,835 shares and 128,254,229 shares, respective to each date	646,364	641,271
Paid-in capital	1,718,017	1,696,727
Retained earnings	756,442	724,776
Total Westar Energy, Inc. Shareholders' Equity	3,120,823	3,062,774
Noncontrolling Interests	10,120	5,757
Total Equity	3,130,943	3,068,531
TOTAL LIABILITIES AND EQUITY	\$ 9,871,242	\$ 9,597,138

The accompanying notes are an integral part of these condensed consolidated financial statements.

WESTAR ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended June 30,	
	2014	2013
REVENUES	\$ 612,668	\$ 569,589
OPERATING EXPENSES:		
Fuel and purchased power	164,779	152,700
SPP network transmission costs	55,533	44,600
Operating and maintenance	101,839	87,999
Depreciation and amortization	70,882	67,597
Selling, general and administrative	62,168	54,477
Taxes other than income tax	34,738	30,704
Total Operating Expenses	<u>489,939</u>	<u>438,077</u>
INCOME FROM OPERATIONS	<u>122,729</u>	<u>131,512</u>
OTHER INCOME (EXPENSE):		
Investment earnings	3,175	1,690
Other income	5,658	13,711
Other expense	(2,287)	(2,354)
Total Other Income	<u>6,546</u>	<u>13,047</u>
Interest expense	<u>47,303</u>	<u>45,798</u>
INCOME BEFORE INCOME TAXES	<u>81,972</u>	<u>98,761</u>
Income tax expense	<u>26,150</u>	<u>29,310</u>
NET INCOME	<u>55,822</u>	<u>69,451</u>
Less: Net income attributable to noncontrolling interests	<u>2,349</u>	<u>2,263</u>
NET INCOME ATTRIBUTABLE TO WESTAR ENERGY, INC.	<u>\$ 53,473</u>	<u>\$ 67,188</u>
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO WESTAR ENERGY, INC. (See Note 2):		
Basic earnings per common share	\$ 0.41	\$ 0.53
Diluted earnings per common share	\$ 0.40	\$ 0.52
AVERAGE EQUIVALENT COMMON SHARES OUTSTANDING:		
Basic	129,363,382	127,311,411
Diluted	131,973,139	127,930,395
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.35	\$ 0.34

The accompanying notes are an integral part of these condensed consolidated financial statements.

WESTAR ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Thousands, Except Per Share Amounts)
(Unaudited)

	Six Months Ended June 30,	
	2014	2013
REVENUES	\$ 1,241,224	\$ 1,115,801
OPERATING EXPENSES:		
Fuel and purchased power	338,618	304,452
SPP network transmission costs	107,491	88,396
Operating and maintenance	193,629	172,154
Depreciation and amortization	140,992	134,443
Selling, general and administrative	118,653	103,422
Taxes other than income tax	69,571	61,482
Total Operating Expenses	968,954	864,349
INCOME FROM OPERATIONS	272,270	251,452
OTHER INCOME (EXPENSE):		
Investment earnings	5,553	5,749
Other income	11,575	17,427
Other expense	(7,952)	(7,715)
Total Other Income	9,176	15,461
Interest expense	93,543	90,082
INCOME BEFORE INCOME TAXES	187,903	176,831
Income tax expense	61,111	54,123
NET INCOME	126,792	122,708
Less: Net income attributable to noncontrolling interests	4,365	4,375
NET INCOME ATTRIBUTABLE TO WESTAR ENERGY, INC.	\$ 122,427	\$ 118,333
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO WESTAR ENERGY, INC. (See Note 2):		
Basic earnings per common share	\$ 0.95	\$ 0.93
Diluted earnings per common share	\$ 0.93	\$ 0.92
AVERAGE EQUIVALENT COMMON SHARES OUTSTANDING:		
Basic	129,184,767	127,254,250
Diluted	131,778,584	127,735,157
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.70	\$ 0.68

The accompanying notes are an integral part of these condensed consolidated financial statements.

WESTAR ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Six Months Ended June 30,	
	2014	2013
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net income	\$ 126,792	\$ 122,708
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	140,992	134,443
Amortization of nuclear fuel	10,304	8,631
Amortization of deferred regulatory gain from sale leaseback	(2,748)	(2,748)
Amortization of corporate-owned life insurance	8,712	4,138
Non-cash compensation	3,945	4,146
Net deferred income taxes and credits	58,097	45,409
Stock-based compensation excess tax benefits	544	(399)
Allowance for equity funds used during construction	(9,718)	(5,689)
Changes in working capital items:		
Accounts receivable	(10,586)	(15,271)
Fuel inventory and supplies	(16,248)	11,780
Prepaid expenses and other	(4,891)	2,396
Accounts payable	(16,199)	(24,838)
Accrued taxes	8,293	16,196
Other current liabilities	(32,477)	(58,624)
Changes in other assets	1,828	(28,048)
Changes in other liabilities	16,674	17,080
Cash Flows from Operating Activities	<u>283,314</u>	<u>231,310</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(427,124)	(398,998)
Purchase of securities - trusts	(4,410)	(59,986)
Sale of securities - trusts	5,552	75,475
Investment in corporate-owned life insurance	(15,903)	(17,408)
Proceeds from investment in corporate-owned life insurance	1,773	101,085
Proceeds from federal grant	—	876
Investment in affiliated company	1,418	—
Other investing activities	(1,544)	(2,362)
Cash Flows used in Investing Activities	<u>(440,238)</u>	<u>(301,318)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short-term debt, net	208,533	70,617
Proceeds from long-term debt	171,785	245,813
Retirements of long-term debt	(177,500)	(100,000)
Retirements of long-term debt of variable interest entities	(27,305)	(25,474)
Repayment of capital leases	(1,628)	(1,539)
Borrowings against cash surrender value of corporate-owned life insurance	56,577	57,948
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(1,123)	(100,060)
Stock-based compensation excess tax benefits	(544)	399
Issuance of common stock	20,699	2,992
Distributions to shareholders of noncontrolling interests	—	(1,658)
Cash dividends paid	(84,419)	(80,886)
Other financing activities	(1,887)	—
Cash Flows from Financing Activities	<u>163,188</u>	<u>68,152</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>6,264</u>	<u>(1,856)</u>
CASH AND CASH EQUIVALENTS:		
Beginning of period	4,487	5,829
End of period	<u>\$ 10,751</u>	<u>\$ 3,973</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

WESTAR ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Dollars in Thousands)
(Unaudited)

	Westar Energy, Inc. Shareholders				Non- controlling interests	Total equity
	Common stock shares	Common stock	Paid-in capital	Retained earnings		
Balance as of December 31, 2012	126,503,748	\$ 632,519	\$ 1,656,972	\$ 606,649	\$ 14,115	\$ 2,910,255
Net income	—	—	—	118,333	4,375	122,708
Issuance of stock	95,841	479	2,513	—	—	2,992
Issuance of stock for compensation and reinvested dividends	335,462	1,677	3,105	—	—	4,782
Tax withholding related to stock compensation	—	—	(2,568)	—	—	(2,568)
Dividends on common stock (\$0.68 per share)	—	—	—	(87,082)	—	(87,082)
Stock compensation expense	—	—	4,104	—	—	4,104
Tax benefit on stock compensation	—	—	399	—	—	399
Deconsolidation of noncontrolling interest	—	—	—	—	(14,282)	(14,282)
Distributions to shareholders of noncontrolling interests	—	—	—	—	(1,658)	(1,658)
Balance as of June 30, 2013	<u>126,935,051</u>	<u>\$ 634,675</u>	<u>\$ 1,664,525</u>	<u>\$ 637,900</u>	<u>\$ 2,550</u>	<u>\$ 2,939,650</u>
Balance as of December 31, 2013	128,254,229	\$ 641,271	\$ 1,696,727	\$ 724,776	\$ 5,757	\$ 3,068,531
Net income	—	—	—	122,427	4,365	126,792
Issuance of stock	755,961	3,780	16,919	—	—	20,699
Issuance of stock for compensation and reinvested dividends	262,645	1,313	2,899	—	—	4,212
Tax withholding related to stock compensation	—	—	(1,887)	—	—	(1,887)
Dividends on common stock (\$0.70 per share)	—	—	—	(90,761)	—	(90,761)
Stock compensation expense	—	—	3,903	—	—	3,903
Tax benefit on stock compensation	—	—	(544)	—	—	(544)
Other	—	—	—	—	(2)	(2)
Balance as of June 30, 2014	<u>129,272,835</u>	<u>646,364</u>	<u>1,718,017</u>	<u>756,442</u>	<u>10,120</u>	<u>3,130,943</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

WESTAR ENERGY, INC.

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)**

1. DESCRIPTION OF BUSINESS

We are the largest electric utility in Kansas. Unless the context otherwise indicates, all references in this Quarterly Report on Form 10-Q to "the company," "we," "us," "our" and similar words are to Westar Energy, Inc. and its consolidated subsidiaries. The term "Westar Energy" refers to Westar Energy, Inc., a Kansas corporation incorporated in 1924, alone and not together with its consolidated subsidiaries.

We provide electric generation, transmission and distribution services to approximately 697,000 customers in Kansas. Westar Energy provides these services in central and northeastern Kansas, including the cities of Topeka, Lawrence, Manhattan, Salina and Hutchinson. Kansas Gas and Electric Company (KGE), Westar Energy's wholly owned subsidiary, provides these services in south-central and southeastern Kansas, including the city of Wichita. Both Westar Energy and KGE conduct business using the name Westar Energy. Our corporate headquarters is located at 818 South Kansas Avenue, Topeka, Kansas 66612.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

We prepare our unaudited condensed consolidated financial statements in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements presented in accordance with generally accepted accounting principles (GAAP) have been condensed or omitted. Our condensed consolidated financial statements include all operating divisions, majority owned subsidiaries and variable interest entities (VIEs) of which we maintain a controlling interest or are the primary beneficiary reported as a single reportable segment. Undivided interests in jointly-owned generation facilities are included on a proportionate basis. Intercompany accounts and transactions have been eliminated in consolidation. In our opinion, all adjustments, consisting only of normal recurring adjustments considered necessary for a fair presentation of the consolidated financial statements, have been included.

The accompanying condensed consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and notes included in our 2013 Form 10-K.

Use of Management's Estimates

When we prepare our condensed consolidated financial statements, we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of our condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an on-going basis, including those related to depreciation, unbilled revenue, valuation of investments, forecasted fuel costs included in our retail energy cost adjustment (RECA) billed to customers, income taxes, pension and post-retirement benefits, our asset retirement obligations including the decommissioning of Wolf Creek, environmental issues, VIEs, contingencies and litigation. Actual results may differ from those estimates under different assumptions or conditions. The results of operations for the three and six months ended June 30, 2014, are not necessarily indicative of the results to be expected for the full year.

Fuel Inventory and Supplies

We state fuel inventory and supplies at average cost. Following are the balances for fuel inventory and supplies stated separately.

	As of June 30, 2014	As of December 31, 2013
	(In Thousands)	
Fuel inventory	\$ 83,513	\$ 78,368
Supplies	173,008	161,143
Fuel inventory and supplies	<u>\$ 256,521</u>	<u>\$ 239,511</u>

Allowance for Funds Used During Construction

Allowance for funds used during construction (AFUDC) represents the allowed cost of capital used to finance utility construction activity. We compute AFUDC by applying a composite rate to qualified construction work in progress. We credit other income (for equity funds) and interest expense (for borrowed funds) for the amount of AFUDC capitalized as construction cost on the accompanying consolidated statements of income as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(Dollars In Thousands)			
Borrowed funds	\$ 3,213	\$ 2,583	\$ 6,944	\$ 5,168
Equity funds	4,712	2,943	9,718	5,689
Total	<u>\$ 7,925</u>	<u>\$ 5,526</u>	<u>\$ 16,662</u>	<u>\$ 10,857</u>
Average AFUDC Rates	6.8%	4.3%	7.0%	4.3%

Earnings Per Share

We have participating securities in the form of unvested restricted share units (RSUs) with nonforfeitable rights to dividend equivalents that receive dividends on an equal basis with dividends declared on common shares. As a result, we apply the two-class method of computing basic and diluted earnings per share (EPS).

Under the two-class method, we reduce net income attributable to common stock by the amount of dividends declared in the current period. We allocate the remaining earnings to common stock and RSUs to the extent that each security may share in earnings as if all of the earnings for the period had been distributed. We determine the total earnings allocated to each security by adding together the amount allocated for dividends and the amount allocated for a participation feature. To compute basic EPS, we divide the earnings allocated to common stock by the weighted average number of common shares outstanding. Diluted EPS includes the effect of potential issuances of common shares resulting from our forward sale agreements and RSUs with forfeitable rights to dividend equivalents. We compute the dilutive effect of potential issuances of common shares using the treasury stock method.

The following table reconciles our basic and diluted EPS from net income.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(Dollars In Thousands, Except Per Share Amounts)			
Net income	\$ 55,822	\$ 69,451	\$ 126,792	\$ 122,708
Less: Net income attributable to noncontrolling interests	2,349	2,263	4,365	4,375
Net income attributable to Westar Energy, Inc.	53,473	67,188	122,427	118,333
Less: Net income allocated to RSUs	148	196	336	339
Net income allocated to common stock	\$ 53,325	\$ 66,992	\$ 122,091	\$ 117,994
Weighted average equivalent common shares outstanding – basic	129,363,382	127,311,411	129,184,767	127,254,250
Effect of dilutive securities:				
RSUs	164,641	53,570	122,221	45,567
Forward sale agreements	2,445,116	565,414	2,471,596	435,340
Weighted average equivalent common shares outstanding – diluted (a)	131,973,139	127,930,395	131,778,584	127,735,157
Earnings per common share, basic	\$ 0.41	\$ 0.53	\$ 0.95	\$ 0.93
Earnings per common share, diluted	\$ 0.40	\$ 0.52	\$ 0.93	\$ 0.92

(a) We had no antidilutive shares for the three and six months ended June 30, 2014 and 2013.

Supplemental Cash Flow Information

	Six Months Ended June 30,	
	2014	2013
	(In Thousands)	
CASH PAID FOR (RECEIVED FROM):		
Interest on financing activities, net of amount capitalized	\$ 80,373	\$ 73,853
Interest on financing activities of VIEs	6,526	7,349
Income taxes, net of refunds	236	(86)
NON-CASH INVESTING TRANSACTIONS:		
Property, plant and equipment additions	90,395	56,187
Property, plant and equipment of VIEs	—	(14,282)
NON-CASH FINANCING TRANSACTIONS:		
Issuance of stock for compensation and reinvested dividends	4,212	4,782
Deconsolidation of VIE	—	(14,282)
Assets acquired through capital leases	1,195	326

New Accounting Pronouncements

We prepare our consolidated financial statements in accordance with GAAP for the United States of America. To address current issues in accounting, regulatory bodies have issued the following new accounting pronouncement that may affect our accounting and/or disclosure.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance that addresses revenue from contracts with customers. The objective of the new guidance is to establish principles to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue from contracts with customers. This guidance is effective for fiscal years beginning after December 15, 2016. Early application of the standard is not permitted. The standard permits the use of either the retrospective application or cumulative effect transition method. We have not yet selected a transition method or determined the impact on our consolidated financial statements but we do not expect it to be material.

3. RATE MATTERS AND REGULATION

KCC Proceedings

In June 2014, the Kansas Corporation Commission (KCC) issued an order to adjust our prices to include updated transmission costs as reflected in the transmission formula rate discussed below. The new prices were effective in April 2014 and we estimate this will increase our annual retail revenues by approximately \$41.0 million.

In May 2014, the KCC issued an order to adjust our prices to include costs associated with investments to comply with environmental requirements during 2013. New prices were effective in June 2014 and we estimate this will increase our annual retail revenues by approximately \$11.0 million.

In December 2013, the KCC issued an order to adjust our prices to include costs incurred for property taxes. New prices were effective in January 2014 and are expected to increase annual retail revenues by approximately \$12.7 million.

FERC Proceedings

Our transmission formula rate that includes projected 2014 transmission capital expenditures and operating costs became effective January 2014 and is expected to increase annual transmission revenues by approximately \$44.3 million. This updated rate provided the basis for our request to the KCC to adjust our retail prices to include updated transmission costs discussed above.

4. FINANCIAL INSTRUMENTS AND TRADING SECURITIES

Values of Financial Instruments

GAAP establishes a hierarchical framework for disclosing the transparency of the inputs utilized in measuring assets and liabilities at fair value. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of assets and liabilities within the fair value hierarchy levels. The three levels of the hierarchy and examples are as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities. The types of assets and liabilities included in level 1 are highly liquid and actively traded instruments with quoted prices, such as equities listed on public exchanges.
- Level 2 - Pricing inputs are not quoted prices in active markets, but are either directly or indirectly observable. The types of assets and liabilities included in level 2 are typically measured at net asset value, comparable to actively traded securities or contracts, such as treasury securities with pricing interpolated from recent trades of similar securities, or priced with models using highly observable inputs.
- Level 3 - Significant inputs to pricing have little or no transparency. The types of assets and liabilities included in level 3 are those with inputs requiring significant management judgment or estimation. Level 3 includes investments in private equity, real estate securities and other alternative investments, which are measured at net asset value.

We record cash and cash equivalents, short-term borrowings and variable rate debt on our consolidated balance sheets at cost, which approximates fair value. We measure the fair value of fixed rate debt, a level 2 measurement, based on quoted market prices for the same or similar issues or on the current rates offered for instruments of the same remaining maturities and redemption provisions. The recorded amount of accounts receivable and other current financial instruments approximates fair value.

All of our level 2 investments are held in investment funds that are measured at fair value using daily net asset values. In addition, we maintain certain level 3 investments in private equity, alternative investments and real estate securities that are also measured at fair value using net asset value, but require significant unobservable market information to measure the fair value of the underlying investments. The underlying investments in private equity are measured at fair value utilizing both market- and income-based models, public company comparables, investment cost or the value derived from subsequent financings. Adjustments are made when actual performance differs from expected performance; when market, economic or company-specific conditions change; and when other news or events have a material impact on the security. The underlying alternative investments include collateralized debt obligations, mezzanine debt and a variety of other investments. The fair value of these investments is measured using a variety of primarily market-based models utilizing inputs such as security prices, maturity, call features, ratings and other developments related to specific securities. The underlying real estate investments are measured at fair value using a combination of market- and income-based models utilizing market discount rates, projected cash flows and the estimated value into perpetuity.

We measure fair value based on information available as of the measurement date. The following table provides the carrying values and measured fair values of our fixed-rate debt.

	As of June 30, 2014		As of December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In Thousands)			
Fixed-rate debt	\$ 3,105,000	\$ 3,417,259	\$ 3,102,500	\$ 3,294,209
Fixed-rate debt of VIEs	194,377	215,873	221,682	241,241

Recurring Fair Value Measurements

The following table provides the amounts and their corresponding level of hierarchy for our assets that are measured at fair value.

<u>As of June 30, 2014</u>	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Nuclear Decommissioning Trust:				
Domestic equity	\$ —	\$ 52,848	\$ 6,288	\$ 59,136
International equity	—	33,930	—	33,930
Core bonds	—	18,865	—	18,865
High-yield bonds	—	13,575	—	13,575
Emerging market bonds	—	11,995	—	11,995
Other fixed income	—	4,807	—	4,807
Combination debt/equity/other funds	—	17,920	—	17,920
Alternative investments	—	—	16,446	16,446
Real estate securities	—	—	9,026	9,026
Cash equivalents	196	—	—	196
Total Nuclear Decommissioning Trust	196	153,940	31,760	185,896
Trading Securities:				
Domestic equity	—	18,450	—	18,450
International equity	—	4,607	—	4,607
Core bonds	—	12,307	—	12,307
Cash equivalents	168	—	—	168
Total Trading Securities	168	35,364	—	35,532
Total Assets Measured at Fair Value	\$ 364	\$ 189,304	\$ 31,760	\$ 221,428

<u>As of December 31, 2013</u>	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Nuclear Decommissioning Trust:				
Domestic equity	\$ —	\$ 49,957	\$ 5,817	\$ 55,774
International equity	—	31,816	—	31,816
Core bonds	—	18,107	—	18,107
High-yield bonds	—	12,902	—	12,902
Emerging market bonds	—	11,055	—	11,055
Other fixed income	—	4,690	—	4,690
Combination debt/equity/other funds	—	17,093	—	17,093
Alternative investments	—	—	15,675	15,675
Real estate securities	—	—	8,511	8,511
Cash equivalents	2	—	—	2
Total Nuclear Decommissioning Trust	2	145,620	30,003	175,625
Trading Securities:				
Domestic equity	—	18,075	—	18,075
International equity	—	4,519	—	4,519
Core bonds	—	12,166	—	12,166
Cash equivalents	166	—	—	166
Total Trading Securities	166	34,760	—	34,926
Total Assets Measured at Fair Value	\$ 168	\$ 180,380	\$ 30,003	\$ 210,551

The following table provides reconciliations of assets and liabilities measured at fair value using significant level 3 inputs for the three and six months ended June 30, 2014.

	Domestic Equity	Alternative Investments	Real Estate Securities	Net Balance
(In Thousands)				
Balance as of March 31, 2014	\$ 5,984	\$ 16,102	\$ 8,812	\$ 30,898
Total realized and unrealized gains (losses) included in:				
Regulatory liabilities	447	344	214	1,005
Purchases	46	—	89	135
Sales	(189)	—	(89)	(278)
Balance as of June 30, 2014	<u>\$ 6,288</u>	<u>\$ 16,446</u>	<u>\$ 9,026</u>	<u>\$ 31,760</u>
Balance as of December 31, 2013	\$ 5,817	\$ 15,675	\$ 8,511	\$ 30,003
Total realized and unrealized gains (losses) included in:				
Regulatory liabilities	609	771	515	1,895
Purchases	96	—	166	262
Sales	(234)	—	(166)	(400)
Balance as of June 30, 2014	<u>\$ 6,288</u>	<u>\$ 16,446</u>	<u>\$ 9,026</u>	<u>\$ 31,760</u>

The following table provides reconciliations of assets and liabilities measured at fair value using significant level 3 inputs for the three and six months ended June 30, 2013.

	Domestic Equity	Alternative Investments	Real Estate Securities	Net Balance
(In Thousands)				
Balance as of March 31, 2013	\$ 4,785	\$ 15,000	\$ 8,027	\$ 27,812
Total realized and unrealized gains (losses) included in:				
Regulatory liabilities	229	234	134	597
Purchases	72	—	71	143
Sales	(72)	—	(71)	(143)
Balance as of June 30, 2013	<u>\$ 5,014</u>	<u>\$ 15,234</u>	<u>\$ 8,161</u>	<u>\$ 28,409</u>
Balance as of December 31, 2012	\$ 4,899	\$ —	\$ 7,865	\$ 12,764
Total realized and unrealized gains (losses) included in:				
Regulatory liabilities	197	234	296	727
Purchases	135	15,000	140	15,275
Sales	(217)	—	(140)	(357)
Balance as of June 30, 2013	<u>\$ 5,014</u>	<u>\$ 15,234</u>	<u>\$ 8,161</u>	<u>\$ 28,409</u>

Portions of the gains and losses contributing to changes in net assets in the above table are unrealized. The following table summarizes the unrealized gains and losses we recorded to regulatory liabilities on our consolidated financial statements during the three and six months ended June 30, 2014 and 2013, attributed to level 3 assets and liabilities.

	Domestic Equity	Alternative Investments	Real Estate Securities	Net Balance
(In Thousands)				
Three months ended June 30, 2014	\$ 259	\$ 344	\$ 124	\$ 727
Three months ended June 30, 2013	157	234	62	453
Six months ended June 30, 2014	375	772	349	1,496
Six months ended June 30, 2013	(20)	234	155	369

Some of our investments in the nuclear decommissioning trust (NDT) and our trading securities portfolio are measured at net asset value and do not have readily determinable fair values. These investments are either with investment companies or companies that follow accounting guidance consistent with investment companies. In certain situations these investments may have redemption restrictions. The following table provides additional information on these investments.

	As of June 30, 2014		As of December 31, 2013		As of June 30, 2014	
	Fair Value	Unfunded Commitments	Fair Value	Unfunded Commitments	Redemption Frequency	Length of Settlement
(In Thousands)						
Nuclear Decommissioning Trust:						
Domestic equity	\$ 6,288	\$ 2,587	\$ 5,817	\$ 2,683	(a)	(a)
Alternative investments	16,446	—	15,675	—	(b)	(b)
Real estate securities	9,026	—	8,511	—	Quarterly	80 days
Total Nuclear Decommissioning Trust	31,760	2,587	30,003	2,683		
Trading Securities:						
Domestic equity	18,450	—	18,075	—	Upon Notice	1 day
International equity	4,607	—	4,519	—	Upon Notice	1 day
Core bonds	12,307	—	12,166	—	Upon Notice	1 day
Total Trading Securities	35,364	—	34,760	—		
Total	\$ 67,124	\$ 2,587	\$ 64,763	\$ 2,683		

(a) This investment is in three long-term private equity funds that do not permit early withdrawal. Our investments in these funds cannot be distributed until the underlying investments have been liquidated which may take years from the date of initial liquidation. Two funds have begun to make distributions. Our initial investment in the third fund occurred in the third quarter of 2013. This fund's term will be 15 years, subject to the general partner's right to extend the term for up to three additional one-year periods.

(b) This investment has an initial lock-up period of 24 months. Redemptions are allowed, on a quarterly basis, after 24 months at the sole discretion of the fund's board of directors. A 65-day notice of redemption is required. There is a holdback on final redemptions.

Price Risk

We use various types of fuel, including coal, natural gas, uranium and diesel to operate our plants and also purchase power to meet customer demand. Our prices and consolidated financial results are exposed to market risks from commodity price changes for electricity and other energy-related products as well as interest rates. Volatility in these markets impacts our costs of purchased power and costs of fuel for our generating plants. We strive to manage our customers' and our exposure to market risks through regulatory, operating and financing activities.

Interest Rate Risk

We have entered into numerous fixed and variable rate debt obligations. We manage our interest rate risk related to these debt obligations by limiting our exposure to variable interest rate debt, diversifying maturity dates and entering into treasury yield hedge transactions. We may also use other financial derivative instruments such as interest rate swaps.

5. FINANCIAL INVESTMENTS

We report some of our investments in equity and debt securities at fair value and use the specific identification method to determine their realized gains and losses. We classify these investments as either trading securities or available-for-sale securities as described below.

Trading Securities

We hold equity and debt investments which we classify as trading securities in a trust used to fund certain retirement benefit obligations. As of June 30, 2014, and December 31, 2013, we measured the fair value of trust assets at \$35.5 million and \$34.9 million, respectively. We include unrealized gains or losses on these securities in investment earnings on our consolidated statements of income. For the three and six months ended June 30, 2014, we recorded unrealized gains of \$1.1 million and \$1.6 million, respectively, on the assets still held. For the three and six months ended June 30, 2013, we recorded unrealized losses of \$6.2 million and \$3.7 million, respectively, on the assets still held.

Available-for-Sale Securities

We hold investments in a trust for the purpose of funding the decommissioning of Wolf Creek. We have classified these investments as available-for-sale and have recorded all such investments at their fair market value as of June 30, 2014, and December 31, 2013. As of June 30, 2014, the fair value of available-for-sale bond funds was \$49.2 million. The NDT did not have investments in debt securities outside of investment funds as of June 30, 2014.

Using the specific identification method to determine cost, we realized no gains on our available-for-sale securities for the three months ended June 30, 2014 and a gain of \$0.1 million for the six months ended June 30, 2014. For the three and six months ended June 30, 2013, we realized gains of \$3.2 million and \$4.5 million, respectively. We record net realized and unrealized gains and losses in regulatory liabilities on our consolidated balance sheets. This reporting is consistent with the method we use to account for the decommissioning costs we recover in our prices. Gains or losses on assets in the trust fund are recorded as increases or decreases to regulatory liabilities and could result in lower or higher funding requirements for decommissioning costs, which we believe would be reflected in the prices paid by our customers.

The following table presents the cost, gross unrealized gains and losses, fair value and allocation of investments in the NDT fund as of June 30, 2014, and December 31, 2013.

Security Type	Cost	Gross Unrealized		Fair Value	Allocation
		Gain	Loss		
(Dollars In Thousands)					
As of June 30, 2014					
Domestic equity	\$ 41,327	\$ 17,814	\$ (5)	\$ 59,136	32%
International equity	27,133	6,797	—	33,930	18%
Core bonds	18,500	365	—	18,865	10%
High-yield bonds	12,652	923	—	13,575	7%
Emerging market bonds	12,262	—	(267)	11,995	6%
Other fixed income	4,738	69	—	4,807	3%
Combination debt/equity/other funds	14,964	3,010	(54)	17,920	10%
Alternative investments	15,000	1,446	—	16,446	9%
Real estate securities	10,434	—	(1,408)	9,026	5%
Cash equivalents	196	—	—	196	<1%
Total	\$ 157,206	\$ 30,424	\$ (1,734)	\$ 185,896	100%
As of December 31, 2013					
Domestic equity	\$ 40,976	\$ 14,799	\$ (1)	\$ 55,774	32%
International equity	26,581	5,266	(31)	31,816	18%
Core bonds	18,287	—	(180)	18,107	10%
High-yield bonds	12,275	627	—	12,902	7%
Emerging market bonds	12,207	—	(1,152)	11,055	6%
Other fixed income	4,684	6	—	4,690	3%
Combination debt/equity/other funds	14,964	2,380	(251)	17,093	10%
Alternative investments	15,000	675	—	15,675	9%
Real estate securities	10,268	—	(1,757)	8,511	5%
Cash equivalents	2	—	—	2	<1%
Total	\$ 155,244	\$ 23,753	\$ (3,372)	\$ 175,625	100%

The following table presents the fair value and the gross unrealized losses of the available-for-sale securities held in the NDT fund aggregated by investment category and the length of time that individual securities have been in a continuous unrealized loss position as of June 30, 2014, and December 31, 2013.

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
(In Thousands)						
As of June 30, 2014						
Domestic equity	\$ 105	\$ (5)	\$ —	\$ —	\$ 105	\$ (5)
Emerging market bonds	—	—	11,995	(267)	11,995	(267)
Combination debt/equity/other funds	—	—	6,463	(54)	6,463	(54)
Real estate securities	—	—	9,026	(1,408)	9,026	(1,408)
Total	\$ 105	\$ (5)	\$ 27,484	\$ (1,729)	\$ 27,589	\$ (1,734)
As of December 31, 2013						
Domestic equity	\$ 59	\$ (1)	\$ —	\$ —	\$ 59	\$ (1)
International equity	6,244	(31)	—	—	6,244	(31)
Core bonds	18,107	(180)	—	—	18,107	(180)
Emerging market bonds	11,055	(1,152)	—	—	11,055	(1,152)
Combination debt/equity/other funds	6,283	(251)	—	—	6,283	(251)
Real estate securities	—	—	8,511	(1,757)	8,511	(1,757)
Total	\$ 41,748	\$ (1,615)	\$ 8,511	\$ (1,757)	\$ 50,259	\$ (3,372)

6. DEBT FINANCING

In July 2014, KGE issued \$250.0 million in aggregate principal amount of first mortgage bonds bearing stated interest at 4.30% per annum and maturing July 2044, the proceeds of which were used in July 2014 to retire Westar Energy first mortgage bonds in an aggregate principal amount of \$250.0 million and stated interest of 6.00% per annum.

In May 2014, Westar Energy issued \$180.0 million in aggregate principal amount of first mortgage bonds bearing stated interest at 4.10% per annum and maturing April 2043. These bonds constitute a further issuance of a series of bonds initially issued in March 2013 in an aggregate principal amount of \$250.0 million. Proceeds from this issuance were used in June 2014 to redeem three KGE pollution control bond series with an aggregate principal amount of \$177.5 million and stated interest rates of 5.30% and 5.00% per annum.

In February 2014, Westar Energy extended the term of the \$270.0 million revolving credit facility to February 2017, provided that \$20.0 million of this facility will terminate in February 2016. So long as there is no default under the facility, Westar Energy may increase the aggregate amount of borrowings under the facility to \$400.0 million, subject to lender participation. All borrowings under the facility are secured by KGE first mortgage bonds. As of June 30, 2014, and December 31, 2013, Westar Energy had no borrowed amounts or letters of credit outstanding under this revolving credit facility.

7. TAXES

We recorded income tax expense of \$26.2 million with an effective income tax rate of 32% for the three months ended June 30, 2014, and income tax expense of \$29.3 million with an effective income tax rate of 30% for the same period of 2013. We recorded income tax expense of \$61.1 million with an effective income tax rate of 33% for the six months ended June 30, 2014, and income tax expense of \$54.1 million with an effective income tax rate of 31% for the same period of 2013. The increases in the effective income tax rates for the three and six months ended June 30, 2014, were due primarily to less non-taxable income from corporate-owned life insurance (COLI).

As of June 30, 2014, and December 31, 2013, unrecognized income tax benefits totaled \$2.5 million and \$1.7 million, respectively. We do not expect significant changes in our unrecognized income tax benefits in the next 12 months.

As of June 30, 2014, and December 31, 2013, we had \$0.2 million accrued for interest related to our unrecognized income tax benefits. We accrued no penalties at either June 30, 2014, or December 31, 2013.

As of June 30, 2014, and December 31, 2013, we had recorded \$1.5 million for probable assessments of taxes other than income taxes.

Effective January 1, 2014, we adopted new regulations released by the Internal Revenue Service (IRS) and the U. S. Treasury Department regarding deduction and capitalization of expenditures related to tangible property, including the tax treatment of, among other things, materials and supplies and the determination of whether expenditures with respect to tangible property are a deductible repair or must be capitalized, and re-proposed regulations regarding dispositions of property under the Modified Accelerated Cost Recovery System. We continue to evaluate the new regulations, but do not expect them to have a material impact on our consolidated financial results.

Additionally, also effective January 1, 2014, we implemented new accounting guidance regarding the presentation of an unrecognized tax benefit. An unrecognized tax benefit should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, similar tax loss, or a tax credit carryforward. To the extent that such deferred tax assets are not available to settle any additional income taxes that would result from the disallowance of a tax position at the reporting date, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. We adopted this guidance with retrospective application to prior periods and it did not have a material impact on our consolidated financial statements.

8. PENSION AND POST-RETIREMENT BENEFIT PLANS

The following table summarizes the net periodic costs for our pension and post-retirement benefit plans prior to the effects of capitalization.

Three Months Ended June 30,	Pension Benefits		Post-retirement Benefits	
	2014	2013	2014	2013
	(In Thousands)			
Components of Net Periodic Cost (Benefit):				
Service cost	\$ 4,055	\$ 5,355	\$ 345	\$ 507
Interest cost	10,400	9,630	1,588	1,502
Expected return on plan assets	(9,109)	(8,351)	(1,644)	(1,672)
Amortization of unrecognized:				
Transition obligation, net	—	—	—	81
Prior service costs	131	150	631	631
Actuarial loss, net	4,840	8,479	(185)	281
Net periodic cost before regulatory adjustment	10,317	15,263	735	1,330
Regulatory adjustment (a)	4,002	783	1,124	717
Net periodic cost	<u>\$ 14,319</u>	<u>\$ 16,046</u>	<u>\$ 1,859</u>	<u>\$ 2,047</u>

- (a) The regulatory adjustment represents the difference between current period pension or post-retirement benefit expense and the amount of such expense recognized in setting our prices.

Six Months Ended June 30,	Pension Benefits		Post-retirement Benefits	
	2014	2013	2014	2013
	(In Thousands)			
Components of Net Periodic Cost (Benefit):				
Service cost	\$ 8,110	\$ 10,710	\$ 691	\$ 1,014
Interest cost	20,800	19,260	3,175	3,004
Expected return on plan assets	(18,219)	(16,702)	(3,288)	(3,345)
Amortization of unrecognized:				
Transition obligation, net	—	—	—	162
Prior service costs	262	300	1,262	1,262
Actuarial loss, net	9,681	16,957	(371)	562
Net periodic cost before regulatory adjustment	20,634	30,525	1,469	2,659
Regulatory adjustment (a)	8,003	1,567	2,247	1,434
Net periodic cost	<u>\$ 28,637</u>	<u>\$ 32,092</u>	<u>\$ 3,716</u>	<u>\$ 4,093</u>

- (a) The regulatory adjustment represents the difference between current period pension or post-retirement benefit expense and the amount of such expense recognized in setting our prices.

During the six months ended June 30, 2014 and 2013, we contributed \$19.0 million and \$17.7 million, respectively, to the Westar Energy pension trust.

9. WOLF CREEK PENSION AND POST-RETIREMENT BENEFIT PLANS

As a co-owner of Wolf Creek, KGE is indirectly responsible for 47% of the liabilities and expenses associated with the Wolf Creek pension and post-retirement benefit plans. The following tables summarize the net periodic costs for KGE's 47% share of the Wolf Creek pension and post-retirement benefit plans prior to the effects of capitalization.

Three Months Ended June 30,	Pension Benefits		Post-retirement Benefits	
	2014	2013	2014	2013
	(In Thousands)			
Components of Net Periodic Cost (Benefit):				
Service cost	\$ 1,424	\$ 1,708	\$ 43	\$ 52
Interest cost	2,117	1,891	116	103
Expected return on plan assets	(2,021)	(1,843)	—	—
Amortization of unrecognized:				
Prior service costs	14	14	—	—
Actuarial loss, net	747	1,355	41	66
Net periodic cost before regulatory adjustment	2,281	3,125	200	221
Regulatory adjustment (a)	501	(203)	—	—
Net periodic cost	<u>\$ 2,782</u>	<u>\$ 2,922</u>	<u>\$ 200</u>	<u>\$ 221</u>

(a) The regulatory adjustment represents the difference between current period pension or post-retirement benefit expense and the amount of such expense recognized in setting our prices.

Six Months Ended June 30,	Pension Benefits		Post-retirement Benefits	
	2014	2013	2014	2013
	(In Thousands)			
Components of Net Periodic Cost (Benefit):				
Service cost	\$ 2,847	\$ 3,417	\$ 87	\$ 104
Interest cost	4,235	3,782	232	206
Expected return on plan assets	(4,042)	(3,686)	—	—
Amortization of unrecognized:				
Prior service costs	29	28	—	—
Actuarial loss, net	1,493	2,710	82	132
Net periodic cost before regulatory adjustment	4,562	6,251	401	442
Regulatory adjustment (a)	1,002	(406)	—	—
Net periodic cost	<u>\$ 5,564</u>	<u>\$ 5,845</u>	<u>\$ 401</u>	<u>\$ 442</u>

(a) The regulatory adjustment represents the difference between current period pension or post-retirement benefit expense and the amount of such expense recognized in setting our prices.

During the six months ended June 30, 2014, we did not fund the Wolf Creek pension plan, and during the six months ended June 30, 2013, we funded \$3.7 million of Wolf Creek's pension plan contributions.

10. COMMITMENTS AND CONTINGENCIES

Federal Clean Air Act

We must comply with the federal Clean Air Act, state laws and implementing federal and state regulations that impose, among other things, limitations on emissions generated from our operations, including sulfur dioxide (SO₂), particulate matter (PM), nitrogen oxides (NO_x), carbon monoxide (CO), mercury, acid gases and GHG.

Emissions from our generating facilities, including PM, SO₂ and NO_x, have been determined by regulation to reduce visibility by causing or contributing to regional haze. Under federal laws, such as the Clean Air Visibility Rule, and pursuant to an Environmental Protection Agency (EPA) approved Kansas State Implementation Plan, we are required to install, operate and maintain controls to reduce emissions found to cause or contribute to regional haze.

Under the federal Clean Air Act, the EPA sets National Ambient Air Quality Standards (NAAQS) for certain emissions considered harmful to public health and the environment, including two classes of PM, NO_x (a precursor to ozone), CO and SO₂, which result from fossil fuel combustion. Areas meeting the NAAQS are designated attainment areas while those that do not meet the NAAQS are considered nonattainment areas. Each state must develop a plan to bring nonattainment areas into compliance with the NAAQS. NAAQS must be reviewed by the EPA at five-year intervals. The Kansas Department of Health and Environment (KDHE) proposed to designate portions of the Kansas City area nonattainment for the eight-hour ozone standard, which has the potential to impact our operations. The EPA has not acted on KDHE's proposed designation of the Kansas City area and it is uncertain when, or if, such a designation might occur. The Wichita area also exceeded the eight-hour ozone standard and could be designated nonattainment in the future, potentially impacting our operations.

In December 2012, the EPA strengthened an existing NAAQS for one class of PM. By the end of 2014, the EPA anticipates making final attainment/nonattainment designations under this rule and expects to issue a final implementation rule. We are currently evaluating the rule and it may have a material impact on our operations and/or consolidated financial results.

In 2010 the EPA strengthened the NAAQS for both NO_x and SO₂. We continue to communicate with our regulators regarding these standards and are currently evaluating what impact this could have on our operations. If we are required to install additional equipment to control emissions at our facilities, the revised NAAQS could have a material impact on our operations and/or consolidated financial results.

Cross-State Air Pollution Rule

In 2011, the EPA finalized the Cross-State Air Pollution Rule (CSAPR) requiring 28 states, including Kansas, Missouri and Oklahoma, to further reduce emissions of SO₂, NO_x and fine particles. In April 2014, the U.S. Supreme Court reversed a 2012 decision by the U.S. Court of Appeals for the District of Columbia Circuit that had vacated CSAPR and remanded CSAPR back to them for further proceedings consistent with the U.S. Supreme Court decision. The timeline for further proceedings related to CSAPR by the U.S. Court of Appeals for the District of Columbia Circuit is unknown at this time. In June 2014, the U.S. Department of Justice, on behalf of the EPA, filed a motion with the U.S. Court of Appeals for the District of Columbia Circuit to lift the CSAPR stay. The original effective dates under CSAPR presented compliance challenges for us, but while CSAPR was stayed, we installed various emission controls at our generation facilities and have projects for additional controls in progress or planned. When CSAPR is reinstated, the EPA is expected to establish new effective dates for compliance with the reduced emission levels required by the rule. We are unable to determine the full impact of reinstatement of CSAPR until the U.S. Court of Appeals for the District of Columbia Circuit and the EPA take further action, the timing for which is unknown.

Environmental Projects

We will continue to make significant capital and operating expenditures at our power plants to reduce regulated emissions. The amount of these expenditures could change materially depending on the timing and nature of required investments, the specific outcomes resulting from existing regulations, new regulations, legislation and the manner in which we operate the plants. In addition to the capital investment, in the event we install new equipment, such equipment may cause us to incur significant increases in annual operating and maintenance expense and may reduce the net production, reliability and availability of the plants. The degree to which we will need to reduce emissions and the timing of when such emissions controls may be required is uncertain. Additionally, our ability to access capital markets and the availability of materials, equipment and contractors may affect the timing and ultimate amount of such capital investments.

In comparison to a general rate review, the environmental cost recovery rider (ECRR) reduces the amount of time it takes to begin collecting in retail prices the costs associated with capital expenditures for qualifying environmental improvements. We are not allowed to use the ECRR to collect approximately \$610.0 million of the projected capital investment associated with the environmental upgrades at La Cygne Generating Station (La Cygne). In November 2013, the KCC issued an order allowing us to adjust our prices to include the investment in the La Cygne environmental upgrades through June 30, 2013, and to reflect cost reductions elsewhere. The new prices are expected to increase our annual retail revenues by approximately \$30.7 million. To change our prices to collect increased operating and maintenance costs, we must file a general rate review with the KCC.

Greenhouse Gases

Under regulations known as the Tailoring Rule, the EPA regulates GHG emissions from certain stationary sources. The regulations are being implemented pursuant to two federal Clean Air Act programs which impose recordkeeping and monitoring requirements and also mandate the implementation of best available control technology (BACT) for projects that cause a significant increase in GHG emissions (defined to be more than 75,000 tons or more per year or 100,000 tons or more per year, depending on various factors). The EPA has issued guidance on what BACT entails for the control of GHGs and individual states are required to determine what controls are required for facilities within their jurisdiction on a case-by-case basis. In June 2014, the U.S. Supreme Court ordered that the EPA can no longer treat GHG as a pollutant for purposes of defining major emitting facilities and modifications to major emitting facilities under the Prevention of Significant Deterioration (PSD) and Title V Operating Permit Programs. In essence, this ruling invalidates the above mentioned Tailoring Rule, however, it still allows the EPA to apply BACT for GHG in situations where applicability is triggered for another PSD regulated pollutant. We cannot at this time determine the impact of these regulations on our future operations and consolidated financial results as the rule has not been finalized, but we believe the cost of compliance with the regulations could be material.

Water

In May 2014, the EPA issued final standards for cooling intake structures at power plants to protect aquatic life. The standards, based on Section 316(b) of the federal Clean Water Act (CWA), require subject facilities to choose among seven Best Technology Available (BTA) options to reduce fish impingement. In addition, some facilities must conduct studies to assist permitting authorities to determine whether and what site-specific controls, if any, would be required to reduce entrainment of aquatic organisms. Our current analysis indicates this rule will not have a significant impact on our coal plants that employ cooling towers. Biological monitoring may be required for LaCygne and Wolf Creek plants. We are currently evaluating the rule's impact on those two plants and cannot predict the resulting impact on our operations or consolidated financial results, but do not expect it to be material.

Renewable Energy Standard

Kansas law mandates that we maintain a minimum amount of renewable energy sources. Through 2015 net renewable generation capacity must be 10% of the average peak retail demand for the three prior years, subject to limited exceptions. This requirement increases to 15% for years 2016 through 2019 and 20% for 2020 and thereafter. With our existing wind generation facilities, supply contracts and renewable energy credits, we are able to satisfy the net renewable generation requirement through 2015. With our agreement to purchase the energy produced from 200 megawatts (MW) of installed design capacity of additional wind generation beginning in late 2016, we expect to meet the increased requirements through 2020. If we are unable to meet future requirements, our operations and consolidated financial results could be adversely impacted.

EPA Consent Decree

As part of a 2010 settlement of a lawsuit filed by the Department of Justice on behalf of the EPA, we are installing selective catalytic reduction equipment on one of three Jeffrey Energy Center (JEC) coal units to be completed by the end of 2014, which we estimate will cost approximately \$230.0 million. We are installing less expensive NOx reduction equipment on the other two units to satisfy other terms of the settlement. We plan to complete these projects in 2014 and have begun to recover the costs to install these systems through our ECRR, but additional recovery remains subject to the approval of our regulators.

Storage of Spent Nuclear Fuel

Wolf Creek is currently evaluating alternatives for expanding its existing on-site spent nuclear fuel storage to provide additional capacity prior to 2025. We cannot predict when, or if, an off-site storage site or alternative disposal site will be available to receive Wolf Creek's spent nuclear fuel and will continue to monitor this activity.

11. LEGAL PROCEEDINGS

We and our subsidiaries are involved in various legal, environmental and regulatory proceedings. We believe that adequate provisions have been made and accordingly believe that the ultimate disposition of such matters will not have a material effect on our consolidated financial results. See Note 3, "Rate Matters and Regulation," and Note 10, "Commitments and Contingencies," for additional information.

12. COMMON STOCK

During the six months ended June 30, 2014, Westar Energy issued 0.7 million shares of common stock with a physical settlement amount of \$18.3 million to settle certain forward sale transactions pursuant to a master forward sale confirmation entered into in 2010. Under that agreement Westar Energy must settle any forward transaction within 18 months of the date of the transaction. Assuming physical share settlement of the approximately 11.4 million shares associated with all outstanding forward sale transactions as of June 30, 2014, Westar Energy would have received aggregate proceeds of approximately \$330.9 million based on a weighted-average forward price of \$29.11 per share. In July 2014, Westar Energy issued 0.3 million shares with a physical settlement amount of approximately \$9.1 million pursuant to a master forward sale confirmation entered into in 2010.

13. VARIABLE INTEREST ENTITIES

In determining the primary beneficiary of a VIE, we assess the entity's purpose and design, including the nature of the entity's activities and the risks that the entity was designed to create and pass through to its variable interest holders. A reporting enterprise is deemed to be the primary beneficiary of a VIE if it has (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses or right to receive benefits from the VIE that could potentially be significant to the VIE. The primary beneficiary of a VIE is required to consolidate the VIE. The trusts holding our 8% interest in JEC, our 50% interest in La Cygne unit 2 and railcars we use to transport coal to some of our power plants are VIEs of which we are the primary beneficiary.

We assess all entities with which we become involved to determine whether such entities are VIEs and, if so, whether or not we are the primary beneficiary of the entities. We also continuously assess whether we are the primary beneficiary of the VIEs with which we are involved. Prospective changes in facts and circumstances may cause us to reconsider our determination as it relates to the identification of the primary beneficiary.

8% Interest in Jeffrey Energy Center

Under an agreement that expires in January 2019, we lease an 8% interest in JEC from a trust. The trust was financed with an equity contribution from an owner participant and debt issued by the trust. The trust was created specifically to purchase the 8% interest in JEC and lease it to a third party, and does not hold any other assets. We meet the requirements to be considered the primary beneficiary of the trust. In determining the primary beneficiary of the trust, we concluded that the activities of the trust that most significantly impact its economic performance and that we have the power to direct include (1) the operation and maintenance of the 8% interest in JEC, (2) our ability to exercise a purchase option at the end of the agreement at the lesser of fair value or a fixed amount and (3) our option to require refinancing of the trust's debt. We have the potential to receive benefits from the trust that could potentially be significant if the fair value of the 8% interest in JEC at the end of the agreement is greater than the fixed amount. The possibility of lower interest rates upon refinancing the debt also creates the potential for us to receive significant benefits.

50% Interest in La Cygne Unit 2

Under an agreement that expires in September 2029, KGE entered into a sale-leaseback transaction with a trust under which the trust purchased KGE's 50% interest in La Cygne unit 2 and subsequently leased it back to KGE. The trust was financed with an equity contribution from an owner participant and debt issued by the trust. The trust was created specifically to purchase the 50% interest in La Cygne unit 2 and lease it back to KGE, and does not hold any other assets. We meet the requirements to be considered the primary beneficiary of the trust. In determining the primary beneficiary of the trust, we concluded that the activities of the trust that most significantly impact its economic performance and that we have the power to direct include (1) the operation and maintenance of the 50% interest in La Cygne unit 2, (2) our ability to exercise a purchase option at the end of the agreement at the lesser of fair value or a fixed amount and (3) our option to require refinancing of the trust's debt. We have the potential to receive benefits from the trust that could potentially be significant if the fair value of the 50% interest in La Cygne unit 2 at the end of the agreement is greater than the fixed amount. The possibility of lower interest rates upon refinancing the debt also creates the potential for us to receive significant benefits.

Railcars

We lease railcars from a trust under an agreement that expires in November 2014. The trust was financed with an equity contribution from an owner participant and debt issued by the trust. The trust was created specifically to purchase the railcars and lease them to us, and does not hold any other assets. We meet the requirements to be considered the primary beneficiary of this trust. In determining the primary beneficiary of the trust, we concluded that the activities of the trust that most significantly impact its economic performance and that we have the power to direct include the operation, maintenance and repair of the railcars and our ability to exercise a purchase option at the end of the agreement at the lesser of fair value or a fixed amount. We have the potential to receive benefits from the trust that could potentially be significant if the fair value of the railcars at the end of the agreement is greater than the fixed amount. We have determined that we will renew the lease when the initial contract expires in November 2014. Upon renewal of the lease contract, we will no longer be the primary beneficiary of the VIE and, accordingly, will deconsolidate the trust.

Financial Statement Impact

We have recorded the following assets and liabilities on our consolidated balance sheets related to the VIEs described above.

	As of June 30, 2014	As of December 31, 2013
(In Thousands)		
Assets:		
Property, plant and equipment of variable interest entities, net	\$ 291,253	\$ 296,626
Regulatory assets (a)	7,365	6,792
Liabilities:		
Current maturities of long-term debt of variable interest entities	\$ 28,098	\$ 27,479
Accrued interest (b)	2,962	3,472
Long-term debt of variable interest entities, net	166,720	194,802

(a) Included in long-term regulatory assets on our consolidated balance sheets.

(b) Included in accrued interest on our consolidated balance sheets.

All of the liabilities noted in the table above relate to the purchase of the property, plant and equipment. The assets of the VIEs can be used only to settle obligations of the VIEs and the VIEs' debt holders have no recourse to our general credit. We have not provided financial or other support to the VIEs and are not required to provide such support. We recorded no gain or loss upon initial consolidation of the VIEs.

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

Certain matters discussed in Management's Discussion and Analysis are "forward-looking statements." The Private Securities Litigation Reform Act of 1995 has established that these statements qualify for safe harbors from liability. Forward-looking statements may include words like we "believe," "anticipate," "target," "expect," "estimate," "intend" and words of similar meaning. Forward-looking statements describe our future plans, objectives, expectations or goals.

INTRODUCTION

We are the largest electric utility in Kansas. We produce, transmit and sell electricity at retail in Kansas and at wholesale in a multi-state region in the central U. S. under the regulation of the KCC and Federal Energy Regulatory Commission (FERC).

In Management's Discussion and Analysis, we discuss our operating results for the three and six months ended June 30, 2014, compared to the same periods of 2013, our general financial condition and significant changes that occurred during 2014. As you read Management's Discussion and Analysis, please refer to our condensed consolidated financial statements and the accompanying notes, which contain our operating results.

SUMMARY OF SIGNIFICANT ITEMS**Earnings Per Share**

Following is a summary of our net income and basic EPS.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2014	2013	Change	2014	2013	Change
	(Dollars In Thousands, Except Per Share Amounts)					
Net income attributable to Westar Energy, Inc.	\$ 53,473	\$ 67,188	\$ (13,715)	\$ 122,427	\$ 118,333	\$ 4,094
Earnings per common share, basic	0.41	0.53	(0.12)	0.95	0.93	0.02

Net income attributable to common stock and basic EPS for the three months ended June 30, 2014, decreased compared to the same period in 2013 due primarily to our having recorded approximately \$10.0 million less in COLI benefits. Also contributing to this decrease was higher operating and maintenance costs at our generating plants. These decreases were partially offset by higher retail prices.

Net income attributable to common stock and basic EPS for the six months ended June 30, 2014, increased slightly compared to the same period in 2013 due primarily to higher retail prices resulting from investments we made in our transmission infrastructure and air quality controls at our power plants, higher electricity sales, and increased energy marketing margins. Higher operating expense and lower COLI benefits largely offset these increases.

Current Trends

The following is an update to and is to be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2013 Form 10-K.

Environmental Regulation

Environmental laws and regulations affecting our operations, which relate primarily to air quality, water quality, the use of water, and the handling, disposal and clean-up of hazardous and non-hazardous substances and wastes, continue to evolve and have become more stringent and costly over time. We have incurred and will continue to incur significant capital and other expenditures, and may potentially need to limit the use of some of our power plants, to comply with existing and new environmental laws and regulations. While certain of these costs are recoverable through the ECRR and ultimately we expect all such costs to be reflected in the prices we are allowed to charge, we cannot assure that all such costs will be recovered or that they will be recovered in a timely manner. See Note 10 of the Notes to Condensed Consolidated Financial Statements, "Commitments and Contingencies," for additional information regarding environmental laws and regulations.

Greenhouse Gases

Under regulations known as the Tailoring Rule, the EPA regulates GHG emissions from certain stationary sources. The regulations are being implemented pursuant to two federal Clean Air Act programs which impose recordkeeping and monitoring requirements and also mandate the implementation of BACT for projects that cause a significant increase in GHG emissions (defined to be more than 75,000 tons or more per year or 100,000 tons or more per year, depending on various factors). The EPA has issued guidance on what BACT entails for the control of GHGs and individual states are required to determine what controls are required for facilities within their jurisdiction on a case-by-case basis. In June 2014, the U.S. Supreme Court ordered that the EPA can no longer treat GHG as a pollutant for purposes of defining major emitting facilities and modifications to major emitting facilities under the PSD and Title V Operating Permit Programs. In essence, this ruling invalidates the above mentioned Tailoring Rule, however, it still allows the EPA to apply BACT for GHG in situations where applicability is triggered for another PSD regulated pollutant. We cannot at this time determine the impact of these regulations on our future operations and consolidated financial results as the rule has not been finalized, but we believe the cost of compliance with the regulations could be material.

Additionally, in January 2014, the EPA re-proposed a New Source Performance Standard (NSPS) that would limit carbon dioxide (CO₂) emissions for new coal and natural gas fueled electric generating units. A final rule is expected in 2014. In addition, the EPA issued proposed CO₂ emissions rules for existing, modified and reconstructed power plants in June 2014, and EPA is expected to finalize such rules by June 2015 and require states to submit their implementation plans to the EPA by June 2016. Under the June 2014 proposed power plant rules for existing plants, called the Clean Power Plan, states would be required to meet CO₂ emissions targets beginning in 2020, with an expected total U.S. power sector emissions reduction of 30% from 2005 levels by 2030. Moreover, we could be required to make efficiency improvements to our existing facilities, among other things. We are currently evaluating the proposed rules for new, existing, modified and reconstructed electric generating units, but believe these rules if finalized in their current form would likely have a material impact on our operations, future generation plans and/or results of operations.

Regulation of Coal Combustion Byproducts

In the course of operating our coal generation plants, we produce coal combustion byproducts (CCBs), including fly ash, gypsum and bottom ash. We recycle some of our ash production, principally by selling to the aggregate industry. In 2010, the EPA proposed a rule to regulate CCBs, which we believe might impair our ability to recycle ash or require additional CCB handling, processing and storage equipment, or both. The EPA has agreed to issue a final rule by December 2014. While we cannot at this time estimate the impact and costs associated with future regulations of CCBs, we believe the impact on our operations and/or consolidated financial results could be material.

National Ambient Air Quality Standards

Under the federal Clean Air Act, the EPA sets NAAQS for certain emissions considered harmful to public health and the environment, including two classes of PM, NO_x (a precursor to ozone), CO and SO₂, which result from fossil fuel combustion. Areas meeting the NAAQS are designated attainment areas while those that do not meet the NAAQS are considered nonattainment areas. Each state must develop a plan to bring nonattainment areas into compliance with the NAAQS. NAAQS must be reviewed by the EPA at five-year intervals. The KDHE proposed to designate portions of the Kansas City area nonattainment for the eight-hour ozone standard, which has the potential to impact our operations. The EPA has not acted on KDHE's proposed designation of the Kansas City area and it is uncertain when, or if, such a designation might occur. The Wichita area also exceeded the eight-hour ozone standard and could be designated nonattainment in the future, potentially impacting our operations.

In December 2012, the EPA strengthened an existing NAAQS for one class of PM. By the end of 2014, the EPA anticipates making final attainment/nonattainment designations under this rule and expects to issue a final implementation rule. We are currently evaluating the rule and it may have a material impact on our operations and/or consolidated financial results.

In 2010 the EPA strengthened the NAAQS for both NO_x and SO₂. We continue to communicate with our regulators regarding these standards and are currently evaluating what impact this could have on our operations. If we are required to install additional equipment to control emissions at our facilities, the revised NAAQS could have a material impact on our operations and/or consolidated financial results.

Cross-State Air Pollution Rule

In 2011, the EPA finalized the CSAPR requiring 28 states, including Kansas, Missouri and Oklahoma, to further reduce emissions of SO₂, NO_x and fine particles. In April 2014, the U.S. Supreme Court reversed a 2012 decision by the U.S. Court of Appeals for the District of Columbia Circuit that had vacated CSAPR and remanded CSAPR back to them for further proceedings consistent with the U.S. Supreme Court decision. The timeline for further proceedings related to CSAPR by the U.S. Court of Appeals for the District of Columbia Circuit is unknown at this time. In June 2014, the U.S. Department of Justice, on behalf of the EPA, filed a motion with the U.S. Court of Appeals for the District of Columbia Circuit to lift the CSAPR stay. The original effective dates under CSAPR presented compliance challenges for us, but while CSAPR was stayed, we installed various emission controls at our generation facilities and have projects for additional controls in progress or planned. When CSAPR is reinstated, the EPA is expected to establish new effective dates for compliance with the reduced emission levels required by the rule. We are unable to determine the full impact of reinstatement of CSAPR until the U.S. Court of Appeals for the District of Columbia Circuit and the EPA take further action, the timing for which is unknown.

Water

We discharge some of the water used in our operations. This water may contain substances deemed to be pollutants. Revised rules governing such discharges from coal-fired power plants are expected to be issued by the EPA in September 2015. Although we cannot at this time determine the timing or impact of compliance with any new regulations, more stringent regulations could have a material impact on our operations and/or consolidated financial results.

In May 2014, the EPA issued final standards for cooling intake structures at power plants to protect aquatic life. The standards, based on Section 316(b) of the federal Clean Water Act (CWA), require subject facilities to choose among seven Best Technology Available (BTA) options to reduce fish impingement. In addition, some facilities must conduct studies to assist permitting authorities to determine whether and what site-specific controls, if any, would be required to reduce entrainment of aquatic organisms. Our current analysis indicates this rule will not have a significant impact on our coal plants that employ cooling towers. Biological monitoring may be required for LaCygne and Wolf Creek plants. We are currently evaluating the rule's impact on those two plants and cannot predict the resulting impact on our operations or consolidated financial results, but do not expect it to be material.

In June 2014, the EPA along with the U.S. Army Corps of Engineers issued a proposed rule defining the Waters of the United States. This rulemaking has the potential to impact all programs under the Federal CWA. Expansion of regulated waterways is possible based on initial review of the proposal. Impacts may exist in several permitting programs. Although we cannot at this time determine the timing or impact of compliance with any new regulations, more stringent regulations could have a material impact on our operations and/or consolidated financial results.

Renewable Energy Standard

Kansas law mandates that we maintain a minimum amount of renewable energy sources. Through 2015 net renewable generation capacity must be 10% of the average peak retail demand for the three prior years, subject to limited exceptions. This requirement increases to 15% for years 2016 through 2019 and 20% for 2020 and thereafter. With our existing wind generation facilities, supply contracts and renewable energy credits, we are able to satisfy the net renewable generation requirement through 2015. With our agreement to purchase the energy produced from 200 megawatts (MW) of installed design capacity of additional wind generation beginning in late 2016, we expect to meet the increased requirements through 2020. If we are unable to meet future requirements, our operations and consolidated financial results could be adversely impacted.

CRITICAL ACCOUNTING ESTIMATES

Our discussion and analysis of financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in conformity with the instructions to Form 10-Q and Article 10 of Regulation S-X. Note 2 of the Notes to Condensed Consolidated Financial Statements, "Summary of Significant Accounting Policies," contains a summary of our significant accounting policies, many of which require estimates and assumptions by management. The policies highlighted in our 2013 Form 10-K have an impact on our reported results that may be material due to the levels of judgment and subjectivity necessary to account for uncertain matters or their susceptibility to change.

From December 31, 2013, through June 30, 2014, we did not experience any significant changes in our critical accounting estimates. For additional information, see our 2013 Form 10-K.

OPERATING RESULTS

We evaluate operating results based on EPS. We have various classifications of revenues, defined as follows:

Retail: Sales of electricity to residential, commercial and industrial customers. Classification of customers as residential, commercial or industrial requires judgment and our classifications may be different from other companies. Assignment of tariffs is not dependent on classification.

Other retail: Sales of electricity for lighting public streets and highways, net of revenue subject to refund.

Wholesale: Sales of electricity to electric cooperatives, municipalities and other electric utilities, the prices for which are either based on cost or prevailing market prices as prescribed by FERC authority. Revenues from these sales are either included in the RECA or used in the determination of base rates at the time of our next general rate case.

Transmission: Reflects transmission revenues, including those based on tariffs with the Southwest Power Pool (SPP).

Other: Miscellaneous electric revenues including ancillary service revenues and rent from electric property leased to others. This category also includes transactions unrelated to the production of our generating assets and fees we earn for services that we provide for third parties.

Electric utility revenues are impacted by things such as rate regulation, fuel costs, technology, customer behavior, the economy and competitive forces. Changing weather also affects the amount of electricity our customers use as electricity sales are seasonal. As a summer peaking utility, the third quarter typically accounts for our greatest electricity sales. Hot summer temperatures and cold winter temperatures prompt more demand, especially among residential and commercial customers, and to a lesser extent industrial customers. Mild weather reduces customer demand. Our wholesale revenues are impacted by, among other factors, demand, cost and availability of fuel and purchased power, price volatility, available generation capacity, transmission availability and weather.

Three and Six Months Ended June 30, 2014, Compared to Three and Six Months Ended June 30, 2013

Below we discuss our operating results for the three and six months ended June 30, 2014, compared to the results for the three and six months ended June 30, 2013. Significant changes in results of operations shown in the table immediately below are further explained in the descriptions that follow.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014	2013	Change	% Change	2014	2013	Change	% Change
(Dollars In Thousands, Except Per Share Amounts)								
REVENUES:								
Residential	\$ 175,671	\$ 165,302	\$ 10,369	6.3	\$ 367,958	\$ 330,678	\$ 37,280	11.3
Commercial	178,194	165,172	13,022	7.9	339,294	313,128	26,166	8.4
Industrial	106,984	92,820	14,164	15.3	201,480	183,745	17,735	9.7
Other retail	(3,033)	2,228	(5,261)	(236.1)	(11,557)	(944)	(10,613)	(b)
Total Retail Revenues	457,816	425,522	32,294	7.6	897,175	826,607	70,568	8.5
Wholesale	82,434	81,783	651	0.8	193,047	168,253	24,794	14.7
Transmission (a)	63,700	52,804	10,896	20.6	125,166	104,315	20,851	20.0
Other	8,718	9,480	(762)	(8.0)	25,836	16,626	9,210	55.4
Total Revenues	612,668	569,589	43,079	7.6	1,241,224	1,115,801	125,423	11.2
OPERATING EXPENSES:								
Fuel and purchased power	164,779	152,700	12,079	7.9	338,618	304,452	34,166	11.2
SPP network transmission costs	55,533	44,600	10,933	24.5	107,491	88,396	19,095	21.6
Operating and maintenance	101,839	87,999	13,840	15.7	193,629	172,154	21,475	12.5
Depreciation and amortization	70,882	67,597	3,285	4.9	140,992	134,443	6,549	4.9
Selling, general and administrative	62,168	54,477	7,691	14.1	118,653	103,422	15,231	14.7
Taxes other than income tax	34,738	30,704	4,034	13.1	69,571	61,482	8,089	13.2
Total Operating Expenses	489,939	438,077	51,862	11.8	968,954	864,349	104,605	12.1
INCOME FROM OPERATIONS	122,729	131,512	(8,783)	(6.7)	272,270	251,452	20,818	8.3
OTHER INCOME (EXPENSE):								
Investment earnings	3,175	1,690	1,485	87.9	5,553	5,749	(196)	(3.4)
Other income	5,658	13,711	(8,053)	(58.7)	11,575	17,427	(5,852)	(33.6)
Other expense	(2,287)	(2,354)	67	2.8	(7,952)	(7,715)	(237)	(3.1)
Total Other Income	6,546	13,047	(6,501)	(49.8)	9,176	15,461	(6,285)	(40.7)
Interest expense	47,303	45,798	1,505	3.3	93,543	90,082	3,461	3.8
INCOME BEFORE INCOME TAXES	81,972	98,761	(16,789)	(17.0)	187,903	176,831	11,072	6.3
Income tax expense	26,150	29,310	(3,160)	(10.8)	61,111	54,123	6,988	12.9
NET INCOME	55,822	69,451	(13,629)	(19.6)	126,792	122,708	4,084	3.3
Less: Net income attributable to noncontrolling interests	2,349	2,263	86	3.8	4,365	4,375	(10)	(0.2)
NET INCOME ATTRIBUTABLE TO WESTAR ENERGY, INC.	\$ 53,473	\$ 67,188	\$ (13,715)	(20.4)	\$ 122,427	\$ 118,333	\$ 4,094	3.5
BASIC EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO WESTAR ENERGY, INC.	\$ 0.41	\$ 0.53	\$ (0.12)	(22.6)	\$ 0.95	\$ 0.93	\$ 0.02	2.2
DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO WESTAR ENERGY, INC.	\$ 0.40	\$ 0.52	\$ (0.12)	(23.1)	\$ 0.93	\$ 0.92	\$ 0.01	1.1

(a) Includes revenue from an SPP network transmission tariff corresponding to our SPP network transmission costs. For the three and six months ended June 30, 2014, these costs, less administration fees of \$12.8 million and \$24.8 million, respectively, were returned to us as revenue. For the three and six months ended June 30, 2013, these costs, less administration fees of \$9.6 million and \$18.5 million, respectively, were returned to us as revenue.

(b) Change greater than 1,000%.

Gross Margin

Fuel and purchased power costs fluctuate with electricity sales and unit costs. As permitted by regulators, we adjust our retail prices to reflect changes in the costs of fuel and purchased power. Fuel and purchased power costs for wholesale customers are recovered at prevailing market prices or based on a predetermined formula with a price adjustment approved by FERC. As a result, changes in fuel and purchased power costs are offset in revenues with minimal impact on net income. In addition, SPP network transmission costs fluctuate due primarily to investments by us and other members of the SPP for upgrades to the transmission grid within the SPP regional transmission organization (RTO). As with fuel and purchased power costs, changes in SPP network transmission costs are mostly reflected in the prices we charge customers with minimal impact on net income. For these reasons, we believe gross margin is useful for understanding and analyzing changes in our operating performance from one period to the next. We calculate gross margin as total revenues, including transmission revenues, less the sum of fuel and purchased power costs and amounts billed by the SPP for network transmission costs. Accordingly, gross margin reflects transmission revenues and costs on a net basis. The following table summarizes our gross margin for the three and six months ended June 30, 2014 and 2013.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014	2013	Change	% Change	2014	2013	Change	% Change
(Dollars In Thousands)								
Revenues	\$ 612,668	\$ 569,589	\$ 43,079	7.6	\$ 1,241,224	\$ 1,115,801	\$ 125,423	11.2
Less: Fuel and purchased power expense	164,779	152,700	12,079	7.9	338,618	304,452	34,166	11.2
SPP network transmission costs	55,533	44,600	10,933	24.5	107,491	88,396	19,095	21.6
Gross Margin	<u>\$ 392,356</u>	<u>\$ 372,289</u>	<u>\$ 20,067</u>	5.4	<u>\$ 795,115</u>	<u>\$ 722,953</u>	<u>\$ 72,162</u>	10.0

The following table reflects changes in electricity sales for the three and six months ended June 30, 2014 and 2013. No electricity sales are shown for transmission or other as they are not directly related to the amount of electricity we sell.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014	2013	Change	% Change	2014	2013	Change	% Change
(Thousands of MWh)								
ELECTRICITY SALES:								
Residential	1,416	1,460	(44)	(3.0)	3,125	3,003	122	4.1
Commercial	1,842	1,856	(14)	(0.8)	3,602	3,558	44	1.2
Industrial	1,447	1,312	135	10.3	2,786	2,624	162	6.2
Other retail	21	21	—	—	42	43	(1)	(2.3)
Total Retail	4,726	4,649	77	1.7	9,555	9,228	327	3.5
Wholesale	2,004	2,048	(44)	(2.1)	4,481	4,093	388	9.5
Total	<u>6,730</u>	<u>6,697</u>	<u>33</u>	0.5	<u>14,036</u>	<u>13,321</u>	<u>715</u>	5.4

Gross margin increased for the three months ended June 30, 2014, compared to the same period in 2013 due primarily to higher retail revenues. The higher retail revenues were due primarily to higher prices resulting from investments we made in our transmission infrastructure and air quality controls at our power plants and to a lesser extent to more electricity sales resulting from increased sales to certain large industrial customers.

Gross margin increased during the six months ended June 30, 2014, compared to the same period of 2013 due principally to higher retail revenues. The higher retail revenues were mostly a result of higher prices that were due to the same reasons as discussed above for the three month period and due also to more electricity sales resulting principally from cooler winter weather, which particularly impacts residential and commercial electricity sales. As measured by heating degree days, the weather during the three months ended March 31, 2014 was 12% cooler than the same period in 2013. Also contributing to the increase in gross margin was increased energy marketing margins of \$11.1 million due to pricing conditions in the wholesale markets in which we buy and sell power primarily during the three months ended March 31, 2014.

Income from operations is the most directly comparable measure to our presentation of gross margin that is calculated and presented in accordance with GAAP in our consolidated statements of income. Our presentation of gross margin should not be considered in isolation or as a substitute for income from operations. Additionally, our presentation of gross margin may not be comparable to similarly titled measures reported by other companies. The following table reconciles income from operations with gross margin for the three and six months ended June 30, 2014 and 2013.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014	2013	Change	% Change	2014	2013	Change	% Change
(Dollars In Thousands)								
Gross margin	\$ 392,356	\$ 372,289	\$ 20,067	5.4	\$ 795,115	\$ 722,953	\$ 72,162	10.0
Less: Operating and maintenance expense	101,839	87,999	13,840	15.7	193,629	172,154	21,475	12.5
Depreciation and amortization expense	70,882	67,597	3,285	4.9	140,992	134,443	6,549	4.9
Selling, general and administrative expense	62,168	54,477	7,691	14.1	118,653	103,422	15,231	14.7
Taxes other than income tax	34,738	30,704	4,034	13.1	69,571	61,482	8,089	13.2
Income from operations	<u>\$ 122,729</u>	<u>\$ 131,512</u>	<u>\$ (8,783)</u>	(6.7)	<u>\$ 272,270</u>	<u>\$ 251,452</u>	<u>\$ 20,818</u>	8.3

Operating Expenses and Other Income and Expense Items

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014	2013	Change	% Change	2014	2013	Change	% Change
(Dollars in Thousands)								
Operating and maintenance expense	\$ 101,839	\$ 87,999	\$ 13,840	15.7	\$ 193,629	\$ 172,154	\$ 21,475	12.5

Operating and maintenance expense increased for the three and six months ended June 30, 2014 compared to the same period of 2013, due principally to:

- higher operating and maintenance costs at our coal fired plants of \$9.2 million and \$7.0 million, respectively, due primarily to a planned outage at JEC; and,
- higher costs at Wolf Creek of \$4.3 million and \$11.4 million, respectively, attributable to a planned maintenance outage.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014	2013	Change	% Change	2014	2013	Change	% Change
(Dollars in Thousands)								
Depreciation and amortization expense	\$ 70,882	\$ 67,597	\$ 3,285	4.9	\$ 140,992	\$ 134,443	\$ 6,549	4.9

Depreciation and amortization expense increased during the three and six months ended June 30, 2014, compared to the same periods of 2013 due to plant additions, including air quality controls, and transmission facilities as well as increased amortization related primarily to implementing new software systems.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014	2013	Change	% Change	2014	2013	Change	% Change
(Dollars in Thousands)								
Selling, general and administrative expense	\$ 62,168	\$ 54,477	\$ 7,691	14.1	\$ 118,653	\$ 103,422	\$ 15,231	14.7

Selling, general and administrative expense increased for the three and six months ended June 30, 2014, compared to 2013 periods due primarily to:

- higher employee benefit costs of \$4.5 million and \$7.8 million, respectively, due partially to the restructuring of insurance contracts in the same period last year, which resulted in a benefit in that period;
- an increase in fees of \$0.9 million and \$2.3 million, respectively, related primarily to implementing new software systems; and,
- an increase in the allowance for uncollectible accounts of \$2.0 million for the six month period due primarily to higher prices and cooler winter weather.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014	2013	Change	% Change	2014	2013	Change	% Change
(Dollars in Thousands)								
Taxes other than income tax	\$ 34,738	\$ 30,704	\$ 4,034	13.1	\$ 69,571	\$ 61,482	\$ 8,089	13.2

Taxes other than income tax increased for the three and six months ended June 30, 2014 compared to 2013 periods due primarily to increases of \$3.5 million and \$6.8 million, respectively, in property tax expense. These changes are offset in retail revenues.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014	2013	Change	% Change	2014	2013	Change	% Change
(Dollars in Thousands)								
Other income	\$ 5,658	\$ 13,711	\$ (8,053)	(58.7)	\$ 11,575	\$ 17,427	\$ (5,852)	(33.6)

Other income decreased due primarily to our having recorded approximately \$10.0 million in lower COLI benefits during the three and six month periods ending June 30, 2014 compared to 2013. This decrease was partially offset by our having recorded \$1.8 million and \$4.0 million, respectively, more in equity AFUDC.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014	2013	Change	% Change	2014	2013	Change	% Change
(Dollars in Thousands)								
Income tax expense	\$ 26,150	\$ 29,310	\$ (3,160)	(10.8)	\$ 61,111	\$ 54,123	\$ 6,988	12.9

Income tax expense decreased for the three month period due principally to lower income before income taxes.

The increase for the six month period was due principally to higher income before income taxes.

FINANCIAL CONDITION

A number of factors affected amounts recorded on our balance sheet as of June 30, 2014, compared to December 31, 2013.

	As of June 30, 2014	As of December 31, 2013	Change	% Change
(Dollars in Thousands)				
Fuel inventory and supplies	\$ 256,521	\$ 239,511	\$ 17,010	7.1

Inventory increased due principally to a \$11.9 million increase in materials and supplies due mostly to support environmental upgrades at JEC and La Cygne as well as increases in material for transmission and substation equipment and a \$5.9 million increase in coal inventory.

	As of June 30, 2014	As of December 31, 2013	Change	% Change
(Dollars in Thousands)				
Regulatory assets	\$ 736,530	\$ 755,414	\$ (18,884)	(2.5)
Regulatory liabilities	361,238	329,556	31,682	9.6
Net regulatory assets	\$ 375,292	\$ 425,858	\$ (50,566)	(11.9)

Total regulatory assets decreased due primarily to the following reasons:

- a \$20.6 million decrease in deferred employee benefit costs;
- an \$8.2 million decrease in amounts deferred for Wolf Creek refueling outages;
- a \$3.1 million decrease in amounts deferred for energy efficiency costs; and,
- a \$2.5 million decrease in amounts due from customers for future income taxes; however, partially offsetting these decreases was a \$16.0 million increase in amounts previously deferred for fuel expense.

Total regulatory liabilities increased due primarily to the following reasons:

- a \$17.8 million increase in our refund obligation related to the RECA;
- a \$12.7 million increase in jurisdictional AFUDC; and,
- the fair value measurement of our NDT assets increasing \$10.3 million; however, partially offsetting these increases was a \$5.9 million decrease in amounts collected but not yet spent to dispose of plant assets.

	As of June 30, 2014	As of December 31, 2013	Change	% Change
(Dollars in Thousands)				
Property, plant and equipment, net	\$ 7,816,120	\$ 7,551,916	\$ 264,204	3.5

Property, plant and equipment, net of accumulated depreciation, increased due primarily to plant additions for air quality controls, and additional transmission facilities.

	As of June 30, 2014	As of December 31, 2013	Change	% Change
(Dollars in Thousands)				
Short-term debt	\$ 343,300	\$ 134,600	\$ 208,700	155.1

Short-term debt increased due to increases in issuances of commercial paper used primarily to purchase capital equipment and for working capital and general corporate purposes.

	As of June 30, 2014	As of December 31, 2013	Change	% Change
(Dollars in Thousands)				
Current maturities of long-term debt	\$ —	\$ 250,000	\$ (250,000)	(100.0)
Long-term debt, net	3,215,805	2,968,958	246,847	8.3
Total long-term debt	<u>\$ 3,215,805</u>	<u>\$ 3,218,958</u>	<u>\$ (3,153)</u>	<u>(0.1)</u>

At June 30, 2014, Westar Energy first mortgage bonds in an aggregate principal amount of \$250.0 million with a maturity date of July 1, 2014, were reclassified as long-term debt from current maturities of long-term debt due to the July 2014 issuance of \$250.0 million in aggregate principal amount of KGE first mortgage bonds maturing July 2044. The proceeds were used to redeem the Westar Energy first mortgage bonds in an aggregate principal amount of \$250.0 million with a maturity date of July 1, 2014.

	As of June 30, 2014	As of December 31, 2013	Change	% Change
(Dollars in Thousands)				
Current maturities of long-term debt of variable interest entities	\$ 28,098	\$ 27,479	\$ 619	2.3
Long-term debt of variable interest entities	166,720	194,802	(28,082)	(14.4)
Total long-term debt of variable interest entities	<u>\$ 194,818</u>	<u>\$ 222,281</u>	<u>\$ (27,463)</u>	<u>(12.4)</u>

Total long-term debt of variable interest entities decreased due to the VIEs that hold the JEC and La Cygne leasehold interests having made principal payments totaling \$27.1 million.

	As of June 30, 2014	As of December 31, 2013	Change	% Change
(Dollars in Thousands)				
Deferred income taxes	\$ 1,423,021	\$ 1,363,148	\$ 59,873	4.4

Long-term deferred income tax liabilities increased due primarily to the use of bonus and accelerated depreciation methods during the period.

	As of June 30, 2014	As of December 31, 2013	Change	% Change
(Dollars in Thousands)				
Asset retirement obligations	\$ 177,755	\$ 160,682	\$ 17,073	10.6

Asset retirement obligations increased due primarily to a \$12.6 million revision for remediation of ash disposal ponds.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Available sources of funds to operate our business include internally generated cash, short-term borrowings under Westar Energy's commercial paper program and revolving credit facilities, and access to capital markets. We expect to meet our day-to-day cash requirements including, among other items, fuel and purchased power, dividends, interest payments, income taxes and pension contributions, using primarily internally generated cash and short-term borrowings. To meet the cash requirements for our capital investments, we expect to use internally generated cash, short-term borrowings, and proceeds from the issuance of debt and equity securities in the capital markets. When such balances are of sufficient size and it makes economic sense to do so, we also use proceeds from the issuance of long-term debt and equity securities to repay short-term borrowings, which are principally related to investments in capital equipment and the redemption of bonds and for working capital and general corporate purposes. Uncertainties affecting our ability to meet cash requirements include, among others, factors affecting revenues described in "—Operating Results" above, economic conditions, regulatory actions, compliance with environmental regulations and conditions in the capital markets.

Short-Term Borrowings

Westar Energy has a commercial paper program pursuant to which it may issue up to a maximum aggregate amount outstanding at any one time of \$1.0 billion. This program is supported by Westar Energy's revolving credit facilities described below. Maturities of commercial paper issuances may not exceed 365 days from the date of issuance and proceeds from such issuances will be used to temporarily fund capital expenditures, to repay borrowings under Westar Energy's revolving credit facilities, for working capital and/or for other general corporate purposes. As of July 30, 2014, Westar Energy had issued \$355.1 million of commercial paper.

Westar Energy has two revolving credit facilities in the amounts of \$730.0 million and \$270.0 million. In July 2013, Westar Energy extended the term of the \$730.0 million facility to September 2017, and in February 2014, Westar Energy extended the term of the \$270.0 million credit facility to February 2017, provided that \$20.0 million of this facility will terminate in February 2016. As long as there is no default under the facility, the \$730.0 million facility may be extended an additional year and the aggregate amount of borrowings under the \$730.0 million and \$270.0 million facilities may be increased to \$1.0 billion and \$400.0 million, respectively, subject to lender participation. All borrowings under the facilities are secured by KGE first mortgage bonds. Total combined borrowings under the revolving credit facilities and the commercial paper program may not exceed \$1.0 billion at any given time. As of July 30, 2014, no amounts were borrowed and \$16.0 million in letters of credit had been issued under the \$730.0 million facility. No amounts were borrowed and no letters of credit were issued under the \$270.0 million facility as of the same date.

Long-Term Debt Financing

In July 2014, KGE issued \$250.0 million in aggregate principal amount of first mortgage bonds bearing stated interest at 4.30% per annum and maturing July 2044, the proceeds of which were used in July 2014 to retire Westar Energy first mortgage bonds in an aggregate principal amount of \$250.0 million and stated interest of 6.00% per annum.

In May 2014, Westar Energy issued \$180.0 million in aggregate principal amount of first mortgage bonds bearing stated interest at 4.10% per annum and maturing April 2043. These bonds constitute a further issuance of a series of bonds initially issued in March 2013 in an aggregate principal amount of \$250.0 million. Proceeds from this issuance were used in June 2014 to redeem three KGE pollution control bond series with an aggregate principal amount of \$177.5 million and stated interest rates of 5.3% and 5.00% per annum.

Debt Covenants

We remain in compliance with our debt covenants.

Impact of Credit Ratings on Debt Financing

Moody's Investors Service (Moody's), Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch) are independent credit-rating agencies that rate our debt securities. These ratings indicate each agency's assessment of our ability to pay interest and principal when due on our securities.

In general, more favorable credit ratings increase borrowing opportunities and reduce the cost of borrowing. Under Westar Energy's revolving credit facilities and commercial paper program, our cost of borrowings is determined in part by credit ratings. However, Westar Energy's ability to borrow under the credit facilities and commercial paper program is not conditioned on maintaining a particular credit rating. We may enter into new credit agreements that contain credit rating conditions, which could affect our liquidity and/or our borrowing costs.

Factors that impact our credit ratings include a combination of objective and subjective criteria. Objective criteria include typical financial ratios, such as total debt to total capitalization and funds from operations to total debt, among others, future capital expenditures and our access to liquidity including committed lines of credit. Subjective criteria include such items as the quality and credibility of management, the political and regulatory environment we operate in and an assessment of our governance and risk management practices.

In January 2014, Moody's upgraded its ratings for Westar Energy and KGE first mortgage bonds to A2 from A3. In April 2014, S&P upgraded its ratings for Westar Energy and KGE first mortgage bonds to A from A-. In June 2014, Fitch revised its rating for Westar Energy's and KGE's outlook to positive from stable. As of July 30, 2014, our ratings with the agencies are as shown in the table below.

	Westar Energy First Mortgage Bond Rating	KGE First Mortgage Bond Rating	Westar Energy Commercial Paper	Rating Outlook
Moody's	A2	A2	P-2	Stable
S&P	A	A	A-2	Stable
Fitch	A-	A-	F2	Positive

Common Stock

During the six months ended June 30, 2014, Westar Energy issued 0.7 million shares of common stock with a physical settlement amount of \$18.3 million to settle certain forward sale transactions pursuant to a master forward sale confirmation entered into in 2010. Under that agreement Westar Energy must settle any forward transaction within 18 months of the date of the transaction. Assuming physical share settlement of the approximately 11.4 million shares associated with all outstanding forward sale transactions as of June 30, 2014, Westar Energy would have received aggregate proceeds of approximately \$330.9 million based on a weighted-average forward price of \$29.11 per share. In July 2014, Westar Energy issued 0.3 million shares with a physical settlement amount of approximately \$9.1 million pursuant to a master forward sale confirmation entered into in 2010.

Summary of Cash Flows

	Six Months Ended June 30,			
	2014	2013	Change	% Change
	(Dollars In Thousands)			
Cash flows from (used in):				
Operating activities	\$ 283,314	\$ 231,310	\$ 52,004	22.5
Investing activities	(440,238)	(301,318)	(138,920)	(46.1)
Financing activities	163,188	68,152	95,036	139.4
Net increase (decrease) in cash and cash equivalents	\$ 6,264	\$ (1,856)	\$ 8,120	437.5

Cash Flows from Operating Activities

Cash flows from operating activities increased due principally to our having received \$96.6 million more from retail and wholesale customers partially offset by our having paid \$40.6 million more for fuel and purchased power.

Cash Flows used in Investing Activities

Cash flows used in investing activities increased due primarily to our having received \$99.3 million less in proceeds from our investment in corporate owned life insurance (COLI) and our having invested \$28.1 million more in additions to property, plant and equipment.

Cash Flows from Financing Activities

Cash flows from financing activities increased due principally to our having issued \$137.9 million more of commercial paper during the six months ended June 30, 2014, compared to the same period in 2013. Also contributing to the increase was our having repaid \$98.9 million less for borrowings against the cash surrender value of COLI. Partially offsetting these increases was our having retired \$77.5 million more in long-term debt during the six months ended June 30, 2014, as well as receiving \$74.0 million less proceeds from issuing long-term debt this year compared to the previous year.

Pension Contribution

During the six months ended June 30, 2014, we contributed \$19.0 million to the Westar Energy pension trust. No payments were made to fund the Wolf Creek pension plan during the same period.

OFF-BALANCE SHEET ARRANGEMENTS

From December 31, 2013, through June 30, 2014, our off balance sheet arrangements did not change materially. For additional information, see our 2013 Form 10-K.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

From December 31, 2013, through June 30, 2014, our contractual obligations and commercial commitments did not change materially outside the ordinary course of business. For additional information, see our 2013 Form 10-K.

OTHER INFORMATION

Changes in Prices

KCC Proceedings

In July 2014, we, KCC staff and consumer advocate, joined in a request filed with the KCC to defer depreciation expense and carrying costs related to our capital investment associated with environmental upgrades at La Cygne until new retail prices become effective in a general rate case to be filed in March 2015 pursuant to an agreed upon schedule. The parties requested the order be issued by the end of the third quarter of 2014.

In June 2014, the KCC issued an order to adjust our prices to include updated transmission costs as reflected in the transmission formula rate discussed below. The new prices were effective in April 2014 and we estimate this will increase our annual retail revenues by approximately \$41.0 million.

In May 2014, the KCC issued an order to adjust our prices to include costs associated with investments to comply with environmental requirements during 2013. New prices were effective in June 2014 and we estimate this will increase our annual retail revenues by approximately \$11.0 million.

In December 2013, the KCC issued an order to adjust our prices to include costs incurred for property taxes. New prices were effective in January 2014 and are expected to increase annual retail revenues by approximately \$12.7 million.

FERC Proceedings

Our transmission formula rate that includes projected 2014 transmission capital expenditures and operating costs became effective in January 2014 and is expected to increase our annual transmission revenues by approximately \$44.3 million. This updated rate provided the basis for our request with the KCC to adjust our retail prices to include updated transmission costs discussed above.

New Accounting Pronouncements

We prepare our consolidated financial statements in accordance with GAAP for the United States of America. To address current issues in accounting, regulatory bodies have issued the following new accounting pronouncement that may affect our accounting and/or disclosure.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance that addresses revenue from contracts with customers. The objective of the new guidance is to establish principles to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue from contracts with customers. This guidance is effective for fiscal years beginning after December 15, 2016. Early application of the standard is not permitted. The standard permits the use of either the retrospective application or cumulative effect transition method. We have not yet selected a transition method or determined the impact on our consolidated financial statements but we do not expect it to be material.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk, including changes in commodity prices, counterparty credit, interest rates, and debt and equity instrument values. From December 31, 2013, to June 30, 2014, no significant changes occurred in our market risk exposure. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our 2013 Form 10-K for additional information.

ITEM 4. CONTROLS AND PROCEDURES

We maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. In addition, the disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports under the Act is accumulated and communicated to management, including the chief executive officer and the chief financial officer, allowing timely decisions regarding required disclosure. As of the end of the period covered by this report, based on an evaluation carried out under the supervision and with the participation of management, including the chief executive officer and the chief financial officer, of the effectiveness of our disclosure controls and procedures, the chief executive officer and the chief financial officer have concluded that our disclosure controls and procedures were effective.

There were no changes in our internal control over financial reporting during the three months ended June 30, 2014, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information on legal proceedings is set forth in Notes 3, 10 and 11 of the Notes to Condensed Consolidated Financial Statements, "Rate Matters and Regulation," "Commitments and Contingencies" and "Legal Proceedings," respectively, which are incorporated herein by reference.

ITEM 1A. RISK FACTORS

There were no material changes in our risk factors from December 31, 2013, through June 30, 2014. For additional information, see our 2013 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Investors should note that we announce material financial information in SEC filings, press releases and public conference calls. Based on new guidance from the SEC, we may also use the Investor Relations section of our website (<http://www.WestarEnergy.com>, under “Investors”) to communicate with investors about our company. It is possible that the financial and other information we post there could be deemed to be material information. The information on our website is not part of this document.

ITEM 6. EXHIBITS

4(a)	Purchase Agreement among Kansas Gas and Electric Company and Barclays Capital, Inc., J.P. Morgan Securities LLC and Mitsubishi UFJ Securities (USA), Inc., as representatives of the Initial Purchaser named therein, dated June 25, 2014 (filed as Exhibit 1.1 to the Form 8-K filed on June 27, 2014)
4(b)	Sixty-First Supplemental Indenture, dated as of July 2, 2014, by and among Kansas Gas and Electric Company and the Bank of New York Mellon Trust Company, N.A., as Trustee
31(a)	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 certifying the quarterly report provided for the period ended June 30, 2014
31(b)	Certification of Principal Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 certifying the quarterly report provided for the period ended June 30, 2014
32	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 certifying the quarterly report provided for the quarter ended June 30, 2014 (furnished and not to be considered filed as part of the Form 10-Q)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURE

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.

WESTAR ENERGY, INC.

Date: August 6, 2014

By: /s/ Anthony D. Somma
Anthony D. Somma
Senior Vice President, Chief Financial Officer and Treasurer

KANSAS GAS AND ELECTRIC COMPANY

TO

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

(successor-in-interest to Guaranty Trust Company of New York)

and

RICHARD TARNAS

(successor to Judith L. Bartolini, W. A. Spooner, Henry A. Theis, Oliver R. Brooks,

Wesley L. Baker, Edwin F. McMichael and R. Amundsen)

as Trustees under Kansas Gas and Electric Company's

Mortgage and Deed of Trust, Dated as of April 1, 1940

SIXTY-FIRST SUPPLEMENTAL INDENTURE

Providing, among other things, for

FIRST MORTGAGE BONDS, 4.30% SERIES DUE 2044

Dated as of July 2, 2014

-37-

-28-

SIXTY-FIRST SUPPLEMENTAL INDENTURE

INDENTURE, dated as of July 2, 2014, between Kansas Gas and Electric Company, a corporation of the State of Kansas (formerly named KCA Corporation and successor by merger to Kansas Gas and Electric Company, a corporation of the State of Kansas, hereinafter sometimes called the "**Company-Kansas**"), whose post office address is 100 North Broadway Street, Suite 800, Wichita, Kansas 67202 (hereinafter sometimes called the "**Company**"), and The Bank of New York Mellon Trust Company, N.A., a national banking association, whose post office address is 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602 (successor-in-interest to Guaranty Trust Company of New York (the "**Corporate Trustee**")), and Richard Tarnas (successor to Judith L. Bartolini, W.A. Spooner, Henry A. Theis, Oliver R. Brooks, Wesley L. Baker, Edwin F. McMichael and R. Amundsen, and being hereinafter sometimes called the "**Individual Trustee**"), whose post office address is 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602 (the Corporate Trustee and the Individual Trustee being hereinafter together sometimes called the "**Trustees**"), as Trustees under the Mortgage and Deed of Trust together with any indenture supplemental thereto (including this Indenture (hereinafter sometimes called the "**Sixty-First Supplemental Indenture**")), dated as of April 1, 1940 (hereinafter called the "**Mortgage**"), which Mortgage was executed and delivered by Kansas Gas and Electric Company, a corporation of the State of West Virginia to which the Company-Kansas was successor by merger (hereinafter sometimes called the "**Company-West Virginia**"), to secure the payment of bonds issued or to be issued under and in accordance with the provisions of the Mortgage;

WHEREAS, the Company-West Virginia caused the Mortgage to be filed for record as a mortgage of real property and as a chattel mortgage in the offices of the Registers of Deeds in various counties in the State of Kansas, and on April 25, 1940 paid to the Register of Deeds of Sedgwick County, Kansas, that being the County in which the Mortgage was first filed for record, the sum of \$40,000 in payment of the Kansas mortgage registration tax as provided by Section 79-3101 *et seq.*, General Statutes of Kansas 1935; and

WHEREAS, by the Mortgage, the Company-West Virginia covenanted that it would execute and deliver such supplemental indenture or indentures and such further instruments and do such further acts as might be necessary or proper to carry out more effectually the purposes of the Mortgage and to make subject to the lien of the Mortgage any property thereafter acquired, intended to be subject to the lien thereof; and

WHEREAS, an instrument, dated May 31, 1949, was executed by the Company-West Virginia appointing Oliver R. Brooks as Individual Trustee in succession to said Henry A. Theis, resigned, under the Mortgage, and by Oliver R. Brooks accepting the appointment as Individual Trustee under the Mortgage in succession to said Henry A. Theis, which instrument was filed for record in the offices of the Registers of Deeds in various counties in the State of Kansas; and

WHEREAS, an instrument, dated March 3, 1958, was executed by the Company-West Virginia appointing Wesley L. Baker as Individual Trustee in succession to said Oliver R. Brooks, resigned, under the Mortgage, and by Wesley L. Baker accepting the appointment as Individual Trustee under the Mortgage in succession to said Oliver R. Brooks, which instrument was filed for record in the offices of the Registers of Deeds in various counties in the State of Kansas; and

WHEREAS, an instrument, dated November 20, 1969, was executed by the Company-West Virginia appointing Edwin F. McMichael as Individual Trustee in succession to said Wesley L. Baker, resigned, under the Mortgage, and by Edwin F. McMichael accepting the appointment as Individual Trustee under the Mortgage in succession to said Wesley L. Baker, which instrument was filed for record in the offices of the Registers of Deeds in various counties in the State of Kansas; and

WHEREAS, by the Twenty-seventh Supplemental Indenture mentioned below, the Company-Kansas, among other things, appointed R. Amundsen as Individual Trustee in succession to said Edwin F. McMichael, resigned, under the Mortgage, and by R. Amundsen accepting the appointment as Individual Trustee under the Mortgage in succession to said Edwin F. McMichael; and

WHEREAS, by the Thirty-second Supplemental Indenture mentioned below, the Company-Kansas, among other things, appointed W. A. Spooner as Individual Trustee in succession to said R. Amundsen, resigned, under the Mortgage, and by W. A. Spooner accepting the appointment as Individual Trustee under the Mortgage in succession to said R. Amundsen; and

WHEREAS, by the Fortieth Supplemental Indenture mentioned below, the Company-Kansas, among other things, appointed Judith L. Bartolini as Individual Trustee in succession to

said W.A. Spooner resigned, under the Mortgage, and by Judith L. Bartolini accepting the appointment as Individual Trustee under the Mortgage in succession to said W.A. Spooner; and

WHEREAS, as reflected in the Fifty-sixth Supplemental Indenture mentioned below, by appointment of Individual Trustee dated January 21, 2011 the Company-Kansas appointed Richard Tarnas as Individual Trustee in succession to said Judith L. Bartolini, and Richard Tarnas accepted such appointment as Individual Trustee under the Mortgage in succession to said Judith L. Bartolini; and

WHEREAS, the Company-West Virginia executed and delivered to the Trustees a First Supplemental Indenture, dated as of June 1, 1942 (which supplemental indenture is hereinafter sometimes called the “**First Supplemental Indenture**”); and

WHEREAS, the Company-West Virginia caused the First Supplemental Indenture to be filed for record as a mortgage of real property and as a chattel mortgage in the offices of the Registers of Deeds in various counties in the State of Kansas, but paid no mortgage registration tax in connection with the recordation of the First Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company-West Virginia executed and delivered to the Trustees the following supplemental indentures:

Designation	Dated as of
Second Supplemental Indenture	March 1, 1948
Third Supplemental Indenture	December 1, 1949
Fourth Supplemental Indenture	June 1, 1952
Fifth Supplemental Indenture	October 1, 1953
Sixth Supplemental Indenture	March 1, 1955
Seventh Supplemental Indenture	February 1, 1956
Eighth Supplemental Indenture	January 1, 1961
Ninth Supplemental Indenture	May 1, 1966
Tenth Supplemental Indenture	March 1, 1970
Eleventh Supplemental Indenture	May 1, 1971
Twelfth Supplemental Indenture	March 1, 1972

which supplemental indentures are hereinafter sometimes called the Second through Twelfth Supplemental Indentures, respectively; and

WHEREAS, the Company-West Virginia caused the Second through Eighth Supplemental Indentures to be filed for record as a mortgage of real property and as a chattel mortgage in the offices of the Registers of Deeds in various counties in the State of Kansas, and caused the Ninth through Twelfth Supplemental Indentures to be filed for record as a mortgage of real property in the offices of the Registers of Deeds in various counties in the State of Kansas and as a chattel mortgage in the Office of the Secretary of State of Kansas, and on the following dates paid to the Register of Deeds of Sedgwick County, Kansas, that being the County in which the Second through Twelfth Supplemental Indentures were first filed for record as a mortgage of real property, the following amounts:

Date	Amount
March 30, 1948	\$12,500
December 7, 1949	7,500
June 17, 1952	30,000
October 21, 1953	25,000
March 22, 1955	25,000
March 5, 1956	17,500
January 24, 1961	17,500
May 17, 1966	40,000
March 10, 1970	87,500
May 19, 1971	87,500
March 23, 1972	62,500

such amounts being in payment of the Kansas mortgage registration tax as provided by the then currently applicable sections of the statutes of the State of Kansas in effect on those dates; and

WHEREAS, the Company-West Virginia was merged into the Company-Kansas on May 31, 1973; and

WHEREAS, in order to evidence the succession of the Company-Kansas to the Company-West Virginia and the assumption by the Company-Kansas of the covenants and conditions of the Company-West Virginia in the bonds and in the Mortgage contained, and to enable the Company-Kansas to have and exercise the powers and rights of the Company-West Virginia under the Mortgage in accordance with the terms thereof, the Company-Kansas executed and delivered to the Trustees a Thirteenth Supplemental Indenture, dated as of May 31, 1973 (which supplemental indenture is hereinafter sometimes called the “**Thirteenth Supplemental Indenture**”); and

WHEREAS, the Company-Kansas caused the Thirteenth Supplemental Indenture to be filed for record as a mortgage of real property in the offices of the Registers of Deeds in various counties in the State of Kansas and as a chattel mortgage in the Office of the Secretary of State of Kansas, but paid no mortgage registration tax in connection with the recordation of the Thirteenth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company-Kansas executed and delivered to the Trustees the following supplemental indentures:

Designation	Dated as of
Fourteenth Supplemental Indenture	July 1, 1975
Fifteenth Supplemental Indenture	December 1, 1975
Sixteenth Supplemental Indenture	September 1, 1976
Seventeenth Supplemental Indenture	March 1, 1977
Eighteenth Supplemental Indenture	May 1, 1977
Nineteenth Supplemental Indenture	August 1, 1977
Twentieth Supplemental Indenture	March 15, 1978
Twenty-first Supplemental Indenture	January 1, 1979
Twenty-second Supplemental Indenture	April 1, 1980
Twenty-third Supplemental Indenture	July 1, 1980
Twenty-fourth Supplemental Indenture	August 1, 1980
Twenty-fifth Supplemental Indenture	June 1, 1981
Twenty-sixth Supplemental Indenture	December 1, 1981
Twenty-seventh Supplemental Indenture	May 1, 1982
Twenty-eighth Supplemental Indenture	March 15, 1984
Twenty-ninth Supplemental Indenture	September 1, 1984
Thirtieth Supplemental Indenture	September 1, 1984
Thirty-first Supplemental Indenture	February 1, 1985
Thirty-second Supplemental Indenture	April 15, 1986
Thirty-third Supplemental Indenture	June 1, 1991
Thirty-fourth Supplemental Indenture	March 31, 1992
Thirty-fifth Supplemental Indenture	December 17, 1992
Thirty-sixth Supplemental Indenture	August 12, 1993
Thirty-seventh Supplemental Indenture	January 15, 1994
Thirty-eighth Supplemental Indenture	March 1, 1994
Thirty-ninth Supplemental Indenture	April 15, 1994
Fortieth Supplemental Indenture	June 28, 2000
Forty-first Supplemental Indenture	June 6, 2002
Forty-second Supplemental Indenture	March 12, 2004
Forty-third Supplemental Indenture	June 1, 2004
Forty-fourth Supplemental Indenture	May 6, 2005
Forty-fifth Supplemental Indenture	March 17, 2006
Forty-sixth Supplemental Indenture	June 1, 2006
Forty-seventh Supplemental Indenture	March 16, 2007
Forty-eighth Supplemental Indenture	July 10, 2007
Forty-ninth Supplemental Indenture	October 12, 2007
Fiftieth Supplemental Indenture	February 22, 2008
Fifty-first Supplemental Indenture	May 15, 2008
Fifty-second Supplemental Indenture	August 1, 2008
Fifty-third Supplemental Indenture	October 1, 2008
Fifty-fourth Supplemental Indenture	June 11, 2009
Fifty-fifth Supplemental Indenture	October 1, 2009
Fifty-sixth Supplemental Indenture	February 18, 2011
Fifty-seventh Supplemental Indenture	September 29, 2011
Fifty-eighth Supplemental Indenture	February 12, 2013
Fifty-ninth Supplemental Indenture	July 19, 2013
Sixtieth Supplemental Indenture	February 14, 2014

which supplemental indentures are hereinafter sometimes called the Fourteenth through Sixtieth Supplemental Indentures, respectively; and

WHEREAS, the Company-Kansas caused the Fourteenth Supplemental Indenture to be filed for record as a mortgage of real property in the offices of the Registers of Deeds in various counties in the State of Kansas and as a chattel mortgage in the Office of the Secretary of State of Kansas; and

WHEREAS, the Company-Kansas caused the Fifteenth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on December 10, 1975, Film 169, page 363), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on December 10, 1975 and indexed as No. 325,911); and

WHEREAS, the Company-Kansas caused the Sixteenth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on September 29, 1976, Film 211, page 363), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on September 29, 1976 and indexed as No. 363,835); and

WHEREAS, the Company-Kansas caused the Seventeenth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on March 16, 1977, Film 234, page 492), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on March 1, 1977 and indexed as No. 384,759); and

WHEREAS, the Company-Kansas caused the Eighteenth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on May 26, 1977, Film 246, page 655), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on May 26, 1977 and indexed as No. 394,573); and

WHEREAS, the Company-Kansas caused the Nineteenth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on August 31, 1977, Film 263, page 882), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on September 1, 1977 and indexed as No. 406,577); and

WHEREAS, the Company-Kansas caused the Twentieth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on March 29, 1978, Film 297, pages 635-656), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on March 30, 1978 and indexed as No. 434,072); and

WHEREAS, the Company-Kansas caused the Twenty-first Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on January 9, 1979, Film 345, page 648), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on January 10, 1979 and indexed as No. 470,851); and

WHEREAS, the Company-Kansas caused the Twenty-second Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on April 2, 1980, Film 413, page 1,468), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on April 3, 1980 and indexed as No. 533,415); and

WHEREAS, the Company-Kansas caused the Twenty-third Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on July 1, 1980, Film 425, page 1,003), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on July 2, 1980 and indexed as No. 546,185); and

WHEREAS, the Company-Kansas caused the Twenty-fourth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on August 28, 1980, Film 435, page 266), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on August 29, 1980 and indexed as No. 554,543); and

WHEREAS, the Company-Kansas caused the Twenty-fifth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on June 30, 1981, Film 483, page 1,512), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on June 30, 1981 and indexed as No. 601,270); and

WHEREAS, the Company-Kansas caused the Twenty-sixth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on December 30, 1981, Film 510, page 300), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on December 31, 1981 and indexed as No. 628,293); and

WHEREAS, the Company-Kansas caused the Twenty-seventh Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on May 6, 1982, Film 526, page 1,141), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on May 7, 1982 and indexed as No. 650,115); and

WHEREAS, the Company-Kansas caused the Twenty-eighth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on March 22, 1984, Film 645, page 1,524), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on March 23, 1984 and indexed as No. 796,449); and

WHEREAS, the Company-Kansas caused the Twenty-ninth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on September 5, 1984, Film 681, page 763), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on September 6, 1984 and indexed as No. 852,425); and

WHEREAS, the Company-Kansas caused the Thirtieth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on September 12, 1984, Film 682, page 1,087), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on September 13, 1984 and indexed as No. 854,284); and

WHEREAS, the Company-Kansas caused the Thirty-first Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on February 1, 1985, Film 707, page 378), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on February 4, 1985 and indexed as No. 895,468), but paid no mortgage registration tax in connection with the recordation of the Thirty-first Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company-Kansas caused the Thirty-second Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on April 16, 1986, Film 791, page 1,336), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on April 17, 1986 and indexed as No. 1,048,212), but paid no mortgage registration tax in connection with the recordation of the Thirty-second Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company-Kansas caused the Thirty-third Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on June 18, 1991, Film 1177, page 0876), and as a security agreement in the Office of Secretary of State of Kansas (filed on June 18, 1991 and indexed as No. 1,693,446); and

WHEREAS, the Company-Kansas on the following dates paid to the Register of Deeds of Sedgwick County, Kansas, that being the County in which the Fourteenth through Thirtieth Supplemental Indentures and the Thirty-third Supplemental Indenture were first filed for record as a mortgage of real property, the following amounts:

Date	Amount
July 2, 1975	\$100,000
December 10, 1975	48,750
September 29, 1976	62,500
March 16, 1977	62,500
May 26, 1977	25,000
August 31, 1977	6,100
March 29, 1978	62,500
January 9, 1979	36,250
April 2, 1980	67,500
July 1, 1980	37,500
August 28, 1980	63,750
June 30, 1981	75,000
December 30, 1981	62,500
May 6, 1982	100,000
March 22, 1984	93,750
September 5, 1984	75,000
September 12, 1984	50,000
June 18, 1991	334,100

such amounts being in payment of the Kansas mortgage registration tax as provided by the then currently applicable sections of the statutes of the State of Kansas in effect on those dates; and

WHEREAS, in order to evidence the succession of the Company to the Company-Kansas and the assumption by the Company of the covenants and conditions of the Company-Kansas in the bonds and in the Mortgage contained, and to enable the Company to have and exercise the powers and rights of the Company-Kansas under the Mortgage in accordance with the terms thereof, the Company executed and delivered to the Trustees a Thirty-fourth Supplemental Indenture, dated as of March 31, 1992 (which supplemental indenture is hereinafter sometimes called the “**Thirty-fourth Supplemental Indenture**”); and

WHEREAS, the Company caused the Thirty-fourth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on March 31, 1992, Film 1236, page 987), and as a security agreement in the Office of Secretary of State of Kansas (filed on March 31, 1992 and indexed as No. 1,780,893), but paid no mortgage registration tax in connection with the recordation of the Thirty-fourth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Thirty-fifth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on December 16, 1992, Film 1301, page 0104), and as a security agreement in the Office of Secretary of State

of Kansas (filed on December 16, 1992 and indexed as No. 1,861,886), but paid no mortgage registration tax in connection with the recordation of the Thirty-fifth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Thirty-sixth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on August 10, 1993, Film 1364, page 0515), and as a security agreement in the Office of Secretary of State of Kansas (filed on August 11, 1993 and indexed as No. 1,936,501), but paid no mortgage registration tax in connection with the recordation of the Thirty-sixth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Thirty-seventh Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on January 18, 1994, Film 1411, page 0710), and as a security agreement in the Office of Secretary of State of Kansas (filed on January 18, 1994 and indexed as No. 1,985,104), but paid no mortgage registration tax in connection with the recordation of the Thirty-seventh Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Thirty-eighth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on February 28, 1994, Film 1422, page 1046), and as a security agreement in the Office of Secretary of State of Kansas (filed on February 28, 1994 and indexed as No. 1,997,743), but paid no mortgage registration tax in connection with the recordation of the Thirty-eighth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Thirty-ninth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on April 27, 1994, Film 1440, page 855), and as a security agreement in the Office of Secretary of State of Kansas (filed on April 27, 1994 and indexed as No. 1,377,915), but paid no mortgage registration tax in connection with the recordation of the Thirty-ninth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Fortieth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on June 28, 2000, Film 2062, page 0053), and as a security agreement in the Office of Secretary of State of Kansas (filed on June 28, 2000, and indexed as No. 3756913); and

WHEREAS, the Company caused the Forty-first Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on June 6, 2002, Film 2460, page 1), and as a security agreement in the office of Secretary of State of Kansas (filed on June 6, 2002, and indexed as No. 5264221), but paid no mortgage registration tax in connection with the recordation of the Forty-first Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Forty-second Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on March 12, 2004, Film 2854, page 8731), and as a security agreement in the office of Secretary of State of Kansas (filed on March 12, 2004, and indexed as No. 5760673), but paid no mortgage registration tax in connection with the recordation of the Forty-second Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Forty-third Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on June 10, 2004, Film and Page 28578510), and as a security agreement in the office of Secretary of State of Kansas (filed on June 10, 2004, and indexed as No. 5820311), but paid no mortgage registration tax in connection with the recordation of the Forty-third Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Forty-fourth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on May 6, 2005, Film and Page 28671438), and as a security agreement in the office of Secretary of State of Kansas (filed on May 6, 2005, and indexed as No. 5981824), but paid no mortgage registration tax in connection with the recordation of the Forty-fourth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Forty-fifth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on March 17, 2006, Film and Page 28764552), and as a security agreement in the office of Secretary of State of Kansas (filed on March 17, 2006, and indexed as No. 6122576), but paid no mortgage registration tax in connection with the recordation of the Forty-fifth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Forty-sixth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on June 1, 2006, Film and Page 28785638, and as a security agreement in the office of Secretary of State of Kansas (filed on June 1, 2006, and indexed as No. 6168504), but paid no mortgage registration tax in connection with the recordation of the Forty-sixth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Forty-seventh Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on March 16, 2007, Film and Page 28865277), and as a security agreement in the office of Secretary of State of Kansas (filed on March 16, 2007, and indexed as No. 6326219), but paid no mortgage registration tax in connection with the recordation of the Forty-seventh Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Forty-eighth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on July 13, 2007, Film and Page 28899558), and as a security agreement in the office of Secretary of State of Kansas (filed on July 13, 2007, and indexed as No. 6385835), but paid no mortgage registration tax in connection with the recordation of the Forty-eighth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Forty-ninth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on October 12, 2007, Film and Page 28923805), and as a security agreement in the office of Secretary of State of Kansas (filed on October 12, 2007, and indexed as No. 6417307), but paid no mortgage registration tax in connection with the recordation of the Forty-ninth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Fiftieth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on February 22, 2008, Film and Page 28953801), and as a security agreement in the office of Secretary of State of Kansas (filed on February 25, 2008, and indexed as No. 6458236), but paid no mortgage registration tax in connection with the recordation of the Fiftieth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Fifty-first Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on May 15, 2008, Film and Page 28975775), and as a security agreement in the office of Secretary of State of Kansas (filed on May 15, 2008, and indexed as No. 6489843); and

WHEREAS, the Company caused the Fifty-second Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on August 26, 2008, Film and Page 29002339), and as a security agreement in the office of Secretary of State of Kansas (filed on August 26, 2008, and indexed as No. 6521686, and refiled on October 2, 2008, and indexed as No. 6533509), but paid no mortgage registration tax in connection with the recordation of the Fifty-second Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Fifty-third Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on October 10, 2008, Film and Page 29013036), and as a security agreement in the office of Secretary of State of Kansas (filed on October 10, 2008, and indexed as No. 6535637), but paid no mortgage registration tax in connection with the recordation of the Fifty-third Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Fifty-fourth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on June 11, 2009, Film and Page 29067265), and as a security agreement in the office of the Secretary of State of Kansas (filed on June 11, 2009, and indexed as No. 6604136); and

WHEREAS, the Company caused the Fifty-fifth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on October 15, 2009, Film and Page 29097415), and as a security agreement in the office of Secretary of State of Kansas (filed on October 15, 2009, and indexed as No. 6638837), but paid no mortgage registration tax in connection with the recordation of the Fifty-fifth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Fifty-sixth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on February 18, 2011, Film and Page 29202662), and as a security agreement in the office of Secretary of State of Kansas (filed on February 18, 2011, and indexed as No. 6773980); and

WHEREAS, the Company caused the Fifty-seventh Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on September 29, 2011, Film and Page 29243701), and as a security agreement in the office of Secretary of State of Kansas (filed on September 29, 2011, and indexed as No. 6841241), but paid no mortgage registration tax in connection with the recordation of the Fifty-seventh Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Fifty-eighth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on February 12, 2013, Film and Page 29352491), and as a security agreement in the office of Secretary of State of Kansas (filed on February 12, 2013, and indexed as No. 6970248), but paid no mortgage registration tax in connection with the recordation of the Fifty-eighth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Fifty-ninth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on July 19, 2013, Film and Page 29389416), and as a security agreement in the office of Secretary of State of Kansas (filed on July 19, 2013, and indexed as No. 7013394), but paid no mortgage registration tax in connection with the recordation of the Fifty-ninth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company caused the Sixtieth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on February 14, 2014, Film and Page 29435206), and as a security agreement in the office of Secretary of State of Kansas (filed on February 14, 2014, and indexed as No. 7065659), but paid no mortgage registration tax in connection with the recordation of the Sixtieth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

WHEREAS, the Company on the following dates paid to the Register of Deeds of Sedgwick County, Kansas, that being the County in which the Fortieth Supplemental Indenture, the Fifty-first Supplemental Indenture, the Fifty-fourth Supplemental Indenture, and the Fifty-sixth Supplemental Indenture were first filed for record as a mortgage of real property, the following amounts:

Date	Amount
June 28, 2000	\$1,780,539
May 15, 2008	188,864
June 11, 2009	780,000
February 18, 2011	702,000

such amounts being in payment of the Kansas mortgage registration tax as provided by the then currently applicable sections of the statutes of the State of Kansas in effect on those dates; and

WHEREAS, the Company-West Virginia, the Company-Kansas or the Company has from time to time caused to be filed in the respective offices of the above-mentioned Registers of Deeds and Secretary of State affidavits executed by the Trustees under the Mortgage, preserving and continuing the lien thereof either as a chattel mortgage in accordance with the provisions of K.S.A. 58-303 (Section 58-303 of the General Statutes of Kansas 1935) or as a security agreement under the provisions of K.S.A. 84-9-401 *et seq.*; and

WHEREAS, in addition to the aforesaid filings for record in the respective offices of the above-mentioned Registers of Deeds, the Company-West Virginia, the Company-Kansas or the Company has filed copies of the Mortgage and the First through Sixtieth Supplemental Indentures, certified as true by it, with the Secretary of State of Kansas; and

WHEREAS, the Company-West Virginia, the Company-Kansas or the Company has heretofore issued, in accordance with the provisions of the Mortgage, as heretofore supplemented, the following series of First Mortgage Bonds:

Series	Principal Amount Issued	Principal Amount Outstanding
3 3/8% Series due 1970	\$16,000,000	None
3 1/8% Series due 1978	5,000,000	None
2 3/4% Series due 1979	3,000,000	None
3 3/8% Series due 1982	12,000,000	None
3 5/8% Series due 1983	10,000,000	None
3 3/8% Series due 1985	10,000,000	None
3 3/8% Series due 1986	7,000,000	None
4 5/8% Series due 1991	7,000,000	None
5 5/8% Series due 1996	16,000,000	None
8 1/2% Series due 2000	35,000,000	None
8 1/8% Series due 2001	35,000,000	None
7 3/8% Series due 2002	25,000,000	None
9 5/8% Series due 2005	40,000,000	None
6% Series due 1985	7,000,000	None
7 3/4% Series due 2005	12,500,000	None
8 3/8% Series due 2006	25,000,000	None
8 1/2% Series due 2007	25,000,000	None
6% Series due 2007	10,000,000	None
5 7/8% Series due 2007	21,940,000	None
8 7/8% Series due 2008	30,000,000	None
6.80% Series due 2004	14,500,000	None
16 1/4% Series due 1987	30,000,000	None
6 1/2% Series due 1983	15,000,000	None
7 1/4% Series due 1983	25,500,000	None
14 7/8% Series due 1987--1991	30,000,000	None
16% Series due 1996	25,000,000	None
15 3/4% Series due 1989	40,000,000	None
13 1/2% Series due 1989	100,000,000	None
14.05% Series due 1991	30,000,000	None
14 1/8% Series due 1991	20,000,000	None
10 7/8% Series due 1987	30,000,000	None
9 3/4% Series due 2016	50,000,000	None
7.00% Series A due 2031	18,900,000	None
7.00% Series B due 2031	308,600,000	None
7.60% Series due 2003	135,000,000	None
6 1/2% Series due 2005	65,000,000	None
6.20% Series due 2006	100,000,000	None
5.10% Series due 2023	13,982,500	None
7 1/2% Series A due 2032	14,500,000	14,500,000
7 1/2% Series B due 2027	21,940,000	21,940,000
7 1/2% Series C due 2032	10,000,000	10,000,000
9 1/2% Series due 2003	702,200,000	None
8% Series due 2005	735,000,000	None
3 1/2% Series due 2007	300,000,000	None
5.30% Series due 2031	18,900,000	None

5.30% Series A due 2031	108,600,000	None
2.65% Series B due 2031	100,000,000	None
Variable Rate Series C due 2031	100,000,000	None
4.60% Series due 2010	350,000,000	None
5.57% Series due 2011	500,000,000	None
4.85% Series 2004B-1 due 2031	50,000,000	50,000,000
Burlington Series 2004B-2 due 2031	50,000,000	None
5.57% Series due 2012	500,000,000	None
6.53% Series due 2037	175,000,000	175,000,000
5.57% Series due 2012	750,000,000	None
6.15% Series A due 2023	50,000,000	50,000,000
6.64% Series B due 2023	100,000,000	100,000,000
Burlington Series 2008 due 2031	50,000,000	None
Burlington Series 2008A due 2031	50,000,000	None
6.70% Series due 2019	300,000,000	300,000,000
Burlington Series 2009 due 2031	50,000,000	None
2.75% Series due 2015	270,000,000	None
1.95% Series due 2016	730,000,000	None
2.75% Series due 2016	270,000,000	None
1.95% Series due 2018	730,000,000	730,000,000
2.75% Series due 2017	270,000,000	270,000,000

hereinafter sometimes called Bonds of the First through Sixty-sixth Series; and

WHEREAS, Section 8 of the Mortgage provides that the form of each series of bonds (other than the First Series) issued thereunder and of the coupons to be attached to the coupon bonds of such series shall be established by Resolution of the Board of Directors of the Company and that the form of such series, as established by said Board of Directors, shall specify the descriptive title of the bonds and various other terms thereof, and may also contain such provisions not inconsistent with the provisions of the Mortgage as the Board of Directors may, in its discretion, cause to be inserted therein expressing or referring to the terms and conditions upon which such bonds are to be issued and/or secured under the Mortgage; and

WHEREAS, Section 120 of the Mortgage provides, among other things, that any power, privilege or right expressly or impliedly reserved to or in any way conferred upon the Company by any provision of the Mortgage whether such power, privilege or right is in any way restricted or is unrestricted, may be in whole or in part waived or surrendered or subjected to any restriction if at the time unrestricted or to additional restriction if already restricted, and the Company may enter into any further covenants, limitations or restrictions for the benefit of any one or more series of bonds issued thereunder, or the Company may cure any ambiguity contained therein or in any supplemental indenture, or may establish the terms and provisions of any series of bonds other than said First Series, by an instrument in writing executed and acknowledged by the Company in such manner as would be necessary to entitle a conveyance of real estate to record in all of the states in which any property at the time subject to the lien of the Mortgage shall be situated; and

WHEREAS, the Company now desires to create a new series of bonds; and

WHEREAS, the execution and delivery by the Company of this Sixty-first Supplemental Indenture, and the terms of the Bonds of the Sixty-seventh Series, hereinafter referred to, have been duly authorized by the Board of Directors of the Company by appropriate Resolutions of said Board of Directors;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That Kansas Gas and Electric Company, in consideration of the premises and of One Dollar (\$1) to it duly paid by the Trustees at or before the ensembling and delivery of these presents, the receipt whereof is hereby acknowledged, and in further evidence of assurance of the estate, title and rights of the Trustees and in order further to secure the payment both of the principal of and interest and premium, if any, on the bonds from time to time issued under the Mortgage, according to their tenor and effect and the performance of all the provisions of the Mortgage (including any instruments supplemental thereto and any modification made as in the Mortgage provided) and of said bonds, hereby grants, bargains, sells, releases, conveys, assigns, transfers, mortgages, pledges, sets over and confirms (subject, however, to Excepted Encumbrances as defined in Section 6 of the Mortgage) unto The Bank of New York Mellon Trust Company, N.A. and to Richard Tarnas, as Trustees under the Mortgage, and to their successor or successors in said trust, and to said Trustees and their successors and assigns forever, all property, real, personal and mixed, acquired by the Company after the date of the execution and delivery of the Mortgage, in addition to property covered by the First through the Sixtieth Supplemental Indentures (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted), now owned or, subject to the provisions of Section 87 of the Mortgage, hereafter acquired by the Company and wheresoever situated, including (without in anywise limiting or impairing by the enumeration of the same the scope and intent of the foregoing or of any general description contained in this Sixty-first Supplemental Indenture) all lands, flowage rights, water rights, flumes, raceways, dams, rights of way and roads; all steam and power houses, gas plants, street lighting systems, standards and other equipment incidental thereto, telephone, radio and television systems, air-conditioning systems and equipment incidental thereto, water works, steam heat and hot water plants, lines, service and supply systems, bridges, culverts, tracks, rolling stock, ice or refrigeration plants and equipment, street and interurban railway systems, offices, buildings and other structures and the equipment thereof; all machinery, engines, boilers, dynamos, electric and gas machines, regulators, meters, transformers, generators, motors, electrical, gas and mechanical appliances, conduits, cables, water, steam heat, gas or other pipes, gas mains and pipes, service pipes, fittings, valves and connections, pole and transmission lines, wires, cables, tools, implements, apparatus, furniture, chattels and chooses in action; all municipal and other franchises; all lines for the transmission and distribution of electric current, gas, steam heat or water for any purpose, including poles, wires, cables, pipes, conduits, ducts and all apparatus for use in connection therewith; all real estate, lands, easements, servitudes, licenses, permits, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of the same and (except as herein or in the Mortgage, as heretofore supplemented, expressly excepted), all the right, title and interest of the Company in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or enjoyed in connection with any property hereinbefore or in the Mortgage, as heretofore supplemented, described.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in anywise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 57 of the Mortgage) the tolls, rents, revenues, issues, earnings, income, product and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid property and franchises and every part and parcel thereof.

IT IS HEREBY AGREED by the Company that, subject to the provisions of Section 87 of the Mortgage, all the property, rights and franchises acquired by the Company after the date hereof (except any herein or in the Mortgage, as heretofore supplemented, expressly excepted), shall be as fully embraced within the lien hereof and the lien of the Mortgage, as if such property, rights and franchises were now owned by the Company and were specifically described herein and conveyed hereby.

PROVIDED that the following are not and are not intended to be now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed hereunder and are hereby expressly excepted from the lien and operation of this Sixty-first Supplemental Indenture and from the lien and operation of the Mortgage, viz.: (1) cash, shares of stock and obligations (including bonds, notes and other securities) not hereafter specifically pledged, paid, deposited or delivered under the Mortgage or covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business and fuel, oil and similar materials and supplies consumable in the operation of any properties of the Company; vehicles and automobiles; (3) bills, notes and accounts receivable, and all contracts, leases and operating agreements not specifically pledged under the Mortgage or covenanted so to be; and (4) electric energy, and other materials or products generated, manufactured, produced or purchased by the Company for sale, distribution or use in the ordinary course of its business; provided, however, that the property and rights expressly excepted from the lien and operation of the Mortgage and this Sixty-first Supplemental Indenture in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event that either or both of the Trustees or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XII of the Mortgage by reason of the occurrence of a Default as defined in said Article XII.

THERE is expressly excepted from the lien of the Mortgage and from the lien hereof all property of the Company located in the State of Missouri now owned or hereafter acquired unless such property in the State of Missouri shall be subjected to the lien of the Mortgage by an indenture or indentures supplemental thereto, pursuant to authorization by the Board of Directors of the Company.

TO HAVE AND TO HOLD all such properties, real, personal and mixed, granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed by the Company as aforesaid, or intended so to be, unto the Trustees, their successors and assigns forever.

IN TRUST NEVERTHELESS, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as are set forth in the Mortgage, as supplemented, this Sixty-first Supplemental Indenture being supplemental thereto.

AND IT IS HEREBY COVENANTED by the Company that all the terms, conditions, provisos, covenants and provisions contained in the Mortgage, as supplemented, shall affect and apply to the property hereinbefore described and conveyed and to the estate, rights, obligations and duties of the Company and Trustees and the beneficiaries of the trust with respect to said property, and to the Trustees and their successors as Trustees of said property in the same manner and with the same effect as if the said property had been owned by the Company at the time of the execution of the Mortgage, and had been specifically and at length described in and conveyed to the Trustees by the Mortgage as a part of the property therein stated to be conveyed.

The Company further covenants and agrees to and with the Trustees and their successors in said trust under the Mortgage, as follows:

ARTICLE I SIXTY-SEVENTH SERIES OF BONDS

SECTION 1. There shall be a series of bonds designated "4.30% Series due 2044" (herein sometimes referred to as the "**Bonds of the Sixty-seventh Series**"), each of which shall also bear the descriptive title, First Mortgage Bond, and the form thereof, which is established by Resolution of the Board

of Directors of the Company, is attached hereto as Exhibit A. Bonds of the Sixty-seventh Series shall be initially limited to \$250,000,000 in aggregate principal amount, except for such additional Bonds of the Sixty-seventh Series as may be authorized pursuant to this Section 1, and except as provided in Section 16 of the Mortgage, shall mature on July 15, 2044, and shall be issued as fully registered bonds in denominations of Two Thousand Dollars and in any multiple or multiples of One Thousand Dollars in excess thereof. Bonds of the Sixty-seventh Series shall bear interest from the date of their issuance at the rate of 4.30% per annum, payable semi-annually on January 15 and July 15 of each year, beginning January 15, 2015, to holders of record on the preceding January 1 or July 1, as applicable, whether or not a business day. The principal of, redemption premium, if any, and interest on Bonds of the Sixty-seventh Series shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts, except as follows. Payments in respect of the Bonds of the Sixty-seventh Series represented by Global Bonds (as defined below) (including principal, redemption premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company (together with any successor, the “**Depository**”). Payments of interest in respect of physical bonds will be made by mailing a check to the registered address of each Holder thereof; *provided, however*, that payments on a physical bond will be made by wire transfer to a U.S. Dollar account maintained by the payee with a bank in the United States if such holder certifies to the Company that it is a Holder of Bonds of the Sixty-seventh Series in an aggregate principal amount equal to or greater than \$10,000,000 and elects payment by wire transfer by giving written notice to the Corporate Trustee to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Corporate Trustee may accept in its discretion).

If an interest payment date or a redemption date falls on a day that is not a business day, such interest payment date or redemption date, as the case may be, shall be the immediately succeeding business day with the same force and effect as if made on the original interest payment date or redemption date, as the case may be, and no interest shall accrue for the period from and after such original interest payment date or redemption date, as the case may be.

Interest on the Bonds of the Sixty-seventh Series shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds of the Sixty-seventh Series need not be issued at the same time. Subject to the limitations of the Mortgage with respect to the principal amount of Bonds of the Sixty-seventh Series which may be issued thereunder, the Company may, from time to time, at its option and without the consent of any holder of the Bonds of the Sixty-seventh Series, reopen the Bonds of the Sixty-seventh Series for issuance of additional Bonds of the Sixty-seventh Series (such Bonds of the Sixty-seventh Series, “**Additional Bonds**”); provided that if the Additional Bonds are not fungible with the previously issued Bonds of the Sixty-seventh Series for United States federal income tax purposes, the Additional Bonds will have a separate CUSIP number, and further provided that Additional Bonds shall rank *pari passu* with any outstanding Bonds of the Sixty-seventh Series, shall be consolidated with and treated as a single class with the outstanding Bonds of the Sixty-seventh Series for all purposes, and shall have terms and conditions identical to those of the other outstanding Bonds of the Bonds of the Sixty-seventh Series, except that Additional Bonds may differ with respect to:

- (i) the date of issuance;
- (ii) the amount of interest payable on the first interest payment date therefor;
- (iii) the first interest payment date;
- (iv) the issue price; and

(v) any adjustments necessary in order to conform to and ensure compliance with the Securities Act of 1933 (or other applicable securities laws), which are not adverse in any material respect to the holder of any outstanding Bonds of the Sixty-seventh Series.

Additional Bonds executed by the Company and delivered to the Trustee shall be authenticated by the Corporate Trustee and delivered (either before or after the filing or recording hereof) to or upon the order of the Company, upon receipt by the Trustee of the resolutions, certificates, instruments and opinions required by Mortgage.

SECTION 2. Bonds of the Sixty-seventh Series shall be dated as in Section 10 of the Mortgage provided.

SECTION 3. (1) The Bonds of the Sixty-seventh Series, upon the mailing of notice and with the effect provided in Section 54 of the Mortgage, shall be redeemable at the option of the Company, as a whole at any time or in part from time to time, at a redemption price equal to (x) if redeemed on or after January 15, 2044, 100% of the principal amount of the Bonds of the Sixty-seventh Series to be redeemed, plus accrued and unpaid interest on those Bonds of the Sixty-seventh Series to be redeemed to but excluding the redemption date, or (y) if redeemed prior to January 15, 2044, the greater of: (a) 100% of the principal amount of the Bonds of the Sixty-seventh Series to be redeemed, plus accrued and unpaid interest on Bonds of the Sixty-seventh Series to be redeemed to but excluding the redemption date or (b) as determined by the Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds of the Sixty-seventh Series to be redeemed (not including any portion of payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate plus fifteen (15) basis points, plus accrued and unpaid interest on those Bonds of the Sixty-seventh Series to be redeemed to but excluding the redemption date.

The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

Unless the Company defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Bonds of the Sixty-seventh Series or portions of the Bonds of the Sixty-seventh Series called for redemption.

(2) Notice of Redemption. In the case of redeeming all or any portion of the Bonds of the Sixty-seventh Series, the Company shall cause notice of redemption to be given by (1) first class mail, postage prepaid (or, with respect to Global Bonds, delivered in accordance with the Depository's applicable policies and procedures), at least thirty days and not more than sixty days prior to the date of redemption, to the registered owners of such Bonds of the Sixty-seventh Series at their addresses as the same shall appear on the transfer register of the Company; and (2) stating, among other things, the redemption price and date.

Notwithstanding the foregoing, a notice of redemption may provide that the optional redemption described in such notice is conditioned upon the occurrence of certain events before the date of redemption. Such notice of conditional redemption will be of no effect unless all such conditions to the redemption shall have occurred before the redemption date or shall have been waived by the Company. If any of these events fail to occur and are not waived by the Company, the Company will be under no obligation to redeem the Bonds of the Sixty-seventh Series or pay the holders thereof any redemption proceeds and the Company's failure to so redeem the Bonds of the Sixty-seventh Series will not be considered a default or event of default under the Mortgage. In the event that any of these conditions fail to occur or are not waived by the Company, the Company will promptly notify the Trustee in writing that the conditions precedent to such redemption have failed to occur and the Bonds of the Sixty-seventh Series will not be redeemed.

“Adjusted Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price

for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the redemption date.

“**Business Day**” means any day that is not a day on which banking institutions in New York City are authorized or required by law or regulation to close.

“**Comparable Treasury Issue**” means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Bonds that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Bonds.

“**Comparable Treasury Price**” means, with respect to any redemption date:

the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of the Reference Treasury Dealer Quotations; or

if the Quotation Agent obtains fewer than four Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations so received.

“**Quotation Agent**” means, as selected by the Company, one of the Reference Treasury Dealers.

“**Reference Treasury Dealer**” means (1) each of J.P. Morgan Securities LLC, Barclays Capital Inc. and a primary Treasury Dealer (as hereinafter defined) selected by Mitsubishi UFJ Securities (USA), Inc., and their respective successors, unless any of them ceases to be a primary U.S. Government securities dealer in the United States (a “**Primary Treasury Dealer**”) in which case the Company shall substitute another Primary Treasury Dealer; and (2) any other Primary Treasury Dealer selected by the Company.

“**Reference Treasury Dealer Quotations**” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding that redemption date.

SECTION 4. Bonds of the Sixty-seventh Series offered and sold in reliance on Rule 144A shall be issued initially in the form of one or more Global Bonds (the “**Rule 144A Global Bonds**”) registered in the name of the Depository or a nominee of the Depository.

The Bonds of the Sixty-seventh Series offered and sold in offshore transactions to Non-U.S. Persons reliance on Regulation S shall be issued initially in the form of one or more temporary Global Bonds (each a “**Regulation S Temporary Global Bond**”) registered in the name of the Depository or a nominee of the Depository. Beneficial interests in a Regulation S Temporary Global Bond will be exchangeable for beneficial interests in a single permanent Global Bond (the “**Regulation S Permanent Global Bond**”, together with the Regulation S Temporary Global Bonds, the “**Regulation S Global Bonds**”; the Regulation S Global Bonds, together with the Rule 144A Global Bonds, the “**Global Bonds**”) within a reasonable time period after the expiration of the Restricted Period (the “**Release Date**”) upon the receipt by the Corporate Trustee or its agent of a certificate certifying that the Holder of the beneficial interest in a Regulation S Temporary Global Bond is a Non-U.S. Person (a “**Regulation S Certificate**”), substantially in the form set forth in Exhibit D. Each Regulation S Global Bond will be deposited upon issuance with, or on behalf of, a custodian for the Depository for credit to the respective accounts of the purchasers, or to other accounts as they may

direct, at Euroclear (as defined below) or Clearstream (as defined below). Before the Restricted Period, interests in a Regulation S Temporary Global Bond may only be held through Euroclear or Clearstream, as indirect participants in DTC, unless exchanged for interests in the Rule 144A Global Bond in accordance with the transfer and certification requirements described in Section 6.

Upon receipt by the Corporate Trustee of a Regulation S Certificate (a form of which is attached hereto as Exhibit D), (i) with respect to the first such Regulation S Certificate, the Company shall execute and upon receipt of a written request of the Company to authenticate the Regulation S Permanent Global Bond as provided herein and in the Mortgage, the Corporate Trustee shall authenticate such Regulation S Permanent Global Bond and (ii) with respect to the first and all subsequent Regulation S Certificates, the Corporate Trustee shall exchange on behalf of the applicable beneficial owners the portion of a Regulation S Temporary Global Bond covered by such Regulation S Certificates for the Regulation S Permanent Global Bond in an equivalent aggregate principal amount. Upon any exchange of a portion of a Regulation S Temporary Global Bond for a comparable portion of the Regulation S Permanent Global Bond, the Corporate Trustee shall endorse on the schedules affixed to each of such Regulation S Global Bond (or on continuations of such schedules affixed to each of such Regulation S Global Bond and made parts thereof) appropriate notations evidencing the date of transfer and (x) with respect to a Regulation S Temporary Global Bond, a decrease in the principal amount thereof equal to the amount by the applicable certification and (y) with respect to the Regulation S Permanent Global Bond, an increase in the principal amount thereof equal to the principal amount of the decrease in a Regulation S Temporary Global Bond pursuant to clause (x) above.

Bonds of the Sixty-seventh Series shall be issued without coupons only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Each Global Bond shall be deposited on behalf of the purchasers of Bonds of the Sixty-seventh Series represented thereby with the Corporate Trustee, as securities custodian (or with such other securities custodian as the Depository may direct) (the “**Securities Custodian**”), and registered in the name of the Depository or a nominee thereof, duly executed by the Company and authenticated by the Corporate Trustee as provided herein and in the Mortgage. The aggregate principal amount of the Global Bonds may from time to time be increased or decreased by adjustments made on the records of the Corporate Trustee and the Depository or its nominee as hereinafter provided.

The following legends shall appear on the face of all Global Bonds and physical bonds issued hereunder unless specifically stated otherwise herein.

(i) The Rule 144A Global Bond and all physical bonds shall bear the following legend (the “**Private Placement Legend**”) on the face thereof:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF ANY U.S. PERSON, UNLESS SUCH SECURITY IS REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY OR ANY INTEREST OR PARTICIPATION THEREIN, PRIOR TO THE DATE (THE “U.S. RESALE RESTRICTION TERMINATION DATE”) THAT IS ONE YEAR (OR SUCH PERIOD AS MAY BE REQUIRED BY ANY SUBSEQUENT CHANGE IN APPLICABLE LAW) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF

OR OF ANY ADDITIONAL BONDS OF THIS SERIES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER OR AN AFFILIATE OF THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES THIS SECURITY OR SUCH INTEREST OR PARTICIPATION FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D), PRIOR TO THE END OF THE 40 DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR PURSUANT TO CLAUSE (E) PRIOR TO THE U.S. RESALE RESTRICTION TERMINATION DATE, TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE U.S. RESALE RESTRICTION TERMINATION DATE.

(ii) The Regulation S Global Bonds shall bear the following legend (the “**Regulation S Legend**”) on the face thereof:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, UNLESS SUCH SECURITY IS REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE.

(iii) The Regulation S Temporary Global Bonds shall also bear the following legend (the “**Regulation S Temporary Legend**”) on the face thereof:

PRIOR TO THE EXPIRATION OF THE ‘40-DAY DISTRIBUTION COMPLIANCE PERIOD’ (AS DEFINED IN REGULATION S), THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES WITHIN THE MEANING OF REGULATION S, EXCEPT TO A PERSON REASONABLY BELIEVED TO BE A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND THE MORTGAGE OR OTHERWISE IN ACCORDANCE WITH REGULATION S.

(iv) The Global Bonds shall bear the following legend (the “**Global Bond Legend**”) on the face thereof:

THIS SECURITY IS A GLOBAL BOND WITHIN THE MEANING OF THE MORTGAGE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE OF A DEPOSITORY OR A SUCCESSOR DEPOSITORY. THIS SECURITY IS NOT EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN

THE DEPOSITORY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE MORTGAGE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE MORTGAGE.

Members of, or participants in, the Depository (“**Agent Members**”) shall have no rights under this Supplemental Indenture with respect to any Global Bond held on their behalf by the Depository, or by the Securities Custodian or under such Global Bond, and the Company, the Corporate Trustee and any agent of the Company or the Corporate Trustee shall be entitled to treat the Depository as the absolute owner of such Global Bond for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Corporate Trustee or any agent of the Company or the Corporate Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices of such Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Bond.

Except as expressly provided in Section 6 hereof, owners of beneficial interests in Global Bonds shall not be entitled to receive physical bonds.

“**Clearstream**” means Clearstream Banking société anonyme.

“**Euroclear**” means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

“**Non-U.S. Person**” means a Person who is not a U.S. Person as defined in Rule 902(k) under the Securities Act.

“**QIB**” means a qualified institutional buyer under Rule 144A.

“**Restricted Period**” means the 40-day restricted period as defined in Regulation S.

“**Restricted Securities Legend**” means the Private Placement Legend set forth in paragraph (i) of this Section 4.

SECTION 5. The transfer and exchange of Global Bonds or beneficial interests therein shall be effected through the Depository, in accordance with this Supplemental Indenture (including applicable restrictions on transfer set forth herein, if any) and the procedures of the Depository therefor. A transferor of a beneficial interest in a Global Bond shall deliver to the Company office or agency responsible for maintaining a bond register for the registration of Bonds of the Sixty-seventh Series and registration of transfers thereof (the “**Bond Registrar**”) a written order given in accordance with the Depository’s procedures containing information regarding the participant account of the Depository to be credited with a beneficial interest in the Global Bond. The Bond Registrar shall, in accordance with such written order, instruct the Depository to credit to the account of the person specified in such written order a beneficial interest in the Global Bond and to debit from the account of the Person making the transfer and exchange the beneficial interest in the Global Bond being transferred and exchanged.

Notwithstanding any other provision of this Supplemental Indenture (other than the provisions set forth in Section 6), a Global Bond may not be transferred or exchanged as a whole except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

At such time as all beneficial interests in a Global Bond have either been exchanged for physical bonds, redeemed, purchased or canceled, such Global Bond shall be returned to the Depository for cancellation or retained and canceled by the Securities Custodian. At any time prior to such cancellation, if any beneficial interest in a Global Bond is exchanged for physical bonds, redeemed, purchased or canceled, the principal amount of Bonds represented by such Global Bond shall be reduced and an adjustment shall be made on the books and records of the Bond Registrar with respect to such Global Bond.

The Corporate Trustee shall have no responsibility or obligation to any beneficial owner of a Global Bond, Agent Member or other person with respect to the accuracy of the records of the Depository or its nominee or of any Agent Member, with respect to any ownership interest in the Bonds of the Sixty-seventh Series or with respect to the delivery to any Agent Member, beneficial owner or other person (other than the Depository) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Bonds of the Sixty-seventh Series. All notices and communications to be given to the holders and all payments to be made to holders under the Bonds of the Sixty-seventh Series shall be given or made only to or upon the order of the registered holders (which shall be the Depository or its nominee in the case of a Global Bond). The rights of beneficial owners in any Global Bond shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository. The Corporate Trustee may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its Agent Members and any beneficial owners.

The Corporate Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Supplemental Indenture or under applicable law with respect to any transfer of any interest in any Bond of the Sixty-seventh Series (including any transfers between or among Agent Members or beneficial owners in any Global Bond) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of the Mortgage.

SECTION 6. A Global Bond deposited with the Depository or with the Securities Custodian pursuant to Section 4 shall be transferred to the beneficial owners thereof in the form of physical bonds in an aggregate principal amount equal to the principal amount of such Global Bond, in exchange for such Global Bond, only if such transfer is required by the third paragraph of this Section 6.

Any Global Bond that is transferable to the beneficial owners thereof pursuant to this Section shall be surrendered by the Depository to the Corporate Trustee at its corporate trust office to be so transferred, in whole or from time to time in part, without charge, and the Corporate Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Bond, an equal aggregate principal amount of physical bonds of authorized denominations. Any portion of a Global Bond transferred pursuant to this Section shall be executed, authenticated and delivered only in denominations of \$2,000 principal amount and integral multiples of \$1,000 in excess thereof and registered in such names as the Depository shall direct.

The Company shall promptly make available to the Corporate Trustee a reasonable supply of physical bonds in definitive, fully registered form without interest coupons if: (i) the Depository notifies the Company that it is unwilling or unable to continue as a Depository for the Global Bond or if at any time the Depository ceases to be a clearing agency registered under the Exchange Act, as amended, and a successor Depository is not appointed by the Company within 90 days; or (ii) the Company, at its option, executes and delivers to the Corporate Trustee an order that the Bonds of the Sixty-seventh Series shall be so exchangeable and the transfer so registrable.

In all cases, physical bonds delivered in exchange for any Global Bond or beneficial interests in such Global Bond will be registered in the names, and issued in any approved denominations, requested by or on

behalf of the Depository, in accordance with its customary procedures. Any physical bond issued in exchange for an interest in a Global Bond will be effected through the DTC's Deposit/Withdrawal at Custodian system and an appropriate adjustment will be made in the records of the Securities Custodian to reflect a decrease in the principal amount of the relevant Global Bond.

Any physical bond delivered in exchange for an interest in a Global Bond shall bear the applicable legend regarding transfer restrictions applicable to such physical bond.

Transfer and Exchange. (a) The following provisions shall apply with respect to any proposed transfer of a beneficial interest in a Rule 144A Global Bond or a physical bond issued in exchange therefor prior to the date which is one year (or such period as may be required or permitted by any subsequent change in applicable law) after the later of the date of its original issue or of the issue of any Additional Bonds and the last date on which the Company or any affiliate of the Company was the owner of such Bond (or any predecessor thereto) (the "**U.S. Resale Restriction Termination Date**");

(i) a transfer of a beneficial interest in a Rule 144A Global Bond or a physical bond issued in exchange therefor to a QIB shall be made upon the representation of the transferee in the form as set forth on the reverse of the Bond that it is purchasing for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A;

(ii) a transfer of a beneficial interest in a Rule 144A Global Bond or a physical bond issued in exchange therefor to a Non-U.S. Person shall be made upon receipt by the Corporate Trustee or its agent of a certificate substantially in the form set forth in Exhibit D from the proposed transferee and the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them.

After the U.S. Resale Restriction Termination Date, interests in the Rule 144A Global Bond may be transferred without requiring any additional certification.

(b) The following provisions shall apply with respect to any proposed transfer of a Regulation S Temporary Global Bond prior to the expiration of the Restricted Period:

(i) a transfer of a Regulation S Temporary Global Bond or a beneficial interest therein to a QIB shall be made upon the representation of the transferee, in the form of certificate attached as Exhibit B hereto, that it is purchasing the Bond for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim exemption from registration provided by Rule 144A; and

(ii) a transfer of a Regulation S Temporary Global Bond or a beneficial interest therein to a Non-U. S. Person shall be made upon receipt by the Corporate Trustee or its agent of a certificate substantially in the form set forth in Exhibit D hereof from the proposed transferee and receipt by the Corporate Trustee or its agent of an opinion of counsel, certification and/or other information satisfactory to each of them.

After the expiration of the Restricted Period, interests in a Regulation S Global Bond may be transferred without requiring certification set forth in Exhibit D or any additional certification.

(c) **Restricted Securities Legend.** Upon the transfer, exchange or replacement of the Bonds not bearing a Restricted Securities Legend, the Bond Registrar shall deliver Bonds that do not bear a Restricted Securities Legend. Upon the transfer, exchange or replacement of the Bonds bearing a Restricted Securities Legend, the Bond Registrar shall deliver only Bonds that bear a Restricted Securities Legend unless there is delivered to the Bond Registrar an opinion of counsel to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

The Bond Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 6. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable prior written notice to the Bond Registrar.

SECTION 7. The Company may deliver to the Corporate Trustee in substitution for any Bonds of the Sixty-seventh Series, mortgage bonds or other similar instruments of the Company or any successor entity, whether by merger, combination or acquisition of all or substantially all of the assets of the Company, or otherwise, issued under a mortgage and deed of trust or similar instrument of the Company or any successor entity in like principal amount of like term and bearing the same rate of interest as the Bonds of the Sixty-seventh Series (such substituted bonds hereinafter being referred to as the “**Substituted Mortgage Bonds**”). The Substituted Mortgage Bonds may only be delivered to the Corporate Trustee (A) upon execution and delivery of a mortgage and deed of trust or similar instrument which, among other things, contains requirements (i) for the delivery of net earnings certificates, on terms and conditions and in circumstances consistent with the requirements of the Mortgage (except that the ratio of two and one-half (2½) times contained in Section 27 of the Mortgage may be replaced with a ratio of two (2) times), (ii) that the principal amount of bonds authenticated on the basis of property additions not exceed 70% of the lesser of cost or fair market value thereof, (iii) that property and cash be released from the lien of such instrument upon terms and conditions consistent with the requirements of the Mortgage, (iv) that the Company provide for maintenance and repair expenditures in a manner substantially consistent with Section 38 of the Mortgage and (v) that bonds may be accelerated by the holders of 25% of the aggregate principal amount of all bonds outstanding under such instrument, and (B) upon receipt by the Corporate Trustee of (i) ratings, at the Company’s expense, of the original bonds from both Moody’s and S&P (as hereinafter defined), to the extent the original bonds were not so rated, such ratings not giving effect to any downgrade following the announcement of any transaction related to or involving the issuance of Substituted Mortgage Bonds, (ii) a letter from Moody’s, dated within ten days prior to the date of delivery of the Substituted Mortgage Bonds, stating that its rating of the Substituted Mortgage Bonds is at least equal to the rating on the original bonds (not giving effect to any downgrade of the original bonds following the announcement of any transaction related to or involving the issuance of Substituted Mortgage Bonds), (iii) a letter from S&P, dated within ten days prior to the date of delivery of the Substituted Mortgage Bonds, stating that its rating of the Substituted Mortgage Bonds is at least equal to its rating on the original bonds (not giving effect to any downgrade of the original bonds following the announcement of any transaction related to or involving the issuance of Substituted Mortgage Bonds), (iv) an opinion of counsel which may be counsel to the Company or any successor entity, to the effect that the Substituted Mortgage Bonds shall have been duly and validly authorized, executed, authenticated, and delivered and shall constitute the valid, legally binding and enforceable obligations of the Company or any other successor entity enforceable in accordance with their terms, except as limited by bankruptcy, insolvency or other laws affecting the enforcement of mortgagees’ and other creditors’ right and shall be entitled to the benefit of the mortgage and deed of trust or other similar instrument pursuant to which they shall have been issued, and (v) such other certificates and documents with respect to

the issuance and delivery of the Substituted Mortgage Bonds as may be required by law or as the Corporate Trustee may reasonably request. The Company may make such other amendments to the Mortgage as may be necessary or desirable in the opinion of the Company to effect the foregoing.

“**Moody’s**” means Moody’s Investor Services, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Company.

“**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw Hill Companies, Inc., duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such rating agency shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Company.

ARTICLE II

ADDITIONAL PROVISIONS RELATING TO THE BONDS OF THE SIXTY-SEVENTH SERIES

SECTION 1. Upon the written request of any holder of Bonds of the Sixty-seventh Series, and at the cost and expense of such holder, the Company shall, within 15 days of such request, take appropriate actions to cause the Bonds of the Sixty-seventh Series to be rated by Moody’s, S&P or another nationally recognized statistical ratings organization acceptable to such holder and the Company shall cause a private ratings letter to be provided to such holder.

SECTION 2. Notwithstanding any provision of the Mortgage or any Supplemental Indenture thereto which may otherwise permit the Company to engage in any transaction pursuant to which assets are sold or distributed or the business of the Company is subdivided or split, in the event of such transaction, the Bonds of the Sixty-seventh Series shall remain obligations of and be secured by assets of an entity regulated as a public utility company by the State of Kansas.

ARTICLE III

AMENDMENTS TO THE MORTGAGE AND RESERVATION OF RIGHTS

SECTION 1. The Company reserves the right, subject to appropriate action, but without any consent or other action by holders of Bonds of the Sixty-seventh Series, or of any subsequent series of bonds, to clarify the ability of the Company to issue variable rate bonds under the Mortgage, notwithstanding any provision of the Mortgage to the contrary. The Company may make such other amendments to the Mortgage as may be necessary or desirable in the opinion of the Company to effect the foregoing.

SECTION 2. The Company reserves the right, subject to appropriate action, but without any consent or other action by holders of Bonds of the Sixty-seventh Series, or of any subsequent series of bonds, to amend the Mortgage to add the following new section:

“This Indenture shall be deemed to be a contract made under the laws of the State of Kansas and for all purposes shall be construed in accordance with the laws of the State of Kansas, without regard to conflicts of laws principles thereof.”

SECTION 3. The Company reserves the right, subject to appropriate action, but without any consent or other action by holders of Bonds of the Sixty-seventh Series, or of any subsequent series of bonds, to amend the Mortgage to:

- (I) Simplify the provisions for release of obsolete property, de minimis property releases and substitution of unfunded property;
- (II) Permit additional terms of bonds or forms of bond in supplemental indentures, including terms for medium-term notes;
- (III) Make any changes necessary to conform the Mortgage with the requirements of the Trust Indenture Act;
- (IV) Eliminate the requirement to have an individual trustee under the Mortgage; and
- (V) Replace the phrase “two and one-half (2½)” in Section 27 of the Mortgage with “two (2).”

ARTICLE IV

MISCELLANEOUS PROVISIONS

SECTION 1. All Bonds of the Sixty-seventh Series acquired by the Company shall forthwith be delivered to the Corporate Trustee for cancellation.

SECTION 2. Subject to the amendments provided for in this Sixty-first Supplemental Indenture, the terms defined in the Mortgage, as heretofore supplemented, shall, for all purposes of this Sixty-first Supplemental Indenture, have the meanings specified in the Mortgage, as heretofore supplemented.

SECTION 3. The Trustees hereby accept the trusts herein declared, provided, created or supplemented and agree to perform the same upon the terms and conditions set forth herein and in the Mortgage, as heretofore amended and supplemented, and upon the following terms and conditions:

The Trustees shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Sixty-first Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general, each and every term and condition contained in Article XVI of the Mortgage, as heretofore amended and supplemented, shall apply to and form part of this Sixty-first Supplemental Indenture with the same force and effect as if the same were herein set forth in full with such omissions, variations and insertions, if any, as may be appropriate to make the same conform to the provisions of this Sixty-first Supplemental Indenture.

SECTION 4. Subject to the provisions of Article XV and Article XVI of the Mortgage, as heretofore amended and supplemented, whenever in this Sixty-first Supplemental Indenture any of the parties hereto is named or referred to, this shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Sixty-first Supplemental Indenture contained by or on behalf of the Company or by or on behalf of the Trustees shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

SECTION 5. Nothing in this Sixty-first Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the holders of the bonds and coupons Outstanding under the Mortgage, any right, remedy or claim under or by reason of this Sixty-first Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Sixty-first Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the bonds and of the coupons Outstanding under the Mortgage.

SECTION 6. This Sixty-first Supplemental Indenture shall be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Kansas Gas and Electric Company has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by Anthony D. Somma, Vice President & Treasurer, and its corporate seal to be attested by Larry D. Irick, its Secretary for and on its behalf, The Bank of New York Mellon Trust Company, N.A. has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by one of its duly authorized officers and its corporate seal to be attested by one of its authorized officers for and on its behalf, and Richard Tarnas has hereunto set his hand and all as of the day and year first above written.

KANSAS GAS AND ELECTRIC COMPANY

By: /s/ Anthony D. Somma
Anthony D. Somma
Vice President & Treasurer

Attest:

/s/ Larry D. Irick (corporate seal)

Larry D. Irick

Secretary

Executed, sealed and delivered by

KANSAS GAS AND ELECTRIC COMPANY,

in the presence of:

/s/ Donna G. Quinn

/s/ Scott Rinehart

By: /s/ Lawrence Dillard

Name: Lawrence Dillard

Title: Vice President

Attest: (corporate seal)

/s/ Lawrence M. Kusch

Name: Lawrence M. Kusch

Title: Vice President

/s/ Richard Tarnas

Richard Tarnas,
as Individual Trustee

Executed, sealed and delivered by

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

and RICHARD TARNAS, in the presence of:

/s/ Mietka Collins

/s/ Robert W. Hardy

STATE OF KANSAS)

: ss.:

COUNTY OF SEDGWICK)

BE IT REMEMBERED, that on this 2nd day of July, 2014, before me, the undersigned, a Notary Public within and for the County and State aforesaid, came Anthony D. Somma, the Vice President & Treasurer of Kansas Gas and Electric Company, a corporation duly organized, incorporated and existing under the laws of the State of Kansas, who is personally known to me to be such officer, and who is personally known to me to be the same person who executed, as such officer, the within instrument of writing, and such person duly acknowledged the execution of the same to be the act and deed of said corporation and that said instrument of writing was so executed by order of the Board of Directors of said corporation.

On this 2nd day of July, 2014, before me appeared Larry D. Irick, to me personally known, who being by me duly sworn did say that he is the Secretary of Kansas Gas and Electric Company, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Larry D. Irick acknowledged said instrument to be the free act and deed of said corporation.

On the 2nd day of July in the year 2014, before me personally appeared Anthony D. Somma to me known, who, being by me duly sworn, did depose and say that he is the Vice President & Treasurer of Kansas Gas and Electric Company; that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Anthony D. Somma acknowledged said instrument to be the free act and of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year above written.

/s/ Carlene Barkley

(notary seal)

NOTARY PUBLIC - STATE OF KANSAS

MY APPOINTMENT EXPIRES 4/8/17

STATE OF ILLINOIS)

: ss.:

COUNTY OF COOK)

BE IT REMEMBERED, that on this 27th day of June, 2014, before me, the undersigned, a Notary Public within and for the State aforesaid, came Lawrence Dillard, a VP of The Bank of New York Mellon Trust Company, N.A., as trustee, a national banking association, who is personally known to me to be such officer, and who is personally known to me to be the same person who executed, as such officer, the within instrument of writing, and such person duly acknowledged the execution of the same to be the act and deed of said corporation and that said instrument of writing was so executed by authority of the Board of Directors of said corporation.

On this 27th day of June, 2014, before me appeared Lawrence M. Kusch, to me personally known, who being by me duly sworn did say that he/she is an VP of The Bank of New York Mellon Trust Company, N.A., and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Lawrence M. Kusch acknowledged said instrument to be the free act and deed of said corporation.

On the 27th day of June in the year 2014, before me personally came Lawrence Dillard, to me known, who, being by me duly sworn, did depose and say that he/she is a VP of The Bank of New York Mellon Trust Company, N.A., one of the corporations described in and which executed the above instrument; that he/she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he/she signed his/her name thereto by like authority.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year above written.

/s/ Colleen Sketch

NOTARY PUBLIC, STATE OF

ILLINOIS NO.

COMMISSION EXPIRES 5/20/17

(notary seal)

STATE OF ILLINOIS)

: ss.:

COUNTY OF COOK)

On this 27th day of June in the year 2014, before me, the undersigned, a Notary Public in and for the State of Illinois, personally appeared and came Richard Tarnas, as Individual Trustee, to me known and known to me to be the person described in and who executed the within and foregoing instrument and whose name is subscribed thereto and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year in this certificate first above written.

/s/ Colleen Sketch
NOTARY PUBLIC, STATE OF ILLINOIS NO.
COMMISSION EXPIRES 5/20/17

(notary seal)

Exhibit A

FORM OF BOND OF THE SIXTY-SEVENTH SERIES

[Applicable Restricted Securities Legend]

[Depository Legend, if applicable]

KANSAS GAS AND ELECTRIC COMPANY
FIRST MORTGAGE BOND, 4.30% SERIES DUE 2044

No. R- Principal amount \$
as revised by the Schedule
of Increases and Decreases
in Global Security
attached hereto
CUSIP:

ISIN:

KANSAS GAS AND ELECTRIC COMPANY, a corporation of the State of Kansas (hereinafter called the “**Company**”), for value received, hereby promises to pay to **Cede & Co.**, or registered assigns, on July 15, 2044, _____ **DOLLARS** or such other amount as is indicated on Schedule A hereto in such coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, and to pay to the registered owner hereof interest thereon in like coin or currency from the date of issuance at the rate of 4.30% per annum, payable beginning on January 15, 2015 semi-annually on January 15 and July 15 of each year until maturity or if this Bond shall be duly called for redemption until the redemption date. If an interest payment date or a redemption date falls on a day that is not a business day, such interest payment date or redemption date, as the case may be, shall be the immediately succeeding business day with the same force and effect as if made on the original interest payment date or redemption date, as the case may be, and no interest shall accrue for the period from and after such original interest payment date or redemption date, as the case may be. The principal of and interest on this Bond shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, except as follows. Payments in respect of the Bonds represented by Global Bonds (as defined in the Supplemental Indenture referred to below) (including principal, any redemption premium (as described in the Supplemental Indenture), if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. Payments of interest in respect of physical Bonds will be made by mailing a check to the registered address of each Holder thereof; *provided, however*, that payments on a physical Bond will be made by wire transfer to a U.S. Dollar account maintained by the payee with a bank in the United States if such holder certifies to the Company that it is a holder of Bonds of the Sixty-seventh Series (as defined below) in an aggregate principal amount equal to or greater than \$10,000,000 and elects payment by wire transfer by giving written notice to the Corporate Trustee (as defined below) to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Corporate Trustee may accept in its discretion).

This Bond is one of an issue of Bonds of the Company issuable in series and is one of a series known as its First Mortgage Bonds, 4.30% Series due 2044, (referred to herein as “**Bonds of the Sixty-seventh Series**”),

the Bonds of this series being initially limited to TWO HUNDRED FIFTY MILLION DOLLARS (\$250,000,000) in aggregate principal amount at any one time outstanding (except for such additional Bonds of the Sixty-seventh Series as may be authorized pursuant to the Sixty-first Supplemental Indenture, dated as of July 2, 2014 (the “**Supplemental Indenture**”)), all Bonds of all series issued and to be issued under and equally secured (except in so far as any sinking or other fund, established in accordance with the provisions of the Mortgage hereinafter mentioned, may afford additional security for the Bonds of any particular series and except that Bonds representing future advances, if any, in excess of the maximum amount of future advances permitted to be secured by the chattel mortgage created by the Mortgage, may not be secured by such chattel mortgage equally with Bonds theretofore issued) by a Mortgage and Deed of Trust, together with any indenture supplemental thereto (including the Supplemental Indenture), dated as of April 1, 1940 (the “**Mortgage**”), executed by the Company to The Bank of New York Mellon Trust Company, N.A. (as successor to Guaranty Trust Company of New York) (the “**Corporate Trustee**”) and Richard Tarnas (the “**Individual Trustee**,” together with the Corporate Trustee, the “**Trustees**”). Reference is made to the Mortgage for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the Bonds and of the Trustees in respect thereof, the duties and immunities of the Trustees and the terms and conditions upon which the Bonds are and are to be secured and the circumstances under which additional Bonds may be issued and the definitions of terms not otherwise defined herein. With the consent of the Company and to the extent permitted by and as provided in the Mortgage, the rights and obligations of the Company and/or the rights of the holders of the Bonds and/or coupons and/or the terms and provisions of the Mortgage may be modified or altered by affirmative vote of the holders of at least sixty per centum (60%) in principal amount of the Bonds then outstanding under the Mortgage and, if the rights of one or more, but less than all, series of bonds then outstanding are to be affected, then also by affirmative vote of the holders of at least sixty per centum (60%) in principal amount of the Bonds then outstanding of the series of Bonds so to be affected (excluding in any case Bonds disqualified from voting by reason of the Company’s interest therein as provided in the Mortgage); *provided that*, without the consent of the holder hereof, no such modification or alteration shall impair or affect the right of the holder to receive payment of the principal of and interest on this Bond, on or after the respective due dates expressed herein, or permit the creation of any lien equal or prior to the lien of the Mortgage, deprive the holder of a lien on the mortgaged and pledged property or permit the reduction of the percentages required for modification.

The principal hereof may be declared or may become due prior to the maturity date hereinbefore named on the conditions, in the manner and at the time set forth in the Mortgage, upon the occurrence of a default as in the Mortgage provided.

Subject to Sections 4, 5 and 6 of Article I of the Supplemental Indenture, at the option of the registered owner, any Bonds of the Sixty-seventh Series, upon surrender thereof, for cancellation, at the office or agency of the Company in the Borough of Manhattan, City of New York, shall be exchangeable for a like aggregate principal amount of Bonds of the same series of other authorized denominations. The Bonds of the Sixty-seventh Series may bear such legends as may be necessary to comply with any law or with any rules or regulations made pursuant thereto or with the rules or regulations of any stock exchange or to conform to usage with respect thereto.

Subject to Sections 4, 5 and 6 of Article I of the Supplemental Indenture, Bonds of the Sixty-seventh Series shall be transferable upon the surrender thereof, for cancellation together with a written instrument of transfer in form approved by the registrar duly executed by the registered owner or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, City of New York.

The Bonds of this series are subject to redemption as provided in the Supplemental Indenture.

No recourse shall be had for the payment of the principal of, redemption premium, if any, or interest on this Bond against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director of the Company or of any predecessor or successor corporation, as such, either directly or

through the Company or any predecessor or successor corporation under any rule of law, statute or constitution or by the enforcement of any assessment or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors being released by the holder or owner hereof by the acceptance of this Bond and being likewise waived and released by the terms of the Mortgage.

This Bond shall not become obligatory until The Bank of New York Mellon Trust Company, N.A., the Corporate Trustee under the Mortgage, or its successor thereunder, shall have signed the form of certificate endorsed hereon.

IN WITNESS WHEREOF, KANSAS GAS AND ELECTRIC COMPANY has caused this Bond to be signed in its corporate name by an authorized officer by their signature or a facsimile thereof, and its corporate seal to be impressed or imprinted hereon and attested by its Secretary or one of its Assistant Secretaries by their signature or a facsimile thereof, on _____, 2014.

KANSAS GAS AND ELECTRIC COMPANY

By _____
Vice President & Treasurer

Attest:

Secretary

CORPORATE TRUSTEE'S CERTIFICATE

This Bond is one of the Bonds, of the series herein designated, described or provided for in the within-mentioned Mortgage.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

as Corporate Trustee

By _____
Authorized Officer

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER

IDENTIFYING NUMBER OF ASSIGNEE

Name and address of assignee must be printed or typewritten

the within Bond of KANSAS GAS AND ELECTRIC COMPANY and does hereby irrevocably constitute and appoint

Attorney

to transfer the said Bond on the books of the within-named Company, with full power of substitution in the premises.

Dated: _____

FORM OF CERTIFICATE TO BE DELIVERED UPON EXCHANGE
OR REGISTRATION OF TRANSFER OF BONDS

Re: First Mortgage Bonds, 4.30% Series due July 15, 2044 of Kansas Gas and Electric Company.

This Certificate relates to \$_____ principal amount of Bonds of the Sixty-seventh Series held in ** Fill in blank or check appropriate box, as applicable. _____ book-entry or * _____ definitive form by _____ (the "Transferor").

The Transferor has requested the Corporate Trustee by written order to exchange or register the transfer of a Bond or Bonds.

In connection with such request and in respect of each such Bond, the Transferor does hereby certify that the Transferor is familiar with the Mortgage relating to the above-captioned Bonds and in connection with the transfer or exchange of any Bonds evidenced by this certificate occurring prior to the date that is one year after the later of the date of the original issuance of such Bonds or any additional Bonds of the Sixty-seventh Series and the last date, if any, on which such Bonds were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Bonds are being:*

- 1 acquired for the Transferor's own account without transfer; or
- 2 transferred to the Company; or

3 transferred to a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”)), in accordance with Rule 144A under the Securities Act; or

4 transferred pursuant to an effective registration statement under the Securities Act; or

5 transferred pursuant to and in compliance with Regulation S under the Securities Act; or

6 transferred pursuant to another available exemption from the registration requirements of the Securities Act.

Unless one of the boxes is checked, the Corporate Trustee will refuse to register any of the Bonds evidenced by this certificate in the name of any person other than the registered holder thereof; provided, however, that if box (5) or (6) is checked, the Corporate Trustee or the Company, prior to registering any such transfer of the Bonds, shall receive customary legal opinions, certifications and such other information as the Corporate Trustee or the Company may reasonably request to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, such as the exemption provided by Rule 144 under such Act.

[INSERT NAME OF TRANSFEROR]

By:

Name:

Title:

Address:

Date:

TO BE COMPLETED BY PURCHASER IF (1) OR (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Bond for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned’s foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: _____

Exhibit C

[TO BE ATTACHED TO GLOBAL BOND]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL BOND

The following increases or decreases in this Global Bond have been made

Date of Exchange	Amount of increase in Principal Amount of this Global Bond	Amount of decrease in Principal Amount of this Global Bond	Principal Amount of this Global Bond following each decrease or increase	Signature of authorized signatory of Corporate Trustee or Securities Custodian
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Exhibit D

**FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION
WITH TRANSFERS PURSUANT TO REGULATION S**

[Date]

Kansas Gas and Electric Company
818 South Kansas Avenue
Topeka, Kansas 66612

The Bank of New York Mellon Trust Company, N.A., as Corporate Trustee
2 N. LaSalle Street, Suite 1020
Chicago, Illinois 60602

Re: Kansas Gas and Electric Company
4.30% First Mortgage Bonds Due 2044 (the “*Securities*”)

Ladies and Gentlemen:

In connection with our proposed sale of \$[] aggregate principal amount of the Securities, we confirm that such sale has been effected pursuant to and in accordance with Regulations under the United States Securities Act of 1933, as amended (the “*Securities Act*”), and, accordingly, we represent that:

- (a) the offer of the Securities was not made to a person in the United States;

(b) either (i) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (ii) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(c) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable; and

(d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

In addition, if the sale is made during a restricted period and the provisions of Rule 903(c)(3) or Rule 904(c)(1) of Regulation S are applicable thereto, we confirm that such sale has been made in accordance with the applicable provisions of Rule 903(c)(3) or Rule 904(c)(1), as the case may be.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By:

Authorized Signature

WESTAR ENERGY, INC.
CHIEF EXECUTIVE OFFICER
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark A. Ruelle, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2014, of Westar Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - a. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2014

By: /s/ Mark A. Ruelle

Mark A. Ruelle
 Director, President and Chief Executive Officer
 Westar Energy, Inc.
 (Principal Executive Officer)

WESTAR ENERGY, INC.
CHIEF FINANCIAL OFFICER
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony D. Somma, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2014, of Westar Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2014

By: /s/ Anthony D. Somma

Anthony D. Somma
 Senior Vice President, Chief Financial Officer and Treasurer
 Westar Energy, Inc.
 (Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Westar Energy, Inc. (the Company) on Form 10-Q for the quarter ended June 30, 2014 (the Report), which this certification accompanies, Mark A. Ruelle, in my capacity as Director, President and Chief Executive Officer of the Company, and Anthony D. Somma, in my capacity as Senior Vice President, Chief Financial Officer and Treasurer of the Company, certify that the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2014 By: /s/ Mark A. Ruelle
Mark A. Ruelle
Director, President and Chief Executive Officer

Date: August 6, 2014 By: /s/ Anthony D. Somma
Anthony D. Somma
Senior Vice President, Chief Financial Officer and Treasurer