UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 1994

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

Commission file number 1-3523

WESTERN RESOURCES, INC.
(Exact name of registrant as specified in its charter)

KANSAS	48-0290150
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
818 KANSAS AVENUE, TOPEKA, KANSAS	66612
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code 913/575-6300

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

Common Stock, $5.00 par value	New York Stock Exchange
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:
Preferred Stock, 4 1/2% Series, $100 par value
(Title of Class)

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

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

State the aggregate market value of the voting stock held by nonaffiliates of the registrant. Approximately $1,906,866,000 of Common Stock and $10,335,000 of Preferred Stock (excluding the 4 1/4% Series of Preferred Stock for which there is no readily ascertainable market value) at March 23, 1995.

Indicate the number of shares outstanding of each of the registrant's classes of common stock.

Common Stock, $5.00 par value	61,760,853
(Class)	(Outstanding at March 29, 1995)

Documents Incorporated by Reference:

Part	Document
III	Portions of the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders to be held May 2, 1995.

WESTERN RESOURCES, INC.
FORM 10-K
December 31, 1994

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PART I

ITEM 1. BUSINESS

GENERAL

Western Resources, Inc. is a combination electric and natural gas public utility engaged in the generation, transmission, distribution and sale of electric energy in Kansas and the purchase, transmission, distribution, transportation and sale of natural gas in Kansas and Oklahoma. As used herein, the terms "Company and Western Resources" include its wholly-owned subsidiaries, Astra Resources, Inc. (Astra Resources), Kansas Gas and Electric Company (KG&E) since March 31, 1992, KPL Funding Corporation (KFC), and Mid Continent Market Center, Inc. (Market Center). KG&E owns 47 percent of Wolf Creek Nuclear Operating Corporation, the operating company for Wolf Creek Generating Station (Wolf Creek). Corporate headquarters of the Company is located at 818 Kansas Avenue, Topeka, Kansas 66612. At December 31, 1994, the Company had 4,330 employees.

The Company conducts its non-regulated business through Astra Resources. Astra Resources' non-regulated businesses include natural gas compression, marketing, processing and gathering services, and investments in energy and technology related businesses.

To capitalize on opportunities in the non-regulated natural gas industry, the Company, through the Market Center, is establishing a natural gas market center in Kansas. The Market Center will provide natural gas transportation, storage, and gathering services, as well as balancing, and title transfer capability. Upon approval from the Kansas Corporation Commission (KCC), the Company intends to transfer certain natural gas transmission assets having a value of approximately $52.1 million to the Market Center. In addition, the Company intends to extend credit to the Market Center enabling the Market Center to borrow up to an aggregate principal amount of $25 million on a term basis to construct new facilities and $5 million on a revolving credit basis for working capital. The Market Center will provide no notice natural gas transportation and storage services to the Company under a long-term contract. The Company will continue to operate and maintain the Market Center's assets under a separate contract.

On January 31, 1994, the Company sold substantially all of its Missouri natural gas distribution properties and operations to Southern Union Company (Southern Union). The Company sold the remaining Missouri properties to United Cities Gas Company (United Cities) on February 28, 1994. The properties sold to Southern Union and United Cities are referred to herein as the "Missouri Properties." With the sales the Company is no longer operating as a utility in the State of Missouri.

The portion of the Missouri Properties purchased by Southern Union was sold for an estimated sale price of $400 million, in cash, based on a calculation as of December 31, 1993. United Cities purchased the Company's natural gas distribution system in and around the City of Palmyra, Missouri for $665,000 in cash.

As a result of the sales of the Missouri Properties, as described in Note 2 of the Notes to Consolidated Financial Statements, the Company recognized a gain of approximately $19.3 million, net of tax, ($0.31 per share) and ceased recording the results of operations for the Missouri Properties during the first quarter of 1994. Consequently, the Company's results of operations for the twelve months ended December 31, 1994 are not comparable to the results of operations for the same periods ending December 31, 1993 and 1992.

The following table reflects, through the dates of the sales of the Missouri Properties, the approximate operating revenues and operating income for the years ended December 31, 1994, 1993, and 1992, and net utility plant at December 31, 1993 and 1992, related to the Missouri Properties (see Notes 2 and 4 of the Notes to Consolidated Financial Statements included herein):

	1994		1993		1992	
	Amount	Percent of Total Company	Amount	Percent of Total Company	Amount	Percent of Total Company
	(Dollars in Thousands, Unaudited)					
Operating revenues. .	$ 77,008	4.8%	$349,749	18.3%	$299,202	19.2%
Operating income. . .	4,997	1.9%	20,748	7.1%	11,177	4.7%
Net utility plant . .	-	-	296,039	6.6%	272,126	6.1%

Separate audited financial information was not kept by the Company for the Missouri Properties. This unaudited financial information is based on assumptions and allocations of expenses of the Company as a whole.

On March 31, 1992, the Company through its wholly-owned subsidiary KCA Corporation (KCA), acquired all of the outstanding common and preferred stock of Kansas Gas and Electric Company for $454 million in cash and 23,479,380 shares of common stock (the Merger). The Company also paid approximately $20 million in costs to complete the Merger. Simultaneously, KCA and Kansas Gas and Electric Company merged and adopted the name of Kansas Gas and Electric Company (KG&E).

Additional information relating to the Merger can be found in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 3 of Notes to Consolidated Financial Statements.

The following information includes the operations of KG&E since March 31, 1992 and excludes the activities related to the Missouri Properties following the sales of those properties in the first quarter of 1994.

The percentages of Total Operating Revenues and Operating Income Before Income Taxes attributable to the Company's electric and natural gas operations for the past five years were as follows:

	Total Operating Revenues		Operating Income Before Income Taxes	
Year	Electric	Natural Gas	Electric	Natural Gas
1994	69%	31%	97%	3%
1993	58%	42%	85%	15%
1992	57%	43%	89%	11%
1991	41%	59%	84%	16%
1990	40%	60%	85%	15%

The difference between the percentage of electric operating revenues to total operating revenues and the percentage of electric operating income to total operating income as compared to the same percentages for natural gas operations is due to the Company's level of investment in plant and its fuel costs in each of these segments. The reduction in the percentages for the natural gas operations in 1994 is due to the sales of the Missouri Properties. The increase in the percentages for the electric operations in 1992 is due to the Merger.

The amount of the Company's plant in service (net of accumulated depreciation) at December 31, for each of the past five years was as follows:

Year	Electric	Natural Gas	Total
		(Dollars in Thousands)	
1994	$3,676,347	$496,753	$4,173,100
1993	3,641,154	759,619	4,400,773
1992	3,645,364	696,036	4,341,400
1991	1,080,579	628,751	1,709,330
1990	1,092,548	567,435	1,659,983

For discussion regarding competition in the electric utility industry and the potential impact on the Company, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Other Information, Competition.

ELECTRIC OPERATIONS

General

The Company supplies electric energy at retail to approximately 594,000 customers in 462 communities in Kansas. These include Wichita, Topeka, Lawrence, Manhattan, Salina, and Hutchinson. The Company also supplies electric energy at wholesale to the electric distribution systems of 67 communities and 5 rural electric cooperatives. The Company has contracts for the sale, purchase or exchange of electricity with other utilities. The Company also receives a limited amount of electricity through parallel generation.

The Company's electric sales for the last five years were as follows (includes KG&E since March 31, 1992):

	1994	1993	1992	1991	1990
			(Thousands of MWH)		
Residential	5,003	4,960	3,842	2,556	2,403
Commercial	5,368	5,100	4,473	3,051	2,952
Industrial	5,410	5,301	4,419	1,947	1,954
Wholesale and Interchange	3,899	4,525	3,028	1,669	913
Other	106	103	91	315*	907
Total	19,786	19,989	15,853	9,538*	9,129

* Includes cumulative effect to January 1, 1991, of a change in revenue recognition. The cumulative effect of this change increased electric sales by 256,000 MWH for 1991.

The Company's electric revenues for the last five years were as follows (includes KG&E since March 31, 1992):

	1994	1993	1992	1991	1990
			(Dollars in Thousands)		
Residential	$ 388,271	$ 384,618	$296,917	$160,831	$152,509
Commercial	334,059	319,686	271,303	149,152	146,001
Industrial	265,838	261,898	211,593	78,138	79,225
Wholesale and Interchange	106,243	118,401	98,183	70,262	39,585
Other	27,370	19,934	4,889	13,456	46,387
Total	$1,121,781	$1,104,537	$882,885	$471,839	$463,707

Capacity

The aggregate net generating capacity of the Company's system is presently 5,230 megawatts (MW). The system comprises interests in 22 fossil fueled steam generating units, one nuclear generating unit (47 percent interest), seven combustion peaking turbines and one diesel generator located at eleven generating stations. Two units of the 22 fossil fueled units have been "mothballed" for future use (see Item 2. Properties).

The Company's 1994 peak system net load occurred August 25, 1994 and amounted to 3,720 MW. The Company's net generating capacity together with power available from firm interchange and purchase contracts, provided a capacity margin of approximately 25 percent above system peak responsibility at the time of the peak.

The Company and ten companies in Kansas and western Missouri have agreed to provide capacity (including margin), emergency and economy services for each other. This arrangement is called the MOKAN Power Pool. The pool participants also coordinate the planning of electric generating and transmission facilities.

The Company is one of 47 members of the Southwest Power Pool (SPP). SPP's responsibility is to maintain system reliability on a regional basis. The region encompasses areas within the eight states of Kansas, Missouri, Oklahoma, New Mexico, Texas, Louisiana, Arkansas, and Mississippi.

In 1994, the Company joined the Western Systems Power Pool (WSPP). Under this arrangement, over 50 electric utilities and marketers throughout the western United States have agreed to market energy and to provide transmission services. WSPP's intent is to increase the efficiency of the interconnected power systems operations over and above existing operations. Services available include short-term and long-term economy energy transactions, unit commitment service, firm capacity and energy sales, energy exchanges, and transmission service by intermediate systems.

In January 1994, the Company entered into an agreement with Oklahoma Municipal Power Authority (OMPA), whereby, the Company received a prepayment of approximately $41 million for capacity (42 MW) and transmission charges through the year 2013.

During 1994, KG&E entered into an agreement with Midwest Energy, Inc. (MWE), whereby KG&E will provide MWE with peaking capacity of 61 MW through the year 2008. KG&E also entered into an agreement with Empire District Electric Company (Empire), whereby KG&E will provide Empire with peaking and base load capacity (20 MW in 1994 increasing to 80 MW in 2000) through the year 2000.

In January 1995, the Company entered into an agreement with Empire, whereby the Company will provide Empire with peaking and base load capacity (10 MW in 1995 increasing to 162 MW in 2000) through the year 2010. The agreement is subject to regulatory approval and termination by Empire prior to January 1, 1996, provided that Empire is required by the KCC or Missouri Public Service Commission, pursuant to complaints filed by Ahlstrom Development Corporation (Ahlstrom) before those agencies, to accept Ahlstrom's offer to sell power to Empire from generating units to be constructed.

Future Capacity

The Company does not contemplate any significant expenditures in connection with construction of any major generating facilities through the turn of the century (see Item 7. Management's Discussion and Analysis, Liquidity and Capital Resources). Although the Company's management believes, based on current load-growth projections and load management programs, it will maintain adequate capacity margins through 2000, in view of the lead time required to construct large operating facilities, the Company may be required before 2000 to consider whether to reschedule the construction of Jeffrey Energy Center (JEC) Unit 4 or alternatively either build or acquire other capacity.

Fuel Mix

The Company's coal-fired units comprise 3,228 MW of the total 5,230 MW of generating capacity and the Company's nuclear unit provides 545 MW of capacity. Of the remaining 1,457 MW of generating capacity, units that can burn either natural gas or oil account for 1,365 MW, and the remaining units which burn only oil or diesel fuel account for 92 MW (see Item 2. Properties).

During 1994, low sulfur coal was used to produce 76 percent of the Company's electricity. Nuclear produced 18 percent and the remainder was produced from natural gas, oil, or diesel fuel. During 1995, based on the Company's estimate of the availability of fuel, coal will be used to produce approximately 78 percent of the Company's electricity and nuclear will be used to produce approximately 18 percent.

The Company's fuel mix fluctuates with the operation of nuclear powered Wolf Creek which has an 18-month refueling and maintenance schedule. The 18-month schedule permits uninterrupted operation every third calendar year. In mid-September 1994, Wolf Creek was taken off-line for its seventh refueling and maintenance outage. The refueling outage took approximately 47 days to complete, during which time electric demand was met primarily by the Company's coal-fired generating units. There is no refueling outage scheduled for 1995.

Nuclear

The owners of Wolf Creek have on hand or under contract 63 percent of the uranium required for operation of Wolf Creek through the year 2001. The balance is expected to be obtained through spot market and contract purchases.

Contractual arrangements are in place for 100 percent of Wolf Creek's uranium enrichment requirements for 1995-1997, 90 percent for 1998-1999, 95 percent for 2000-2001, and 100 percent for 2005-2014. The balance of the 1998-2004 requirements is expected to be obtained through a combination of spot market and contract purchases. The decision not to contract for the full enrichment requirements is one of cost rather than availability of service.

Contractual arrangements are in place for the conversion of uranium to uranium hexafluoride sufficient to meet Wolf Creek's requirements through 1996 as well as the fabrication of fuel assemblies to meet Wolf Creek's requirements through 2012.

The Nuclear Waste Policy Act of 1982 established schedules, guidelines and responsibilities for the Department of Energy (DOE) to develop and construct repositories for the ultimate disposal of spent fuel and high-level waste. The DOE has not yet constructed a high-level waste disposal site and has announced that a permanent storage facility may not be in operation prior to 2010 although an interim storage facility may be available earlier. Wolf Creek contains an on-site spent fuel storage facility which, under current regulatory guidelines, provides space for the storage of spent fuel through 2006 while still maintaining full core off-load capability. The Company believes adequate additional storage space can be obtained, as necessary.

The Company along with the other co-owners of Wolf Creek are among 14 companies that filed a lawsuit on June 20, 1994, seeking an interpretation of the DOE's obligation to begin accepting spent nuclear fuel for disposal in 1998. The DOE has filed a motion to have this case dismissed. The issue to be decided in this case is whether DOE must begin accepting spent fuel in 1998 or at a future date.

Coal

The three coal-fired units at JEC have an aggregate capacity of 1,775 MW (Company's 84 percent share) (see Item 2. Properties). The Company has a long-term coal supply contract with Amax Coal West, Inc. (AMAX), a subsidiary of Cyprus Amax Coal Company, to supply low sulfur coal to JEC from AMAX's Eagle Butte Mine or an alternate mine source of AMAX's Belle Ayr Mine, both located in the Powder River Basin in Campbell County, Wyoming. The contract expires December 31, 2020. The contract contains a schedule of minimum annual delivery quantities based on MMBtu provisions. The coal to be supplied is surface mined and has an average Btu content of approximately 8,300 Btu per pound and an average sulfur content of .43 lbs/MMBtu (see Environmental Matters). The average delivered cost of coal for JEC was approximately $1.13 per MMBtu or $18.55 per ton during 1994.

Coal is transported from Wyoming under a long-term rail transportation contract with Burlington Northern (BN) and Union Pacific (UP) to JEC through December 31, 2013. Rates are based on net load carrying capabilities of each rail car. The Company provides 890 aluminum rail cars, under a 20 year lease, to transport coal to JEC.

The two coal-fired units at La Cygne Station have an aggregate generating capacity of 678 MW (KG&E's 50 percent share) (see Item 2. Properties). The operator, Kansas City Power & Light Company (KCPL), maintains coal contracts summarized in the following paragraphs.

La Cygne 1 uses low sulfur Powder River Basin coal which is supplied under a variety of spot market transactions, discussed below. Illinois or Kansas/Missouri coal is blended with the Powder River Basin coal and is secured from time to time under spot market arrangements. La Cygne 1 uses a blend of 85 percent Powder River Basin coal.

La Cygne 2 and additional La Cygne 1 Powder River Basin coal is supplied through several contracts, expiring at various times through 1998. This low sulfur coal had an average Btu content of approximately 8,500 Btu per pound and a maximum sulfur content of .50 lbs/MMBtu (see Environmental Matters). For 1994, KCPL secured Powder River Basin coal from two primary sources; Carter Mining Company's Caballo Mine, a subsidiary of Exxon Coal USA; and Caballo Rojo Inc's Caballo Rojo Mine, a subsidiary of Drummond Inc. Transportation is covered by KCPL through its Omnibus Rail Transportation Agreement with BN and Kansas City Southern Railroad through December 31, 1995. An alternative rail transportation agreement with Western Railroad Property, Inc. (WRPI), a partnership between UP and Chicago Northwestern (CNW), lasts through December 31, 1995. A new five-year coal transportation agreement is being negotiated to provide transportation beyond 1995.

During 1994, the average delivered cost of all coal procured for La Cygne 1 was approximately $0.78 per MMBtu or $14.11 per ton and the average delivered cost of Powder River Basin coal for La Cygne 2 was approximately $0.73 per MMBtu or $12.30 per ton.

The coal-fired units located at the Tecumseh and Lawrence Energy Centers have an aggregate generating capacity of 775 MW (see Item 2. Properties). The Company contracted with Cyprus Amax Coal Company's Foidel Creek Mine located in Routt County, Colorado for low sulfur coal through December 31, 1998. During 1994, the average delivered cost of coal for the Lawrence units was approximately $1.15 per MMBtu or $25.59 per ton and the average delivered cost of coal for the Tecumseh units was approximately $1.15 per MMBtu or $25.64 per ton. This coal is transported by Southern Pacific Lines and Atchison and Topeka Santa Fe Railway Company. The coal supplied from Cyprus has an average Btu content of approximately 11,200 Btu per pound and an average sulfur content of .38 lbs/MMBtu (see Environmental Matters). The Company anticipates that the Cyprus agreement will supply the minimum requirements of the Tecumseh and Lawrence Energy Centers and supplemental coal requirements will continue to be supplied from coal markets in Wyoming, Utah, Colorado and/or New Mexico.

Natural Gas

The Company uses natural gas as a primary fuel in its Gordon Evans, Murray Gill, Abilene, and Hutchinson Energy Centers and in the gas turbine units at its Tecumseh generating station. Natural gas is also used as a supplemental fuel in the coal-fired units at the Lawrence and Tecumseh generating stations. Natural gas for Gordon Evans and Murray Gill Energy Centers is supplied under a firm contract that runs through 1995 by Kansas Gas Supply (KGS). After 1995, the Company expects to use the spot market to purchase most of the natural gas needed to fuel these generating stations. Natural gas for the Company's Abilene and Hutchinson stations is supplied from the Company's main system (see Natural Gas Operations). Natural gas for the units at the Lawrence and Tecumseh stations is supplied through the WNG system under a short-term spot market agreement.

Oil

The Company uses oil as an alternate fuel when economical or when interruptions to natural gas make it necessary. Oil is also used as a supplemental fuel at each of the coal plants. All oil burned by the Company during the past several years has been obtained by spot market purchases. At December 31, 1994, the Company had approximately 3 million gallons of No. 2 and 14 million gallons of No. 6 oil which is believed to be sufficient to meet emergency requirements and protect against lack of availability of natural gas and/or the loss of a large generating unit.

Other Fuel Matters

The Company's contracts to supply fuel for its coal- and natural gas-fired generating units, with the exception of JEC, do not provide full fuel requirements at the various stations. Supplemental fuel is procured on the spot market to provide operational flexibility and, when the price is favorable, to take advantage of economic opportunities.

On March 26, 1992, in connection with the Merger, the KCC approved the elimination of the Energy Cost Adjustment Clause (ECA) for most Kansas retail electric customers of both the Company and KG&E effective April 1, 1992. The provisions for fuel costs included in base rates were established at a level intended by the KCC to equal the projected average cost of fuel through August 1995 and to include recovery of costs provided by previously issued orders relating to coal contract settlements. Any increase or decrease in fuel costs from the projected average will impact the Company's earnings.

Set forth in the table below is information relating to the weighted average cost of fuel used by the Company.

KPL Plants	1994	1993	1992	1991	1990
Per Million Btu:					
Coal	$1.13	$1.13	$1.30	$1.33	$1.33
Gas	2.66	2.71	2.15	1.72	1.50
Oil	4.27	4.41	4.19	4.25	4.63
Cents per KWH Generation	1.32	1.31	1.49	1.52	1.53

KG&E Plants	1994	1993	1992	1991	1990
Per Million Btu:					
Nuclear	$0.36	$0.35	$0.34	$0.32	$0.34
Coal	0.90	0.96	1.25	1.32	1.32
Gas	1.98	2.37	1.95	1.74	1.96
Oil	3.90	3.15	4.28	4.13	3.01
Cents per KWH Generation	0.89	0.93	0.98	1.09	1.01

Environmental Matters

The Company currently holds all Federal and state environmental approvals required for the operation of its generating units. The Company believes it is presently in substantial compliance with all air quality regulations (including those pertaining to particulate matter, sulfur dioxide and nitrogen oxides (NOx)) promulgated by the State of Kansas and the Environmental Protection Agency (EPA).

The Federal sulfur dioxide standards, applicable to the Company's JEC and La Cygne 2 units, prohibit the emission of more than 1.2 pounds of sulfur dioxide per million Btu of heat input. Federal particulate matter emission standards applicable to these units prohibit: (1) the emission of more than 0.1 pounds of particulate matter per million Btu of heat input and (2) an opacity greater than 20 percent. Federal NOx emission standards applicable to these units prohibit the emission of more than 0.7 pounds of NOx per million Btu of heat input.

The JEC and La Cygne 2 units have met: (1) the sulfur dioxide standards through the use of low sulfur coal (see Coal); (2) the particulate matter standards through the use of electrostatic precipitators; and (3) the NOx standards through boiler design and operating procedures. The JEC units are also equipped with flue gas scrubbers providing additional sulfur dioxide and particulate matter emission reduction capability.

The Kansas Department of Health and Environment regulations, applicable to the Company's other generating facilities, prohibit the emission of more than 2.5 pounds of sulfur dioxide per million Btu of heat input at the Company's Lawrence generating units and 3.0 pounds at all other generating units. There is sufficient low sulfur coal under contract (see Coal) to allow compliance with such limits at Lawrence, Tecumseh and La Cygne 1 for the life of the contracts. All facilities burning coal are equipped with flue gas scrubbers and/or electrostatic precipitators.

The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in sulfur dioxide and oxides of NOx emissions effective in 1995 and 2000 and a probable reduction in toxic emissions. To meet the monitoring and reporting requirements under the acid rain program, the Company installed continuous monitoring and reporting equipment at a total cost of approximately $10 million. The Company does not expect additional equipment to reduce sulfur emissions to be necessary under Phase II. Although, the Company currently has no Phase I affected units, the owners have applied for an early substitution permit to bring the co-owned La Cygne Station under the Phase I regulations.

The NOx and toxic limits, which were not set in the law, will be specified in future EPA regulations. NOx regulations for Phase II units and Phase I group 2 units are mandated in the Act. The EPA's proposed NOx regulations were ruled invalid by the U.S. Court of Appeals for the District of Columbia Circuit in November, 1994 and until such time as the EPA resubmits new proposed regulations, the Company will be unable to determine its compliance options or related compliance costs.

All of the Company's generating facilities are in substantial compliance with the Best Practicable Technology and Best Available Technology regulations issued by EPA pursuant to the Clean Water Act of 1977. Most EPA regulations are administered in Kansas by the Kansas Department of Health and Environment.

Additional information with respect to Environmental Matters is discussed in Note 7 of the Notes to Consolidated Financial Statements included herein.

NATURAL GAS OPERATIONS

General

At December 31, 1994, the Company supplied natural gas at retail to approximately 643,000 customers in 362 communities and at wholesale to eight communities and two utilities in Kansas and Oklahoma. The natural gas systems of the Company consist of distribution systems in both states purchasing natural gas from various suppliers and transported by interstate pipeline companies and the main system, an integrated storage, gathering, transmission and distribution system. The Company also transports gas for its large commercial and industrial customers purchasing gas on the spot market. The Company earns approximately the same margin on the volume of gas transported as on volumes sold except where limited discounting occurs in order to retain the customer's load.

As discussed previously, on January 31, 1994, the Company sold substantially all of its Missouri natural gas distribution properties and operations to Southern Union and sold the remaining Missouri Properties to United Cities on February 28, 1994. Additional information with respect to the impact of the sales of the Missouri Properties is set forth in Notes 2 and 4 of the Notes to Consolidated Financial Statements.

The percentage of total natural gas deliveries, including transportation and operating revenues for 1994, by state were as follows:

	Total Natural Gas Deliveries(1)	Total Natural Gas Operating Revenues(1)
Kansas	84.1%	80.5%
Missouri	12.4%	15.5%
Oklahoma	3.5%	4.0%

The Company's natural gas deliveries for the last five years were as follows:

	1994(1)	1993	1992	1991	1990
	(Thousands of MCF)				
Residential	64,804	110,045	93,779	97,297	95,247
Commercial	26,526	47,536	40,556	47,075	43,973
Industrial	605	1,490	2,214	2,655	3,207
Other	43	41	94	14,960(2)	1,361
Transportation	51,059	73,574	68,425	78,055	72,623
Total	143,037	232,686	205,068	240,042(2)	216,411

The Company's natural gas revenues for the last five years were as follows:

	1994(1)	1993	1992	1991	1990
		(Dollars in Thousands)			
Residential	$332,348	$529,260	$440,239	$433,871	$439,956
Commercial	125,570	209,344	169,470	182,486	176,279
Industrial	3,472	7,294	7,804	10,546	12,994
Other	11,544	30,143	27,457	33,434	31,323
Transportation	23,228	28,781	28,393	30,002	25,496
Total	$496,162	$804,822	$673,363	$690,339	$686,048

(1) Information reflects the sales of the Missouri Properties effective January 31, and February 28, 1994.

(2) Includes cumulative effect to January 1, 1991, of a change in revenue recognition. The cumulative effect of this change increased natural gas sales by 14,838,000 MCF for 1991.

In compliance with orders of the state commissions applicable to all natural gas utilities, the Company has established priority categories for service to its natural gas customers. The highest priority is for residential and small commercial customers and the lowest for large industrial customers. Natural gas delivered by the Company from its main system for use as fuel for electric generation is classified in the lowest priority category.

Interstate System

The Company distributes natural gas at retail to approximately 513,000 customers located in central and eastern Kansas and northeastern Oklahoma. The largest cities served in 1994 were Wichita and Topeka, Kansas and Bartlesville, Oklahoma. The Company purchases all the natural gas it delivers to these customers direct from producers and marketers of natural gas. The Company has transportation agreements with WNG, a non-affiliated pipeline transmission company, which have terms varying in length from one to twenty years for delivery of this gas. WNG transported 51.6 BCF under these agreements in 1994 and 33.5 BCF in 1993.

The Company purchases this gas from various suppliers under contracts expiring at various times. The Company purchased approximately 52.2 BCF or 89.3% of its natural gas supply from these sources in 1994 and 77.8 BCF or 52.9% during 1993. Approximately 86.3 BCF of natural gas is made available annually under these contracts with approximately 76.0 BCF available under contracts which extend beyond the year 2000. The Company has limited rights to substitute spot gas for this gas under contract. In October 1994, the Company executed a long-term gas purchase contract (Base Contract) and a peaking supply contract with Amoco Production Company for the purpose of meeting the requirements of the customers served from the Company's interstate pipeline system. The Company anticipates that the Base Contract will supply between 45% and 60% of the Company's demand served by the WNG pipeline system.

The Company also purchases natural gas for the interstate system from intrastate pipelines and spot market suppliers under short-term contracts. These sources totalled 3.8 BCF and 5.2 BCF for 1994 and 1993 representing 6.5% and 3.5% of the system requirements, respectively. These volumes were transported by Panhandle Eastern Pipeline Company (Panhandle), Northern Natural Gas Company, and Natural Gas Pipeline Company of America.

During 1994 and 1993, approximately 8.0 BCF and 7.1 BCF, respectively, were transferred from the Company's main system to serve a portion of Wichita, Kansas. These system transfers represent 13.7% and 4.9%, respectively, of the interstate system supply.

The average wholesale cost per thousand cubic feet (MCF) purchased for the distribution systems for the past five years was as follows:

Interstate Pipeline Supply
(Average Cost per MCF)

	1994	1993	1992	1991	1990
WNG	$ -	$3.57	$3.64	$3.61	$3.84
Other	3.32	3.01	2.30	2.36	2.14
Total Average Cost	3.32	3.23	2.88	3.02	3.10

The increase in the total average cost per MCF in 1994 from 1993 reflects increased prices in the spot market and increased transportation costs.

Main System

The Company serves approximately 130,000 customers in central and north central Kansas with natural gas supplied through the main system. The principal market areas include Salina, Manhattan, Junction City, Great Bend, McPherson and Hutchinson, Kansas.

Natural gas for the Company's main system is purchased from a combination of direct wellhead production, from the outlet of natural gas processing plants, and from interstate pipeline interconnects all within the State of Kansas. Such purchases are transported entirely through Company owned transmission lines in Kansas.

As discussed under GENERAL, the Company is developing the Market Center and intends to transfer certain natural gas transmission assets having a value of approximately $52.1 million to the Market Center. Natural gas purchased for the Company's main system customer requirements will be transported and/or stored by the Market Center upon approval from the KCC. The Company retains a priority right to capacity on the Market Center necessary to serve the main system customers. The Company will have the opportunity to negotiate for the purchase of natural gas with producers or marketers utilizing Market Center services, which will increase the potential supply available to meet main system customer demands.

During 1994, the Company purchased approximately 17.1 BCF of natural gas from Mesa Operating Limited Partnership (Mesa). This compares with approximately 15.6 BCF of natural gas (including 2.5 BCF of make-up deliveries) from Mesa pursuant to a contract expiring May 31, 1995 (the Hugoton Contract). These purchases represent approximately 62.7% and 53.7%, respectively, of the Company's main system requirements during such periods. Pursuant to the Hugoton Contract, the Company expects to purchase approximately 9 BCF of natural gas constituting approximately 37% of the Company's main system requirements through May 31, 1995.

The Company has issued a request for proposal for natural gas contracts ranging from one to five years, to replace the gas previously purchased under the expiring Mesa contract. The Company has received interest in serving this supply requirement from multiple producers and marketers and believes it will be able to replace the requirements previously served by the Mesa contract with adequate supplies at market based prices.

Spivey-Grabs field in south-central Kansas supplied approximately 4.8 BCF of natural gas in both 1994 and 1993, constituting 17.6% and 16.6%, respectively, of the main system's requirements during such periods. Such natural gas is supplied pursuant to contracts with producers in the Spivey-Grabs field, most of which are for the life of the field, and under which the Company expects to receive approximately 5 BCF or 17% of natural gas in 1995.

Other sources of gas for the main system of 2.9 BCF or 10.5% of the system requirements were purchased from or transported through interstate pipelines during 1994. The remainder of the supply for the main system during 1994 and 1993 of 2.5 BCF and 4.2 BCF representing 9.2% and 14.5%, respectively, was purchased directly from producers or gathering systems.

During 1994 and 1993, approximately 8.0 BCF and 7.1 BCF, respectively, of the total main system supply was transferred to the Company's interstate system (see Interstate Pipeline Supply).

The Company believes there is adequate natural gas available under contract or otherwise available to meet the currently anticipated needs of the main system customers.

The main system's average wholesale cost per MCF purchased for the past five years was as follows:

Natural Gas Supply - Main System
(Average Cost per MCF)

	1994	1993	1992	1991	1990
Mesa-Hugoton Contract	$1.81	$1.78(1)	$1.47(2)	$1.36(3)	$1.47(4)
Other	2.92	2.69	2.66	2.68	2.54
Total Average Cost	2.23	2.20	2.00	1.94	1.98

(1) Includes 2.5 BCF @ $1.31/MCF of make-up deliveries.
(2) Includes 2.1 BCF @ $1.31/MCF of make-up deliveries.
(3) Includes 1.5 BCF @ $1.31/MCF of make-up deliveries.
(4) Includes 1.6 BCF @ $1.12/MCF and 1.8 BCF @ $1.31/MCF of make-up deliveries.

The load characteristics of the Company's natural gas customers creates relatively high volume demand on the main system during cold winter days. To assure peak day service to high priority customers the Company owns and operates and has under contract natural gas storage facilities (see Item 2. Properties).

Environmental Matters

For information with respect to Environmental Matters see Note 7 of Notes to Consolidated Financial Statements included herein.

SEGMENT INFORMATION

Financial information with respect to business segments is set forth in Note 14 of the Notes to Consolidated Financial Statements included herein.

FINANCING

The Company's ability to issue additional debt and equity securities is restricted under limitations imposed by the charter and the Mortgage and Deed of Trust of Western Resources and KG&E.

Western Resources' mortgage prohibits additional first mortgage bonds from being issued (except in connection with certain refundings) unless the Company's net earnings available for interest, depreciation and property retirement for a period of 12 consecutive months within 15 months preceding the issuance are not less than the greater of twice the annual interest charges on, or ten percent of the principal amount of, all first mortgage bonds outstanding after giving effect to the proposed issuance. Based on the Company's results for the 12 months ended December 31, 1994, approximately $356 million principal amount of additional first mortgage bonds could be issued (8.75% interest rate assumed).

Western Resources bonds may be issued, subject to the restrictions in the preceding paragraph, on the basis of property additions not subject to an unfunded prior lien and on the basis of bonds which have been retired. As of December 31, 1994, the Company had approximately $499 million of net bondable property additions not subject to an unfunded prior lien entitling the Company to issue up to $299 million principal amount of additional bonds. As of December 31, 1994, no additional bonds could be issued on the basis of retired bonds.

KG&E's mortgage prohibits additional KG&E first mortgage bonds from being issued (except in connection with certain refundings) unless KG&E's net earnings before income taxes and before provision for retirement and depreciation of property for a period of 12 consecutive months within 15 months preceding the issuance are not less than two and one-half times the annual interest charges on, or ten percent of the principal amount of, all KG&E first mortgage bonds outstanding after giving effect to the proposed issuance. Based on KG&E's results for the 12 months ended December 31, 1994, approximately $743 million principal amount of additional KG&E first mortgage bonds could be issued (8.75% interest rate assumed).

KG&E bonds may be issued, subject to the restrictions in the preceding paragraph, on the basis of property additions not subject to an unfunded prior lien and on the basis of bonds which have been retired. As of December 31, 1994, KG&E had approximately $1.3 billion of net bondable property additions not subject to an unfunded prior lien entitling KG&E to issue up to $909 million principal amount of additional KG&E bonds.

The most restrictive provision of the Company's charter permits the issuance of additional shares of preferred stock without certain specified preferred stockholder approval only if, for a period of 12 consecutive months within 15 months preceding the issuance, net earnings available for payment of interest exceed one and one-half times the sum of annual interest requirements plus dividend requirements on preferred stock after giving effect to the proposed issuance. After giving effect to the annual interest and dividend requirements on all debt and preferred stock outstanding at December 31, 1994, such ratio was 2.17 for the 12 months ended December 31, 1994.

REGULATION AND RATES

The Company is subject as an operating electric utility to the jurisdiction of the KCC and as a natural gas utility to the jurisdiction of the KCC and the Corporation Commission of the State of Oklahoma (OCC), which have general regulatory authority over the Company's rates, extensions and abandonments of service and facilities, valuation of property, the classification of accounts and various other matters.

The Company is subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC) and KCC with respect to the issuance of securities. There is no state regulatory body in Oklahoma having jurisdiction over the issuance of the Company's securities.

Additionally, the Company is subject to the jurisdiction of the FERC, including jurisdiction as to rates with respect to sales of electricity for resale. The Company is not engaged in the interstate transmission or sale of natural gas which would subject it to the regulatory provisions of the Natural Gas Act. KG&E is also subject to the jurisdiction of the Nuclear Regulatory Commission as to nuclear plant operations and safety.

Additional information with respect to Rate Matters and Regulation as set forth in Note 5 of Notes to Consolidated Financial Statements is included herein.

EMPLOYEE RELATIONS

As of December 31, 1994, the Company had 4,330 employees. The Company did not experience any strikes or work stoppages during 1994. The Company's current contracts with its two electric unions were negotiated in 1993 and expire June 30, 1995. The two contracts cover approximately 2,130 employees. The Company has contracts with three other unions representing approximately 640 employees. These contracts were negotiated in 1992 and will expire June 6, 1996.

EXECUTIVE OFFICERS OF THE COMPANY

Name	Age	Present Office	Other Offices or Positions Held During Past Five Years
John E. Hayes, Jr.	57	Chairman of the Board, President, and Chief Executive Officer	
William E. Brown	55	President and Chief Executive Officer-KPL (since October 1990)	President and Chief Operating Officer-KPL Division (1990) Executive Vice President and Chief Operating Officer (1987 to 1990)
James S. Haines, Jr.	48	Executive Vice President and Chief Administrative Officer (since March 1992)	Group Vice President-KG&E
Steven L. Kitchen	49	Executive Vice President and Chief Financial Officer (since March 1990)	Senior Vice President, Finance and Accounting
John K. Rosenberg	49	Executive Vice President and General Counsel	
Carl M. Koupal, Jr.	41	Executive Vice President Corporate Communications, Marketing, and Economic Development (since January, 1995)	Vice President, Corporate Marketing, and Economic Development (1992 to 1994) Director, Economic Development, (1985 to 1992) Jefferson City, Missouri
Kent R. Brown	49	President and Chief Executive Officer-KG&E (since April 1992)	Group Vice President-KG&E
Jerry D. Courington	49	Controller	

Executive officers serve at the pleasure of the Board of Directors. There are no family relationships among any of the officers, nor any arrangements or understandings between any officer and other persons pursuant to which he/she was appointed as an officer.

ITEM 2. PROPERTIES

The Company owns or leases and operates an electric generation, transmission, and distribution system in Kansas, a natural gas integrated storage, gathering, transmission and distribution system in Kansas, and a natural gas distribution system in Kansas and Oklahoma.

During the five years ended December 31, 1994, the Company's gross property additions totalled $923,801,000 and retirements were $176,678,000.

ELECTRIC FACILITIES

Name	Unit No.	Year Installed	Principal Fuel	Unit Capacity (MW) (2)
Abilene Energy Center:				
Combustion Turbine	1	1973	Gas	65
Gordon Evans Energy Center:				
Steam Turbines	1	1961	Gas--Oil	150
	2	1967	Gas--Oil	367
Hutchinson Energy Center:				
Steam Turbines	1	1950	Gas	18
	2	1950	Gas	17
	3	1951	Gas	28
	4	1965	Gas	196
Combustion Turbines	1	1974	Gas	51
	2	1974	Gas	49
	3	1974	Gas	54
	4	1975	Oil	89
Jeffrey Energy Center (84%):				
Steam Turbines	1	1978	Coal	587
	2	1980	Coal	600
	3	1983	Coal	588
La Cygne Station (50%):				
Steam Turbines	1	1973	Coal	343
	2	1977	Coal	335
Lawrence Energy Center:				
Steam Turbines	2	1952	Gas	0 (1)
	3	1954	Coal	56
	4	1960	Coal	113
	5	1971	Coal	370
Murray Gill Energy Center:				
Steam Turbines	1	1952	Gas--Oil	46
	2	1954	Gas--Oil	74
	3	1956	Gas--Oil	107
	4	1959	Gas--Oil	105

Name	Unit No.	Year Installed	Principal Fuel	Unit Capacity (MW) (2)
Neosho Energy Center:				
Steam Turbines	3	1954	Gas--Oil	0 (1)
Tecumseh Energy Center:				
Steam Turbines	7	1957	Coal	88
	8	1962	Coal	148
Combustion Turbines	1	1972	Gas	19
	2	1972	Gas	19
Wichita Plant:				
Diesel Generator	5	1969	Diesel	3
Wolf Creek Generating Station (47%):				
Nuclear	1	1985	Uranium	545
Total				5,230

(1) These units have been "mothballed" for future use.

(2) Based on MOKAN rating.

The Company jointly-owns Jeffrey Energy Center (84%), La Cygne Station (50%) and Wolf Creek Generating Station (47%).

NATURAL GAS COMPRESSOR STATIONS AND STORAGE FACILITIES

The Company's transmission and storage facility compressor stations, all located in Kansas, as of December 31, 1994, are as follows:

Location	Driving Units	Year Installed	Type of Fuel	Mfr hp Ratings	Mfr Ratings of MCF/Hr Capacity at 14.65 Psia at 60F
Abilene	4	1930	Gas	4,000	5,920
Bison	1	1951	Gas	440	316
Brehm Storage . .	2	1982	Gas	800	486
Calista	3	1987	Gas	4,400	7,490
Hope.	1	1970	Electric	600	44
Hutchinson. . . .	2	1989	Gas	1,600	707
Manhattan	1	1963	Electric	250	313
Marysville. . . .	1	1964	Electric	250	202
McPherson	1	1972	Electric	3,000	7,040
Minneola.	5	1952 - 1978	Gas	9,650	14,018
Pratt	3	1963 - 1983	Gas	1,700	3,145
Spivey.	4	1957 - 1964	Gas	7,200	1,368
Ulysses	12	1949 - 1981	Gas	26,630	15,244
Yaggy Storage . .	3	1993	Electric	7,500	5,000

The Company owns and operates an underground natural gas storage facility, the Brehm field in Pratt County, Kansas. This facility has a working storage capacity of approximately 1.6 BCF. The Company withdrew up to 6,230 MCF per day from this field to meet 1994 winter peaking requirements.

The Company owns and operates an underground natural gas storage field, the Yaggy field in Reno County, Kansas. This facility has a working storage capacity of approximately 2 BCF. The Company withdrew up to 52,700 MCF per day from this field to meet 1994 winter peaking requirements.

The Company has contracted with WNG for additional underground storage in the Alden field in Kansas. The contract, expiring March 31, 1998, enables the Company to supply customers with up to 75 million cubic feet per day of gas supply during winter peak periods. See Item I. Business, Gas Operations for proven recoverable gas reserve information.

ITEM 3. LEGAL PROCEEDINGS

In March, 1995, the litigation between the Company and the Bishop Group, Ltd., and other entities affiliated with the Bishop Group, raising breach of certain gas supply contracts as set forth in Note 4 of the Notes to Consolidated Financial Statements, was settled with the realignment of the commercial relationship between the parties. The resolution of this matter is not expected to have a material adverse impact on the Company.

Additional information on legal proceedings involving the Company is set forth in Note 4 of Notes to Consolidated Financial Statements included herein.

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

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

PART II

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

Stock Trading

Western Resources common stock, which is traded under the ticker symbol WR, is listed on the New York Stock Exchange. As of March 1, 1995, there were 43,454 common shareholders of record. For information regarding quarterly common stock price ranges for 1994 and 1993, see Note 16 of Notes to Consolidated Financial Statements included herein.

Dividend Policy

Western Resources common stock is entitled to dividends when and as declared by the Board of Directors. At December 31, 1994, the Company's retained earnings were restricted by $857,600 against the payment of dividends on common stock. However, prior to the payment of common dividends, dividends must be first paid to the holders of preferred stock and second to the holders of preference stock based on the fixed dividend rate for each series.

Dividends have been paid on the Company's common stock throughout the Company's history. Quarterly dividends on common stock normally are paid on or about the first of January, April, July, and October to shareholders of record as of about the third day of the preceding month. Dividends increased four cents per common share in 1994 to $1.98 per share. In January 1995, the Board of Directors declared a quarterly dividend of 50 1/2 cents per common share, an increase of one cent over the previous quarter. Based on currently projected operating results, the Company does not anticipate a material change in its dividend policy or payout ratio (approximately 70 percent in 1994) in 1995. Future dividends depend upon future earnings, the financial condition of the Company and other factors. For information regarding quarterly dividend declarations for 1994 and 1993, see Note 16 of Notes to Consolidated Financial Statements included herein.

ITEM 6. SELECTED FINANCIAL DATA

Year Ended December 31,	1994(1)	1993	1992(2)	1991	1990
			(Dollars in Thousands)		
Income Statement Data:					
Operating revenues:					
Electric	$1,121,781	$1,104,537	$ 882,885	$ 471,839	$ 463,707
Natural gas.	496,162	804,822	673,363	690,339	686,048
Total operating revenues . .	1,617,943	1,909,359	1,556,248	1,162,178	1,149,755
Operating expenses	1,348,397	1,617,296	1,317,079	1,032,557	1,017,765
Allowance for funds used during construction	2,667	2,631	2,002	1,070	1,181
Income before cumulative effect of accounting change	187,447	177,370	127,884	72,285	79,619
Cumulative effect to January 1, 1991, of change in revenue recognition.	-	-	-	17,360	-
Net income	187,447	177,370	127,884	89,645	79,619
Earnings applicable to common stock.	174,029	163,864	115,133	83,268	77,875

December 31,	1994(1)	1993	1992(2)	1991	1990
			(Dollars in Thousands)		
Balance Sheet Data:					
Gross plant in service	$5,963,366	$6,222,483	$6,033,023	$2,535,448	$2,421,562
Construction work in progress. .	85,290	80,192	68,041	17,114	20,201
Total assets	5,189,618	5,412,048	5,438,906	2,112,513	2,016,029
Long-term debt and preference stock subject to mandatory redemption	1,507,028	1,673,988	2,077,459	690,612	595,524

Year Ended December 31,	1994(1)	1993	1992(2)	1991	1990
Common Stock Data:					
Earnings per share before cumulative effect of accounting change.	$ 2.82	$ 2.76	$ 2.20	$ 1.91	$ 2.25
Cumulative effect to January 1, 1991, of change in revenue recognition per share.	-	-	-	.50	-
Earnings per share	$ 2.82	$ 2.76	$ 2.20	$ 2.41	$ 2.25
Dividends per share.	$ 1.98	$ 1.94	$ 1.90	$ 2.04(3)	$ 1.80
Book value per share	$23.93	$23.08	$21.51	$18.59	$18.25
Average shares outstanding(000's)	61,618	59,294	52,272	34,566	34,566
Interest coverage ratio (before income taxes, including AFUDC)	3.42	2.79	2.27	2.69	2.86
Ratio of Earnings to Fixed Charges.	2.65	2.36	2.02	2.98	2.74
Ratio of Earnings to Combined Fixed Charges and Preferred and Preference Dividend Requirements	2.37	2.14	1.84	2.61	2.64

(1) Information reflects the sales of the Missouri Properties (Note 2).
(2) Information reflects the merger with KG&E on March 31, 1992 (Note 3).
(3) Includes special, one-time dividend of $0.18 per share paid February 28, 1991.

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

FINANCIAL CONDITION

GENERAL: Earnings were $2.82 per share of common stock based on 61,617,873 average common shares for 1994, an increase from $2.76 in 1993 on 59,294,091 average common shares. Net income for 1994 increased to $187.4 million compared to $177.4 million in 1993. The increase in net income and earnings per share is a result of the gain on the sale of the Company's natural gas distribution properties and operations in the State of Missouri, reduced interest expense, and higher electric sales combined with lower fuel costs.

Dividends increased four cents per common share in 1994 to $1.98 per share. In January 1995, the Board of Directors declared a quarterly dividend of 50 1/2 cents per common share, an increase of one cent over the previous quarter. Based on currently projected operating results, the Company does not anticipate a material change in its dividend policy or payout ratio (approximately 70 percent in 1994) in 1995.

The book value per share was $23.93 at December 31, 1994, compared to $23.08 at December 31, 1993. The 1994 closing stock price of $28 5/8 was 120 percent of book value. There were 61,617,873 common shares outstanding at December 31, 1994.

On January 31, 1994, the Company sold substantially all of its Missouri natural gas distribution properties and operations to Southern Union Company (Southern Union). The Company sold the remaining Missouri properties to United Cities Gas Company (United Cities) on February 28, 1994. The properties sold to Southern Union and United Cities are referred to herein as the "Missouri Properties." With the sales the Company is no longer operating as a utility in the State of Missouri.

The portion of the Missouri Properties purchased by Southern Union was sold for an estimated sale price of $400 million, in cash, based on a calculation as of December 31, 1993. United Cities purchased the Company's natural gas distribution system in and around the City of Palmyra, Missouri, for $665,000 in cash.

As a result of the sales of the Missouri Properties, as described in Note 2 of the Notes to Consolidated Financial Statements, the Company recognized a gain of approximately $19.3 million, net of tax, ($0.31 per share) and ceased recording the results of operations for the Missouri Properties during the first quarter of 1994. Consequently, the Company's results of operations for the twelve months ended December 31, 1994 are not comparable to the results of operations for the same periods ending December 31, 1993 and 1992.

The following table reflects, through the dates of the sales of the Missouri Properties, the approximate operating revenues and operating income for the years ended December 31, 1994, 1993, and 1992, and net utility plant at December 31, 1993 and 1992, related to the Missouri Properties (see Note 2):

	1994		1993		1992	
	Amount	Percent of Total Company	Amount	Percent of Total Company	Amount	Percent of Total Company
	(Dollars in Thousands, Unaudited)					
Operating revenues. .	$ 77,008	4.8%	$349,749	18.3%	$299,202	19.2%
Operating income. . .	4,997	1.9%	20,748	7.1%	11,177	4.7%
Net utility plant . .	-	-	296,039	6.6%	272,126	6.1%

Separate audited financial information was not kept by the Company for the Missouri Properties. This unaudited financial information is based on assumptions and allocations of expenses of the Company as a whole.

For additional information regarding the sales of the Missouri Properties and the pending litigation see Notes 2 and 4 of the Notes to Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES: The Company's liquidity is a function of its ongoing construction program, designed to improve facilities which provide electric and natural gas service and meet future customer service requirements.

During 1994, construction expenditures for the Company's electric system were approximately $152 million and nuclear fuel expenditures were approximately $21 million. It is projected that adequate capacity margins will be maintained without the addition of any major generating facilities through the turn of the century. The construction expenditures for improvements on the natural gas system, including the Company's service line replacement program, were approximately $65 million during 1994.

Capital expenditures for 1995 through 1997 are anticipated to be as follows:

	Electric	Nuclear Fuel	Natural Gas
		(Dollars in Thousands)	
1995.	$131,300	$ 21,400	$ 45,700
1996.	114,500	8,100	58,700
1997.	108,500	24,000	58,100

These expenditures are estimates prepared for planning purposes and are subject to revisions from time to time (see Note 7).

The Company's net cash flows to capital expenditures was 97 percent for 1994 and during the last five years has averaged 98 percent. The Company anticipates all of its cash requirements for capital expenditures through 1997 will be provided from net cash flows.

The Company's capital needs through 1999 for bond maturities and cash sinking fund requirements for bonds and preference stock are approximately $156 million. This capital will be provided from internal and external sources available under then existing financial conditions.

The embedded cost of long-term debt was 7.6% at December 31, 1994, a decrease from 8.1% at December 31, 1993. The decrease was primarily accomplished through refinancing of higher cost debt.

The Company's short-term financing requirements are satisfied, as needed, through the sale of commercial paper, short-term bank loans and borrowings under unsecured lines of credit maintained with banks. At December 31, 1994, short-term borrowings amounted to $308.2 million, of which $157.2 million was commercial paper (see Notes 6 and 11). At December 31, 1994, the Company had bank credit arrangements available of $145 million.

The Company's short-term debt balance at December 31, 1994, decreased approximately $132.7 million from December 31, 1993. The decrease is primarily a result of the use of the proceeds from the sales of the Missouri Properties and the issuance, on January 20, 1994, of $100 million of Kansas Gas and Electric Company (KG&E) first mortgage bonds, 6.20% Series due January 15, 2006.

In January 1994, the Company entered into an agreement with Oklahoma Municipal Power Authority (OMPA). Under the agreement, the Company received a prepayment of approximately $41 million for which the Company will provide capacity and transmission services to OMPA through the year 2013.

On January 31, 1994, the Company redeemed the remaining $2,466,000 principal amount of Gas Service Company 8 1/2% Series First Mortgage Bonds due 1997.

On February 17, 1994, KG&E refinanced the City of La Cygne, Kansas, 5 3/4% Pollution Control Revenue Refunding Bonds Series 1973, $13,980,000 principal amount, with 5.10% Pollution Control Revenue Refunding Bonds Series 1994, $13,982,500 principal amount, due 2023.

On March 4, 1994, the Company retired the following First Mortgage Bonds: $19 million of 7 5/8% Series due April 1, 1999, $30 million of 8 1/8% Series due June 1, 2007, and $50 million of 8 5/8% Series due March 1, 2017.

On April 28, 1994, two series of Market-Adjusted Tax Exempt Securities (MATES) totalling $75.5 million were sold on behalf of the Company and three series of MATES totalling $46.4 million were sold on behalf of KG&E. The rate on these bonds was 2.95% for the initial auction period. The interest rates are being reset periodically via an auction process. As of December 31, 1994, the rates on these bonds ranged from 3.94% to 4.10%. The net proceeds from the new issues, together with available cash, were used to refund five series of pollution control bonds totalling $121.9 million bearing interest rates between 5 7/8% and 6.8%.

On October 5, the Company extended the term of its $350 million revolving credit facility which will now expire on October 5, 1999.

On November 1, 1994, KG&E terminated a long-term agreement which contained provisions for the sale of accounts receivable and unbilled revenues, and phase-in revenues (see Note 11).

The Company has a Customer Stock Purchase Plan (CSPP) and a Dividend Reinvestment and Stock Purchase Plan (DRIP). Shares issued under the CSPP and DRIP may be either original issue shares or shares purchased on the open market.

The Company's capital structure at December 31, 1994, was 49 percent common stock equity, 6 percent preferred and preference stock, and 45 percent long-term debt. The capital structure at December 31, 1994, including short-term debt and current maturities of long-term debt, was 45 percent common stock equity, 5 percent preferred and preference stock, and 50 percent debt. As of December 31, 1994, the Company's bonds were rated "A3" by Moody's Investors Service, "A-" by Standard & Poor's Ratings Group, and "A-" by Fitch Investors Service.

RESULTS OF OPERATIONS

The following is an explanation of significant variations from prior year results in revenues, operating expenses, other income and deductions, interest charges and preferred and preference dividend requirements. The results of operations of the Company include the activities of KG&E since the merger on March 31, 1992, and exclude the activities related to the Missouri Properties following the sales of those properties in the first quarter of 1994.

For additional information regarding the sales of the Missouri Properties and the pending litigation, see Notes 2 and 4 of the Notes to Consolidated Financial Statements. Additional information relating to changes between years is provided in the Notes to Consolidated Financial Statements.

REVENUES

The operating revenues of the Company are based on sales volumes and rates authorized by certain state regulatory commissions and the Federal Energy Regulatory Commission (FERC). Rates, charged for the sale and delivery of natural gas and electricity, are designed to recover the cost of service and allow investors a fair rate of return. Future natural gas and electric sales will be affected by weather conditions, competition from other generating sources, competing fuel sources, customer conservation efforts, and the overall economy of the Company's service area.

The Kansas Corporation Commission (KCC) order approving the merger with KG&E on March 31, 1992 (Merger), provided a moratorium on increases, with certain exceptions, in the Company's jurisdictional electric and natural gas rates until August 1995. The KCC ordered refunds totalling $32 million to the combined companies' customers to share with customers the Merger-related cost savings achieved during the moratorium period. Refunds of $8.5 million were made in April 1992 and December 1993 and the remaining refund of $15 million was made in September 1994 (see Note 3).

On March 26, 1992, in connection with the Merger, the KCC approved the elimination of the Energy Cost Adjustment Clause for most Kansas retail electric customers of both the Company and KG&E effective April 1, 1992. The fuel costs are now included in base rates and were established at a level intended by the KCC to equal the projected average cost of fuel through August

1995. Any variance in fuel costs from the projected average will impact the Company's earnings.

Future natural gas revenues will be reduced as a result of the sales of the Missouri Properties. The Consolidated Statements of Income include revenues of $77 million for the portion of the first quarter of 1994 prior to the sales of the Missouri Properties, $350 million for 1993 and $299 million for 1992. Following the sales of the Missouri Properties and during 1995 and beyond, there will be no revenues related to the Missouri Properties (see Note 2).

1994 Compared to 1993: Electric revenues increased two percent during 1994 primarily as a result of a four percent increase in commercial and industrial electric sales. Residential electric sales increased one percent despite four percent cooler temperatures during the primary air conditioning load months of June, July, and August. Partially offsetting these increases in electric revenues was a fourteen percent decrease in wholesale and interchange sales as a result of higher than normal sales in 1993 to other utilities while their generating units were down due to the flooding of 1993.

Natural gas revenues and sales decreased significantly in 1994 as a result of the sales of the Missouri Properties in the first quarter of 1994 (see Note 2). Also contributing to the decrease in natural gas revenues were reduced natural gas sales for space heating as a result of much warmer temperatures during the winter season of 1994 compared to 1993.

1993 Compared to 1992: Electric revenues increased significantly in 1993 as a result of the Merger. Also contributing to the increase was increased electric sales for space heating, resulting from colder winter temperatures in the first quarter of 1993, and increased sales for cooling load, resulting from warmer temperatures in the second and third quarters of 1993. KG&E electric revenues of $617 million have been included in the Company's 1993 electric revenues. This compares to KG&E revenues of $424 million, from April 1, 1992, through December 31, 1992, included in the Company's 1992 electric revenues. Partially offsetting these increases in electric revenues was the amortization of the Merger-related customer refund.

Electric revenues for 1993 compared to pro forma revenues for 1992, giving effect to the Merger as if it had occurred at January 1, 1992, would have increased as a result of the warmer summer and colder winter temperatures in 1993. Retail sales of kilowatt hours on a pro forma comparative basis increased from approximately 14.6 billion for 1992 to approximately 15.5 billion for 1993, or six percent.

Natural gas revenues for 1993 increased approximately 20 percent as a result of increased sales caused by colder winter temperatures, the full impact of increased retail natural gas rates (see Note 5), and an 11 percent increase in the unit cost of gas passed on to customers through the purchased gas adjustment clauses (PGA). The colder winter temperatures are reflected in a 17 percent increase in natural gas sales to residential customers.

OPERATING EXPENSES

1994 Compared to 1993: Total operating expenses decreased 17 percent during 1994 primarily as a result of the sales of the Missouri Properties (Note 2). Also contributing to the decrease were lower fuel costs for electric generation and reduced natural gas purchases as a result of lower sales caused by milder winter temperatures in 1994 compared to 1993.

Partially offsetting the decreases in operating expenses was higher income tax expense. As of December 31, 1993, KG&E had fully amortized its deferred income tax reserves related to the allowance for borrowed funds used during construction capitalized for Wolf Creek Generating Station. The completion of the amortization of these deferred income tax reserves increased income tax expense and thereby reduced net income by approximately $12 million in 1994, and in the future will reduce net income by this same amount each year.

1993 Compared to 1992: Operating expenses increased for 1993 primarily as a result of the Merger. KG&E operating expenses of $470 million have been included in the Company's operating expenses for the year ended December 31, 1993. This compares to KG&E operating expenses of $316 million, from April 1, 1992, through December 31, 1992, included in the Company's 1992 operating expenses.

Other factors, excluding the Merger, contributing to the increase in operating expenses were higher fuel and purchased power expenses caused by increased electric sales to meet cooling load and increased natural gas purchases caused by a 16 percent increase in natural gas sales and an 11 percent higher unit cost of gas which is passed on to customers through the PGA.

Also contributing to the increase were higher general taxes due to increases in plant, the property tax assessment ratio, and higher mill levies. A constitutional amendment in Kansas changed the assessment on utility property from 30 to 33 percent. As a result of this change the Company had an increased property tax expense of approximately $6.1 million in 1993.

Partially offsetting the increases were savings as a result of the Merger and reduced net lease expense for La Cygne 2 resulting from refinancing of secured facility bonds (see Note 10).

OTHER INCOME AND DEDUCTIONS: Other income and deductions, net of taxes, was higher for the twelve months ended December 31, 1994 compared to 1993 due to the recognition of the gain on the sales of the Missouri Properties of approximately $19.3 million, net of tax, (see Note 2). Partially offsetting this increase was increased interest expense on corporate-owned life insurance (COLI) borrowings. Also partially offsetting the increase was the recognition of income in 1993 from death proceeds from COLI policies.

Other income and deductions, net of taxes, increased $1.3 million in 1993 compared to 1992. KG&E other income and deductions, net of taxes, of $19 million have been included in the Company's total for 1993 compared to $17 million in 1992 from April 1, through December 31, 1992. Income from KG&E's COLI totalled $8 million in 1993.

INTEREST CHARGES AND PREFERRED AND PREFERENCE DIVIDEND REQUIREMENTS: Total interest charges decreased 17 percent for the twelve months ended December 31, 1994, as a result of lower debt balances and the refinancing of higher cost debt, as well as increased COLI borrowings which interest is reflected in Other Income and Deductions, on the Consolidated Statements of Income. The Company's embedded cost of long-term debt decreased to 7.6% at December 31, 1994, compared to 8.1% and 8.2% at December 31, 1993 and 1992, respectively, primarily as a result of the refinancing of higher cost debt.

Partially offsetting these decreases in interest expense were higher interest rates on short-term borrowings.

Interest charges for 1993 were higher than 1992 as a result of the Merger. KG&E interest charges of $59 million for 1993 were included in the Company's total interest charges compared to $53 million for the nine months ended December 31, 1992. The full twelve month effect of interest on debt to acquire KG&E also contributed to the increase in total interest charges. The increased interest charges were partially offset through lower debt balances and reduced interest charges from refinancing higher cost long-term debt and lower interest rates on variable-rate debt.

MERGER IMPLEMENTATION: In accordance with the KCC Merger order, amortization of the acquisition adjustment will commence August 1995. The amortization will amount to approximately $20 million (pre-tax) per year for 40 years. The Company can recover the amortization of the acquisition adjustment through cost savings under a sharing mechanism approved by the KCC as described in Note 3 of the Notes to the Consolidated Financial Statements. While the Company has achieved savings from the Merger, there is no assurance that the savings achieved will be sufficient to, or the cost savings sharing mechanism will operate as to, fully offset the amortization of the acquisition adjustment.

OTHER INFORMATION

INFLATION: Under the ratemaking procedures prescribed by the regulatory commissions to which the Company is subject, only the original cost of plant is recoverable in revenues as depreciation. Therefore, because of inflation, present and future depreciation provisions are inadequate for purposes of maintaining the purchasing power invested by common shareholders and the related cash flows are inadequate for replacing property. The impact of this ratemaking process on common shareholders is mitigated to the extent depreciable property is financed with debt that can be repaid with dollars of less purchasing power. While the Company has experienced relatively low inflation in the recent past, the cumulative effect of inflation on operating costs may require the Company to seek regulatory rate relief to recover these higher costs.

FERC ORDER NO. 636: In 1992 the FERC issued Order No. 636 (FERC 636) which the FERC intended to complete the deregulation of natural gas production and facilitate competition in the gas transportation industry. FERC 636 has affected the Company in several ways. The rules provide greater protection for pipeline companies by providing for recovery of all fixed costs through contracts with local distribution companies and other customers choosing to transport gas on a firm (non-interruptible) basis. The order also separates the purchase of natural gas from the transportation and storage of natural gas, shifting additional responsibility to distribution companies for the provision (through purchase and/or storage) of long-term gas supply and transportation to distribution points. Under the new rules, distribution companies elect the amount and type of services taken from pipelines. The Company may be liable to one or more of its pipeline suppliers for costs related to the transition from its traditional natural gas sales service to the restructured services required by FERC 636. The Company believes substantially all of these costs will be recovered from its customers and any additional transition costs will be immaterial to the Company's financial position or results of operations. For additional information regarding FERC 636 costs, see Note 5 of the Notes to Consolidated Financial Statements.

ENVIRONMENTAL: The Company has taken a proactive position with respect to the potential environmental liability associated with former manufactured gas sites and has an agreement with the Kansas Department of Health and Environment to systematically evaluate these sites in Kansas (see Note 7).

Although the Company currently has no Phase I affected units under the Clean Air Act of 1990, the Company has applied for an early substitution permit to bring the co-owned La Cygne Station under the Phase I guidelines. The oxides of nitrogen (NOx) and air toxic limits, which were not set in law, will be specified in future Environmental Protection Agency (EPA) regulations. The EPA's proposed NOx regulations were ruled invalid by the U.S. Court of Appeals for the District of Columbia Circuit in November, 1994 and until such time as the EPA resubmits new proposed regulations, the Company will be unable to determine its compliance options or related compliance costs (see Note 7).

COMPETITION: As a regulated utility, the Company currently has limited direct competition for retail electric service in its certified service area. However, there is competition, based largely on price, from the generation, or potential generation, of electricity by large commercial and industrial customers, and independent power producers.

The 1992 Energy Policy Act (Act) requires increased efficiency of energy usage and has affected the way electricity is marketed. The Act also provides for increased competition in the wholesale electric market by permitting the FERC to order third party access to utilities' transmission systems and by liberalizing the rules for ownership of generating facilities. As part of the Merger, the Company agreed to open access of its transmission system for wholesale transactions. During 1994, wholesale electric revenues represented less than ten percent of the Company's total electric revenues.

Operating in this competitive environment could place pressure on utility profit margins and credit quality. Wholesale and industrial customers may threaten to pursue cogeneration, self-generation, retail wheeling, municipalization or relocation to other service territories in an attempt to obtain reduced energy costs. Increasing competition has resulted in credit rating agencies applying more stringent guidelines when making utility credit rating determinations.

The Company is providing reduced electric rates for industrial expansion projects and economic development projects in an effort to maintain and increase electric load. In 1994, The Boeing Company announced it would develop its 777 jetliner in Wichita and Cessna Aircraft Company announced it would build a production plant in Independence, Kansas along with expanding its Wichita facilities, with an addition of 2,000 jobs.

In order to retain its current electric load, the Company has and will continue to negotiate with some of its larger industrial customers, who are able to develop cogeneration facilities, for long-term contracts although some negotiated rates may result in reduced margins for the Company. During 1996, the Company will lose a major industrial customer to cogeneration resulting in a reduction to pre-tax earnings of approximately $7 to $8 million or 7 to 8 cents per share. This customer's decision to develop its own cogeneration project was based partially on factors other than energy cost.

To capitalize on opportunities in the non-regulated natural gas industry, the Company, through its wholly-owned subsidiary Mid Continent Market Center, Inc. (Market Center), is establishing a natural gas market center in Kansas. The Market Center will provide natural gas transportation, storage, and gathering services, as well as balancing, and title transfer capability. Upon approval from the KCC, the Company intends to transfer certain natural gas transmission assets having a value of approximately $52.1 million to the Market Center. In addition, the Company intends to extend credit to the Market Center enabling the Market Center to borrow up to an aggregate principal amount of $25 million on a term basis to construct new facilities and $5 million on a revolving credit basis for working capital. The Market Center will provide no notice natural gas transportation and storage services to the Company under a long-term contract. The Company will continue to operate and maintain the Market Center's assets under a separate contract.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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SCHEDULES OMITTED

The following schedules are omitted because of the absence of the conditions under which they are required or the information is included in the financial statements and schedules presented:

I, II, III, IV, and V.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors
of Western Resources, Inc.:

We have audited the accompanying consolidated balance sheets and statements of capitalization of Western Resources, Inc., and subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of income, cash flows, taxes and common stock equity for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Kansas Gas and Electric Company, a wholly-owned subsidiary of Western Resources, Inc., as of and for the year ended December 31, 1992, which statements reflect assets and revenues of 61 percent and 27 percent, respectively, of the consolidated totals for 1992. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for that entity, is based solely on the report of other auditors.

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

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Western Resources, Inc., and subsidiaries as of December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

As explained in Note 13 to the consolidated financial statements, effective January 1, 1992, the Company changed its method of accounting for income taxes. As explained in Note 8 to the consolidated financial statements, effective January 1, 1993, the Company changed its method of accounting for postretirement benefits. As explained in Note 8 to the consolidated financial statements, effective January 1, 1994, the Company changed its method of accounting for postemployment benefits.

ARTHUR ANDERSEN
LLP
Kansas City, Missouri,
January 25, 1995

WESTERN RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS

	December 31, 1994(1)	December 31, 1993
	(Dollars in Thousands)	
ASSETS		
UTILITY PLANT (Notes 1 and 9):		
Electric plant in service	$5,226,175	$5,110,617
Natural gas plant in service	737,191	1,111,866
	5,963,366	6,222,483
Less - Accumulated depreciation	1,790,266	1,821,710
	4,173,100	4,400,773
Construction work in progress	85,290	80,192
Nuclear fuel (net)	39,890	29,271
Net utility plant	4,298,280	4,510,236
OTHER PROPERTY AND INVESTMENTS:		
Net non-utility investments	74,017	61,497
Decommissioning trust (Note 7)	16,944	13,204
Other	13,556	10,658
	104,517	85,359
CURRENT ASSETS:		
Cash and cash equivalents (Note 1)	2,715	1,217
Accounts receivable and unbilled revenues (net) (Note 1)	219,760	238,137
Fossil fuel, at average cost	38,762	30,934
Gas stored underground, at average cost	45,222	51,788
Materials and supplies, at average cost	56,145	55,156

Prepayments and other current assets	27,932	34,128
	390,536	411,360
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes (Note 13)	101,886	111,159
Deferred coal contract settlement costs (Note 5)	33,606	40,522
Phase-in revenues (Note 5)	61,406	78,950
Corporate-owned life insurance (net) (Note 1)	16,967	4,743
Other deferred plant costs	31,784	32,008
Unamortized debt expense	58,237	55,999
Other (Note 5)	92,399	81,712
	396,285	405,093
TOTAL ASSETS	$5,189,618	$5,412,048
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (see Statements)	$3,006,341	$3,121,021
CURRENT LIABILITIES:		
Short-term debt (Note 6)	308,200	440,895
Long-term debt due within one year (Note 11)	80	3,204
Accounts payable	130,616	172,338
Accrued taxes	86,966	46,076
Accrued interest and dividends	61,069	65,825
Other	69,025	65,492
	655,956	793,830
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes (Note 13)	971,014	968,637
Deferred investment tax credits (Note 13)	137,651	150,289
Deferred gain from sale-leaseback (Note 10)	252,341	261,981
Other	166,315	116,290
	1,527,321	1,497,197
COMMITMENTS AND CONTINGENCIES (Notes 4 and 7)		
TOTAL CAPITALIZATION AND LIABILITIES	$5,189,618	$5,412,048

(1) Information reflects the sales of the Missouri Properties (Note 2).

The Notes to Consolidated Financial Statements are an integral part of this statement.

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31, 1994(1)	1993	1992(2)
	(Dollars in Thousands Except Per Share Amounts)		
OPERATING REVENUES (Notes 1 and 5):			
Electric	$1,121,781	$1,104,537	$ 882,885
Natural gas	496,162	804,822	673,363
Total operating revenues	1,617,943	1,909,359	1,556,248
OPERATING EXPENSES:			
Fuel used for generation:			
Fossil fuel	220,766	237,053	190,653
Nuclear fuel	13,562	13,275	10,126
Power purchased	15,438	16,396	14,819
Natural gas purchases	312,576	500,189	403,326
Other operations	303,391	349,160	296,642
Maintenance	113,186	117,843	101,611
Depreciation and amortization	151,630	164,364	144,013
Amortization of phase-in revenues	17,544	17,545	13,158
Taxes (see Statements):			
Federal income	76,477	62,420	34,905
State income	19,145	15,558	7,095
General	104,682	123,493	100,731
Total operating expenses	1,348,397	1,617,296	1,317,079
OPERATING INCOME	269,546	292,063	239,169
OTHER INCOME AND DEDUCTIONS:			
Corporate-owned life insurance (net)	(5,354)	7,841	9,308
Gain on sales of Missouri Properties (Note 2)	30,701	-	-
Miscellaneous (net)	12,838	18,418	18,976
Income taxes (net) (see Statements)	(4,329)	(777)	(4,098)
Total other income and deductions	33,856	25,482	24,186
INCOME BEFORE INTEREST CHARGES	303,402	317,545	263,355
INTEREST CHARGES:			
Long-term debt	98,483	123,551	117,464
Other	20,139	19,255	20,009
Allowance for borrowed funds used during construction (credit)	(2,667)	(2,631)	(2,002)
Total interest charges	115,955	140,175	135,471
NET INCOME	187,447	177,370	127,884
PREFERRED AND PREFERENCE DIVIDENDS	13,418	13,506	12,751
EARNINGS APPLICABLE TO COMMON STOCK	$ 174,029	$ 163,864	$ 115,133
AVERAGE COMMON SHARES OUTSTANDING	61,617,873	59,294,091	52,271,932
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING	$ 2.82	$ 2.76	$ 2.20
DIVIDENDS DECLARED PER COMMON SHARE	$ 1.98	$ 1.94	$ 1.90

(1) Information reflects the sales of the Missouri Properties (Note 2).
(2) Information reflects the merger with KG&E on March 31, 1992 (Note 3).

The Notes to Consolidated Financial Statements are an integral part of this statement.

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 1994(1)	1993	1992(2)
	(Dollars in Thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 187,447	$ 177,370	$ 127,884
Depreciation and amortization	151,630	164,364	144,013
Other amortization (including nuclear fuel)	10,905	11,254	8,930
Gain on sales of utility plant (net of tax)	(19,296)	-	-
Deferred taxes and investment tax credits (net)	(16,555)	27,686	26,900
Amortization of phase-in revenues	17,544	17,545	13,158
Corporate-owned life insurance	(17,246)	(21,650)	(14,704)
Amortization of gain from sale-leaseback	(9,640)	(9,640)	(7,231)
Changes in other working capital items (net of effects from the sales of the Missouri Properties):			
Accounts receivable and unbilled revenues (net)(Note 1)	(75,630)	(15,536)	(12,227)
Fossil fuel	(7,828)	18,073	14,990
Gas stored underground	(5,403)	(37,144)	4,522
Accounts payable	(41,682)	(43,169)	(10,194)
Accrued taxes	20,756	7,485	(52,185)
Other	12,813	(3,165)	(19,433)
Changes in other assets and liabilities	60,964	(18,569)	21,508
Net cash flows from operating activities	268,779	274,904	245,931
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Additions to utility plant	237,696	237,631	202,493
Merger with KG&E	-	-	473,752
Utility investment	-	2,500	-
Sales of utility plant	(402,076)	-	-
Non-utility investments (net)	9,041	14,271	29,099
Corporate-owned life insurance policies	26,418	27,268	20,233
Death proceeds of corporate-owned life insurance policies	-	(10,160)	(6,789)
Net Cash flows (from) used in investing activities	(128,921)	271,510	718,788
CASH FLOWS FROM FINANCING ACTIVITIES:			
Short-term debt (net)	(132,695)	218,670	42,825
Bank term loan issued for Merger with KG&E	-	-	480,000
Bank term loan retired	-	(230,000)	(250,000)
Bonds issued	235,923	223,500	485,000
Bonds retired	(223,906)	(366,466)	(236,966)
Revolving credit agreements (net)	(115,000)	(35,000)	-
Other long-term debt (net)	(67,893)	7,043	14,498
Borrowings against life insurance policies (net)	42,175	183,260	(5,649)
Common stock issued (net)	-	125,991	-
Preference stock issued	-	-	50,000
Preference stock redeemed	-	(2,734)	(2,600)
Bank term loan issuance expenses	-	-	(10,753)
Dividends on preferred, preference, and common stock	(134,806)	(127,316)	(99,440)
Net cash flows from (used in) financing activities	(396,202)	(3,052)	466,915
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,498	342	(5,942)
CASH AND CASH EQUIVALENTS:			
Beginning of the period	1,217	875	6,817
End of the period	$ 2,715	$ 1,217	$ 875
COMPONENTS OF MERGER WITH KG&E:			
Assets acquired			$3,142,455
Liabilities assumed			(2,076,821)
Common stock issued			(589,920)
Cash paid			475,714
Less cash acquired			(1,962)
Net cash paid			$ 473,752

(1) Information reflects the sales of the Missouri Properties (Note 2).
(2) Information reflects the merger with KG&E on March 31, 1992 (Note 3).
The Notes to Consolidated Financial Statements are an integral part of this statement.

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF TAXES

	Year Ended December 31, 1994(1)	1993	1992(2)
	(Dollars in Thousands)		
FEDERAL INCOME TAXES:			
Payable currently	$ 98,748	$ 41,200	$ 16,687
Deferred taxes arising from:			
Depreciation and other property related items	29,506	25,552	25,163
Energy and purchased gas adjustment clauses	9,764	(8,192)	(4,180)
Unbilled revenues	-	-	2,458
Natural gas line survey and replacement program	(313)	355	(1,106)
Missouri Property sales	(36,343)	-	-
Prepaid power sale	(13,759)	-	-
Other	(800)	6,166	4,121
Amortization of investment tax credits	(6,739)	(1,982)	(4,918)
Total Federal income taxes	80,064	63,099	38,225
Less:			
Federal income taxes applicable to non-operating items:			
Missouri Property sales	9,485	-	-
Other	(5,898)	679	3,320
Total Federal income taxes applicable to non-operating items	3,587	679	3,320
Total Federal income taxes charged to operations	76,477	62,420	34,905
STATE INCOME TAXES:			
Payable currently	17,758	9,869	2,522
Deferred (net)	2,129	5,787	5,352
Total State income taxes	19,887	15,656	7,874
Less:			
State income taxes applicable to non-operating items	742	98	779
Total State income taxes charged to operations	19,145	15,558	7,095
GENERAL TAXES:			
Property and other taxes	86,687	84,583	68,643
Franchise taxes	5,116	22,878	19,583
Payroll taxes	12,879	16,032	12,505
Total general taxes charged to operations	104,682	123,493	100,731
TOTAL TAXES CHARGED TO OPERATIONS	$200,304	$201,471	$142,731

The effective income tax rates set forth below are computed by dividing total Federal and State income taxes by the sum of such taxes and net income. The difference between the effective rates and the Federal statutory income tax rates are as follows:

Year Ended December 31,	1994(1)	1993	1992(2)
EFFECTIVE INCOME TAX RATE	35.3%	31.0%	27.0%
EFFECT OF:			
Additional depreciation	(1.4)	(2.9)	(5.1)
Accelerated amortization of certain deferred taxes	.7	6.0	7.6
State income taxes	(4.6)	(4.0)	(2.6)
Amortization of investment tax credits	2.4	2.7	3.4
Corporate-owned life insurance	2.1	3.0	2.9
Other differences	.5	(.8)	.8
STATUTORY FEDERAL INCOME TAX RATE	35.0%	35.0%	34.0%

(1) Information reflects the sales of the Missouri Properties (Note 2).
(2) Information reflects the merger with KG&E on March 31, 1992 (Note 3).

The Notes to Consolidated Financial Statements are an integral part of this statement.

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CAPITALIZATION

	December 31, 1994		December 31, 1993	
	(Dollars in Thousands)			
COMMON STOCK EQUITY (see Statements):				
Common stock, par value $5 per share, authorized 85,000,000 shares, outstanding 61,617,873 shares	$ 308,089		$ 308,089	
Paid-in capital	667,992		667,738	
Retained earnings	498,374		446,348	
	1,474,455	49%	1,422,175	45%
CUMULATIVE PREFERRED AND PREFERENCE STOCK (Note 12):				
Not subject to mandatory redemption,				
Par value $100 per share, authorized 600,000 shares, outstanding -				
4 1/2% Series, 138,576 shares	13,858		13,858	
4 1/4% Series, 60,000 shares	6,000		6,000	
5% Series, 50,000 shares	5,000		5,000	
	24,858		24,858	
Subject to mandatory redemption,				
Without par value, $100 stated value, authorized 4,000,000 shares, outstanding -				
7.58% Series, 500,000 shares	50,000		50,000	
8.50% Series, 1,000,000 shares	100,000		100,000	
	150,000		150,000	
	174,858	6%	174,858	6%
LONG-TERM DEBT (Note 11):				
First mortgage bonds	841,000		842,466	
Pollution control bonds	521,922		508,440	
Other pollution control obligations	-		13,980	
Revolving credit agreements	-		115,000	
Other long-term agreement	-		53,913	
Less:				
Unamortized premium and discount (net)	5,814		6,607	
Long-term debt due within one year	80		3,204	
	1,357,028	45%	1,523,988	49%
TOTAL CAPITALIZATION	$3,006,341	100%	$3,121,021	100%

The Notes to Consolidated Financial Statements are an integral part of this statement.

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF COMMON STOCK EQUITY

	Common Stock	Paid-in Capital	Retained Earnings
	(Dollars in Thousands)		
BALANCE DECEMBER 31, 1991, 34,566,170 shares.	$172,831	$ 87,099	$382,519
Net income.			127,884
Cash dividends:			
Preferred and preference stock.			(12,751)
Common stock, $1.90 per share			(99,135)
Expenses on preference stock.		14	(14)
Issuance of 23,479,380 shares of common stock in the merger with KG&E	117,397	472,523	
BALANCE DECEMBER 31, 1992, 58,045,550 shares.	290,228	559,636	398,503
Net income.			177,370
Cash dividends:			
Preferred and preference stock.			(13,506)
Common stock, $1.94 per share			(116,019)
Expenses on common and preference stock			
Issuance of 3,572,323 shares of common stock.	17,861	111,555	
BALANCE DECEMBER 31, 1993, 61,617,873 shares.	308,089	667,738	446,348
Net income.			187,447
Cash dividends:			
Preferred and preference stock.			(13,418)
Common stock, $1.98 per share			(122,003)
Expenses on common stock.		(228)	
Distribution of common stock under the Customer Stock Purchase Plan		482	
BALANCE DECEMBER 31, 1994, 61,617,873 shares.	$308,089	$667,992	$498,374

The Notes to Consolidated Financial Statements are an integral part of this statement.

WESTERN RESOURCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: The Consolidated Financial Statements of Western Resources, Inc. (the Company, Western Resources), include the accounts of its wholly-owned subsidiaries, Astra Resources, Inc. (Astra), Kansas Gas and Electric Company (KG&E) since March 31, 1992 (see Note 3), KPL Funding Corporation (KFC), and Mid Continent Market Center, Inc. (Market Center). KG&E owns 47 percent of Wolf Creek Nuclear Operating Corporation (WCNOC), the operating company for Wolf Creek Generating Station (Wolf Creek). The Company records its proportionate share of all transactions of WCNOC as it does other jointly-owned facilities. All significant intercompany transactions have been eliminated. The operations of Astra, KFC, and Market Center were not material to the Company's results of operations. The Company is conducting its utility business as KPL, Gas Service, and through its wholly-owned subsidiary, KG&E. The Company is conducting its non-utility business through Astra.

The accounting policies of the Company are in accordance with generally accepted accounting principles as applied to regulated public utilities. The accounting and rates of the Company are subject to requirements of the Kansas Corporation Commission (KCC), the Oklahoma Corporation Commission (OCC), and the Federal Energy Regulatory Commission (FERC).

Utility Plant: Utility plant is stated at cost. For constructed plant, cost includes contracted services, direct labor and materials, indirect charges for engineering, supervision, general and administrative costs, and an allowance for funds used during construction (AFUDC). The AFUDC rate was 4.08% in 1994, 4.10% in 1993, and 5.99% in 1992. The cost of additions to utility plant and replacement units of property is capitalized. Maintenance costs and replacement of minor items of property are charged to expense as incurred. When units of depreciable property are retired, they are removed from the plant accounts and the original cost plus removal charges less salvage are charged to accumulated depreciation.

Depreciation: Depreciation is provided on the straight-line method based on estimated useful lives of property. Composite provisions for book depreciation approximated 2.87% during 1994, 3.02% during 1993, and 3.03% during 1992 of the average original cost of depreciable property.

Consolidated Statements of Cash Flows: For purposes of the Consolidated Statements of Cash Flows, the Company considers highly liquid collateralized debt instruments purchased with a maturity of three months or less to be cash equivalents.

Cash paid for interest and income taxes for each of the three years ended December 31, are as follows:

	1994	1993	1992
	(Dollars in Thousands)		
Interest on financing activities (net of amount capitalized).	$134,785	$171,734	$128,505
Income taxes	90,229	49,108	24,966

Income Taxes: Income tax expense includes provisions for income taxes currently payable and deferred income taxes calculated in conformance with income tax laws, regulatory orders, and Statement of Financial Accounting Standards No. 109 (SFAS 109) (see Note 13).

Investment tax credits previously deferred are being amortized to income over the life of the property which gave rise to the credits.

Revenues: The Company accrues estimated unbilled electric and natural gas revenues. This method of recognizing revenues best matches revenues with costs of services provided to customers and also conforms the Company's accounting treatment of unbilled revenues with the tax treatment of such revenues. Unbilled revenues represent the estimated amount customers will be billed for service provided from the time meters were last read to the end of the accounting period. Unbilled revenues of $61 million and $99 million are recorded as a component of accounts receivable and unbilled revenues (net) on the Consolidated Balance Sheets as of December 31, 1994 and 1993, respectively.

The Company had reserves for doubtful accounts receivable of $3.4 million and $4.3 million at December 31, 1994 and 1993, respectively.

Fuel Costs: The cost of nuclear fuel in process of refinement, conversion, enrichment, and fabrication is recorded as an asset at original cost and is amortized to expense based upon the quantity of heat produced for the generation of electricity. The accumulated amortization of nuclear fuel in the reactor at December 31, 1994 and 1993, was $13.6 million and $17.4 million, respectively.

Cash Surrender Value of Life Insurance Contracts: The following amounts related to corporate-owned life insurance contracts (COLI), primarily with one highly rated major insurance company, are recorded in Corporate-owned Life Insurance (net) on the Consolidated Balance Sheets:

	1994	1993
	(Dollars in Millions)	
Cash surrender value of contracts. . .	$ 408.9	$ 326.3
Borrowings against contracts	(391.9)	(321.6)
COLI (net).	$ 17.0	$ 4.7

The COLI borrowings will be repaid upon receipt of proceeds from death benefits under contracts. The Company recognizes increases in the cash surrender value of contracts, resulting from premiums and investment earnings on a tax free basis, and the tax deductible interest on the COLI borrowings in Corporate-owned Life Insurance (net) on the Consolidated Statements of Income. Interest expense related to KG&E's COLI for 1994, 1993, and the nine months ended December 31, 1992, was $21.0 million, $11.9 million, and $5.3 million, respectively.

As approved by the KCC, the Company is using a portion of the net income stream generated by COLI policies purchased in 1993 and 1992 by the Company (see Note 8) to offset Statement of Financial Accounting Standards No. 106 (SFAS 106) and Statement of Financial Accounting Standards No. 112 (SFAS 112) expenses.

Reclassifications: Certain amounts in prior years have been reclassified to conform with classifications used in the current year presentation.

2. SALES OF MISSOURI NATURAL GAS DISTRIBUTION PROPERTIES

On January 31, 1994, the Company sold substantially all of its Missouri natural gas distribution properties and operations to Southern Union Company (Southern Union). The Company sold the remaining Missouri properties to United Cities Gas Company (United Cities) on February 28, 1994. The properties sold to Southern Union and United Cities are referred to herein as the "Missouri Properties." With the sales the Company is no longer operating as a utility in the State of Missouri.

The portion of the Missouri Properties purchased by Southern Union was sold for an estimated sale price of $400 million, in cash, based on a calculation as of December 31, 1993. The sale agreement provided for estimated amounts in the sale price calculation to be adjusted to actual as of January 31, 1994, within 120 days of closing. Disputes with respect to proposed adjustments based upon differences between estimates and actuals were to be resolved within 60 days of submission of the disputes by Southern Union or submitted to arbitration by an accounting firm to be agreed to by both parties. Southern Union proposed a number of adjustments to the purchase price, some of which the Company has disputed. The Company maintains the disputed adjustments are not permitted under the sale agreement. In the opinion of the Company's management, the resolution of these purchase price adjustments will not have a material impact on the Company's financial position or results of operations. For information regarding litigation in connection with the sale of the Missouri Properties to Southern Union, see Note 4.

United Cities purchased the Company's natural gas distribution system in and around the City of Palmyra, Missouri for $665,000 in cash.

During the first quarter of 1994, the Company recognized a gain of approximately $19.3 million, net of tax, on the sales of the Missouri Properties. As of the respective dates of the sales of the Missouri Properties, the Company ceased recording the results of operations, and removed the assets and liabilities from the Consolidated Balance Sheet related to the Missouri Properties. The gain is reflected in Other Income and Deductions, on the Consolidated Statements of Income.

The following table reflects the approximate operating revenues and operating income for the years ended December 31, 1994, 1993, and 1992, and net utility plant at December 31, 1993 and 1992, related to the Missouri Properties:

	1994		1993		1992	
	Amount	Percent of Total Company	Amount	Percent of Total Company	Amount	Percent of Total Company
	(Dollars in Thousands, Unaudited)					
Operating revenues. .	$ 77,008	4.8%	$349,749	18.3%	$299,202	19.2%
Operating income. . .	4,997	1.9%	20,748	7.1%	11,177	4.7%
Net utility plant . .	-	-	296,039	6.6%	272,126	6.1%

Separate audited financial information was not kept by the Company for the Missouri Properties. This unaudited financial information is based on assumptions and allocations of expenses of the Company as a whole.

3. ACQUISITION AND MERGER

On March 31, 1992, the Company, through its wholly-owned subsidiary KCA Corporation (KCA), acquired all of the outstanding common and preferred stock of Kansas Gas and Electric Company for $454 million in cash and 23,479,380 shares of common stock (the Merger). The Company also paid $20 million in costs to complete the Merger. Simultaneously, KCA and Kansas Gas and Electric Company merged and adopted the name of Kansas Gas and Electric Company (KG&E). The Merger was accounted for as a purchase. For income tax purposes the tax basis of the KG&E assets was not changed by the Merger.

As the Company acquired 100 percent of the common and preferred stock of KG&E, the Company recorded an acquisition premium of $490 million on the Consolidated Balance Sheet for the difference in purchase price and book value. This acquisition premium and related income tax requirement of $311 million under SFAS 109 have been classified as plant acquisition adjustment in Electric Plant in Service on the Consolidated Balance Sheets. Under the provisions of orders of the KCC, the acquisition premium is recorded as an acquisition adjustment and not allocated to the other assets and liabilities of KG&E.

In the November 1991 KCC order approving the Merger, a mechanism was approved to share equally between the shareholders and ratepayers the cost savings generated by the Merger in excess of the revenue requirement needed to allow recovery of the amortization of a portion of the acquisition adjustment, including income tax, calculated on the basis of a purchase price of KG&E's common stock at $29.50 per share. The order provides an amortization period for the acquisition adjustment of 40 years commencing in August 1995, at which time the full amount of cost savings is expected to have been implemented. Merger savings will be measured by application of an inflation index to certain pre-merger operating and maintenance costs at the time of the next Kansas rate case. While the Company has achieved savings from the Merger, there is no assurance that the savings achieved will be sufficient to, or the cost savings sharing mechanism will operate as to, fully offset the amortization of the acquisition adjustment. The order further provides a moratorium on increases, with certain exceptions, in the Company's Kansas electric and natural gas rates until August 1995. The KCC ordered refunds totalling $32 million to the combined companies' customers to share with customers the Merger-related cost savings achieved during the moratorium period. Refunds of $8.5 million were made in April 1992 and December 1993 and the remaining refund of $15 million was made in September 1994.

The KCC order approving the Merger required the legal reorganization of KG&E so that it was no longer held as a separate subsidiary after January 1, 1995, unless good cause was shown why such separate existence should be maintained. The Securities and Exchange Commission (SEC) order relating to the Merger granted the Company an exemption under the Public Utility Holding Company Act (PUHCA) until January 1, 1995. The Company has been granted regulatory approval from the KCC which eliminates the requirement for a combination. As a result of the sales of the Missouri Properties, the Company is now exempt from regulation as a holding company under Section 3(a)(1) of the PUHCA.

As the Merger did not occur until March 31, 1992, the twelve months ended December 31, 1992, results of operations for the Company reported in its statements of income, cash flows, and common stock equity reflect KG&E's results of operations for only the nine months ended December 31, 1992. Pro forma revenues of $1.7 billion, operating income of $269 million, net income of $132 million and earnings per share of $2.03 for the year ended December 31, 1992 give effect to the Merger as if it had occurred at January 1, 1992. This pro forma information is not necessarily indicative of the results of operations that would have occurred had the Merger been consummated on January 1, 1992, nor is it necessarily indicative of future operating results.

4. LEGAL PROCEEDINGS

On June 1, 1994, Southern Union filed an action against the Company, The Bishop Group, Ltd., and other entities affiliated with The Bishop Group, in the Federal District Court for the Western District of Missouri (the Court) (Southern Union Company v. Western Resources, Inc. et al., Case No. 94-509-CV-W-1) alleging, among other things, breach of the Missouri Properties sale agreement relating to certain gas supply contracts between the Company and various Bishop entities that Southern Union assumed, and requesting unspecified monetary damages as well as declaratory relief. On August 1, 1994, the Company filed its answer and counterclaim denying all claims asserted against it by Southern Union and requesting declaratory judgment with respect to certain adjustments in the purchase price for the Missouri Properties proposed by Southern Union and disputed by the Company. On August 24, 1994, Southern Union filed claims against the Company for alleged purchase price adjustments totalling $19 million. The Company subsequently agreed that approximately $4 million of the purchase price adjustments were subject to arbitration. On January 18, 1995, the Court held the remaining $15 million of proposed adjustments to the purchase price were subject to arbitration under the sale agreement. In the opinion of the Company's management, the disputed adjustments are not proper adjustments to the purchase price. For additional information regarding the sales of the Missouri Properties see Note 2.

On August 15, 1994, the Bishop entities filed an answer and claims against Southern Union and the Company alleging, among other things, breach of those certain gas supply contracts. The Bishop entities claimed damages up to $270 million against the Company and Southern Union. The Company's management believes that through the sale agreement, Southern Union assumed all liabilities arising out of or related to gas supply contracts associated with the Missouri Properties. The Company's management also believes it is not liable for any claims asserted against it by the Bishop entities and will vigorously defend such claims.

The Company received a civil investigative demand from the U.S. Department of Justice seeking certain information in connection with the department's investigation "to determine whether there is, has been, or may be a violation of the Sherman Act Sec. 1-2" with respect to the natural gas business in Kansas and Missouri. The Company is cooperating with the Department of Justice, but is not aware of any violation of the antitrust laws in connection with its business operations.

The Company and its subsidiaries are involved in various other legal and environmental proceedings. Management believes that adequate provision has been made within the Consolidated Financial Statements for these other matters and accordingly believes their ultimate dispositions will not have a material adverse effect upon the business, financial position, or results of operations of the Company.

5. RATE MATTERS AND REGULATION

The Company, under rate orders from the KCC, OCC and the FERC, recovers increases in fuel and natural gas costs through fuel adjustment clauses for wholesale and certain retail electric customers and various purchased gas adjustment clauses (PGA) for natural gas customers. The KCC and the OCC require the annual difference between actual gas cost incurred and cost recovered through the application of the PGA be deferred and amortized through rates in subsequent periods.

Elimination of the Energy Cost Adjustment Clause (ECA): On March 26, 1992, in connection with the Merger, the KCC approved the elimination of the ECA for most Kansas retail electric customers of both the Company and KG&E effective April 1, 1992. The provisions for fuel costs included in base rates were established at a level intended by the KCC to equal the projected average cost of fuel through August 1995, and to include recovery of costs provided by previously issued orders relating to coal contract settlements. Any variance in fuel costs from the projected average will impact the Company's earnings.

FERC Proceedings: On August 19, 1994, Williams Natural Gas Company (WNG) filed a revised application with the FERC to direct bill approximately $14.7 million of FERC Order No. 636 (FERC 636) transition costs to the Company related to natural gas sales service in Kansas and Oklahoma. These costs are currently being recovered from the Company's current Kansas and Oklahoma customers. The Company believes any future transition costs ultimately will be recovered through charges to its customers, and any unrecovered transition costs will not be material to the Company's financial position or results of operations. For additional information with respect to FERC 636 see Management's Discussion and Analysis.

On October 5, 1994, WNG filed an application with the FERC to direct bill to the Company up to $30.4 million of settlement costs paid to Amoco related to litigation between WNG and Amoco regarding the proper price to be paid for gas purchased by WNG from Amoco. The proposed direct bill is related to natural gas service rendered by the Company in Kansas and Oklahoma. At December 31, 1994, $14.2 million of these costs have been billed to the Company. The Company believes substantially all of these costs and any future settlement costs ultimately will be recovered through charges to its Kansas and Oklahoma customers, and any unrecovered settlement costs will not be material to the Company's financial position or results of operations.

KCC Proceedings: On December 22, 1994, the Company, in conjunction with the Market Center, filed an application with the KCC to form a natural gas market center in Kansas. The Market Center will provide natural gas transportation, storage, and gathering services, as well as balancing, and title transfer capability. Upon approval from the KCC, the Company intends to transfer certain natural gas transmission assets having a value of approximately $52.1 million to the Market Center. In addition, the Company intends to extend credit to the Market Center enabling the Market Center to borrow up to an aggregate principal amount of $25 million on a term basis to construct new facilities and $5 million on a revolving credit basis for working capital. The Market Center will provide no notice natural gas transportation and storage services to the Company under a long-term contract. The Company will continue to operate and maintain the Market Center's assets under a separate contract.

On January 24, 1992, the KCC issued an order allowing the Company to continue the deferral of service line replacement program costs incurred since January 1, 1992, including depreciation, property taxes, and carrying costs for recovery in the next general rate case. At December 31, 1994, approximately $7.2 million of these deferrals have been included in Deferred Charges and Other Assets, Other, on the Consolidated Balance Sheet.

On December 30, 1991, the KCC approved a permanent natural gas rate increase of $39 million annually and the Company discontinued the deferral of accelerated line survey costs on January 1, 1992. Approximately $3.1 million of these deferred costs remain in Deferred Charges and Other Assets, Other, on the Consolidated Balance Sheet at December 31, 1994, with the balance being included in rates and amortized to expense during a 43-month period, commencing January 1, 1992.

Tight Sands: In December 1991 the KCC, and the OCC approved agreements authorizing the Company to refund to customers approximately $40 million of the proceeds of the Tight Sands antitrust litigation settlement to be collected on behalf of Western Resources' natural gas customers. To secure the refund of settlement proceeds, the Commissions authorized the establishment of an independently administered trust to collect and maintain cash receipts received under Tight Sands settlement agreements and provide for the refunds made. The trust has a term of ten years.

Rate Stabilization Plan: In 1988, the KCC issued an order requiring the accrual of phase-in revenues be discontinued by KG&E effective December 31, 1988. Effective January 1, 1989, KG&E began amortizing the phase-in revenue asset on a straight-line basis over 9 1/2 years. At December 31, 1994, approximately $61 million of deferred phase-in revenues remained on the Consolidated Balance Sheet.

Coal Contract Settlements: In March 1990, the KCC issued an order allowing KG&E to defer its share of a 1989 coal contract settlement with the Pittsburg and Midway Coal Mining Company amounting to $22.5 million. This amount was recorded as a deferred charge and is included in Deferred Charges and Other Assets on the Consolidated Balance Sheet. The settlement resulted in the termination of a long-term coal contract. The KCC permitted KG&E to recover this settlement as follows: 76 percent of the settlement plus a return over the remaining term of the terminated contract (through 2002) and 24 percent to be amortized to expense with a deferred return equivalent to the carrying cost of the asset.

In February 1991, KG&E paid $8.5 million to settle a coal contract lawsuit with AMAX Coal Company and recorded the payment as a deferred charge in Deferred Charges and Other Assets on the Consolidated Balance Sheet. The KCC approved the recovery of the settlement plus a return, equivalent to the carrying cost of the asset, over the remaining term of the terminated contract (through 1996).

FERC Order No. 528: In 1990, the FERC issued Order No. 528 which authorized new methods for the allocation and recovery of take-or-pay settlement costs by natural gas pipelines from their customers. Settlements were reached between the Company's two largest gas pipelines and their customers in FERC proceedings related to take-or-pay issues. The settlements address the allocation of take-or-pay settlement costs between the pipelines and their customers. However, the amount which one of the pipelines will be allowed to recover is yet to be determined. Litigation continues between the Company and a former upstream pipeline supplier to one of the Company's pipeline suppliers concerning the amount of such costs which may ultimately be allocated to the Company's pipeline supplier. The Company's share of any costs allocated to the Company's pipeline supplier will be charged to the Company. Due to the uncertainty concerning the amount to be recovered by the Company's current suppliers and of the outcome of the litigation between the Company and its current pipeline's upstream supplier, the Company is unable to estimate its future liability for take-or-pay settlement costs. However, the KCC has approved mechanisms which are designed to allow the Company to recover these take-or-pay costs from its customers.

6. SHORT-TERM DEBT

The Company's short-term financing requirements are satisfied, through the sale of commercial paper, short-term bank loans and borrowings under unsecured lines of credit maintained with banks. Information concerning these arrangements for the years ended December 31, 1994, 1993, and 1992, is set forth below:

Year Ended December 31,	1994	1993	1992
		(Dollars in Thousands)	
Lines of credit at year end. . . .	$145,000(1)	$145,000	$250,000(2)
Short-term debt outstanding at year end	308,200	440,895	222,225
Weighted average interest rate on debt outstanding at year end (including fees)	6.25%	3.67%	4.70%
Maximum amount of short-term debt outstanding during the period.	$485,395	$443,895	$263,900
Monthly average short-term debt. .	214,180	347,278	179,577
Weighted daily average interest rates during the year (including fees)	4.63%	3.44%	4.90%

(1) Decreased to $121 million in January 1995.
(2) Decreased to $155 million in January 1993.

In connection with the commitments, the Company has agreed to pay certain fees to the banks. Available lines of credit and the unused portion of the revolving credit facility are utilized to support the Company's outstanding short-term debt.

7. COMMITMENTS AND CONTINGENCIES

As part of its ongoing operations and construction program, the Company has commitments under purchase orders and contracts which have an unexpended balance of approximately $77 million at December 31, 1994. Approximately $32 million is attributable to modifications to upgrade the three turbines at Jeffrey Energy Center to be completed by December 31, 1998. Plans for future construction of utility plant are discussed in the Management's Discussion and Analysis section.

In January 1994, the Company entered into an agreement with Oklahoma Municipal Power Authority (OMPA). Under the agreement, the Company received a prepayment of approximately $41 million for which the Company will provide capacity and transmission services to OMPA through the year 2013.

Manufactured Gas Sites: The Company was previously associated with 20 former manufactured gas sites located in Kansas which may contain coal tar and other potentially harmful materials. These sites were operated decades ago by predecessor companies, and were owned by the Company for a period of time after operations had ceased. The Company and the Kansas Department of Health and Environment (KDHE) conducted preliminary assessments of the sites at a cost of approximately $500,000. The results of the preliminary investigations determined the Company does not have a connection to four of the sites. Of the remaining 16 sites, the site investigation and risk assessment field work of the highest priority site was completed in 1994 at a total cost of approximately $450,000. The Company has not received the final report so as to determine the extent of contamination and the amount of any possible remediation.

The Company and KDHE entered into a consent agreement governing all future work at these sites. The terms of the consent agreement will allow the Company to investigate the 16 sites and set remediation priorities based upon the results of the investigations and risk analysis. The prioritized sites will be investigated over a 10 year period. The agreement will allow the Company to set mutual objectives with the KDHE in order to expedite effective response activities and to control costs and environmental impact. The Company is aware of other utilities in Region VII of the EPA (Kansas, Missouri, Nebraska, and Iowa) which have incurred remediation costs for manufactured gas sites ranging between $500,000 and $10 million, depending on the site, and that the KCC has issued an accounting order which will permit another Kansas utility to recover its remediation costs through rates. To the extent that such remediation costs are not recovered through rates, the costs could be material to the Company's financial position or results of operations depending on the degree of remediation required and number of years over which the remediation must be completed.

Superfund Sites: The Company has been identified as one of numerous potentially responsible parties in four hazardous waste sites listed by the EPA as Superfund sites. One site is a groundwater contamination site in Wichita, Kansas (Wichita site), two are soil contamination sites in Missouri (Missouri sites), and one site is a solid waste land-fill located in Edwardsville, Kansas (Edwardsville site). Settlement agreements releasing the Company from liability for future response or costs have been entered into at the Edwardsville site and one of the Missouri sites. The Company's obligation at the remaining Missouri site and the Wichita site appears to be limited based on the Company's experience at similar sites given its limited exposure and settlement costs. In the opinion of the Company's management, the resolution of these matters will not have a material impact on the Company's financial position or results of operations.

Clean Air Act: The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in sulfur dioxide and oxides of nitrogen (NOx) emissions effective in 1995 and 2000 and a probable reduction in toxic emissions. To meet the monitoring and reporting requirements under the acid rain program, the Company installed continuous monitoring and reporting equipment at a total cost of approximately $10 million. The Company does not expect additional equipment to reduce sulfur emissions to be necessary under Phase II. Although the Company currently has no Phase I affected units, the owners have applied for an early substitution permit to bring the co-owned La Cygne Station under the Phase I regulations.

The NOx and air toxic limits, which were not set in the law, will be specified in future EPA regulations. The EPA's proposed NOx regulations were ruled invalid by the U.S. Court of Appeals for the District of Columbia Circuit and until such time as the EPA resubmits new proposed regulations, the Company will be unable to determine its compliance options or related compliance costs.

Other Environmental Matters: As part of the sale of the Company's Missouri Properties to Southern Union, Southern Union assumed responsibility under an agreement for any environmental matters related to the Missouri Properties purchased by Southern Union pending at the date of the sale or that may arise after closing. For any environmental matters pending or discovered within two years of the date of the agreement, and after pursuing several other potential recovery options, the Company may be liable for up to a maximum of $7.5 million under a sharing arrangement with Southern Union provided for in the agreement.

Spent Nuclear Fuel Disposal: Under the Nuclear Waste Policy Act of 1982, the U.S. Department of Energy (DOE) is responsible for the ultimate storage and disposal of spent nuclear fuel removed from nuclear reactors. Under a contract with the DOE for disposal of spent nuclear fuel, the Company pays a quarterly fee to DOE of one mill per kilowatthour on net nuclear generation. These fees are included as part of nuclear fuel expense and amounted to $3.8 million for 1994, $3.5 million for 1993, and $1.6 million for 1992.

The Company along with the other co-owners of Wolf Creek are among 14 companies that filed a lawsuit on June 20, 1994, seeking an interpretation of the DOE's obligation to begin accepting spent nuclear fuel for disposal in 1998. The Federal Nuclear Waste Policy Act requires DOE ultimately to accept and dispose of nuclear utilities' spent fuel. The DOE has filed a motion to have this case dismissed. The issue to be decided in this case is whether DOE must begin accepting spent fuel in 1998 or at a future date. Wolf Creek contains an on-site spent fuel storage facility which, under current regulatory guidelines, provides space for the storage of spent fuel through the year 2006 while still maintaining full core off-load capability. The Company believes adequate additional storage space can be obtained as necessary.

Decommissioning: On June 9, 1994, the KCC issued an order approving the decommissioning costs of the 1993 Wolf Creek Decommissioning Cost Study which estimates the Company's share of Wolf Creek decommissioning costs, under the immediate dismantlement method, to be approximately $595 million primarily during the period 2025 through 2033, or approximately $174 million in 1993 dollars. These costs were calculated using an assumed inflation rate of 3.45% over the remaining service life, in 1993, of 32 years.

Decommissioning costs are being charged to operating expenses in accordance with the KCC order. Electric rates charged to customers provide for recovery of these decommissioning costs over the life of Wolf Creek. Amounts so expensed ($3.5 million in 1994 increasing annually to $5.5 million in 2024) and earnings on trust fund assets are deposited in an external trust fund. The assumed return on trust assets is 5.9%.

The Company's investment in the decommissioning fund, including reinvested earnings was $16.9 million and $13.2 million at December 31, 1994 and December 31, 1993, respectively. These amounts are reflected in Decommissioning Trust, and the related liability is included in Deferred Credits and Other Liabilities, Other, on the Consolidated Balance Sheets.

The Company carries $118 million in premature decommissioning insurance. The insurance coverage has several restrictions. One of these is that it can only be used if Wolf Creek incurs an accident exceeding $500 million in expenses to safely stabilize the reactor, to decontaminate the reactor and reactor station site in accordance with a plan approved by the Nuclear Regulatory Commission (NRC), and to pay for on-site property damages. If the amount designated as decommissioning insurance is needed to implement the NRC-approved plan for stabilization and decontamination, it would not be available for decommissioning purposes.

Nuclear Insurance: The Price-Anderson Act limits the combined public liability of the owners of nuclear power plants to $8.9 billion for a single nuclear incident. The Wolf Creek owners (Owners) have purchased the maximum available private insurance of $200 million and the balance is provided by an assessment plan mandated by the NRC. Under this plan, the Owners are jointly and severally subject to a retrospective assessment of up to $79.3 million ($37.3 million, Company's share) in the event there is a major nuclear incident involving any of the nation's licensed reactors. This assessment is subject to an inflation adjustment based on the Consumer Price Index and applicable premium taxes. There is a limitation of $10 million ($4.7 million, Company's share) in retrospective assessments per incident, per year.

The Owners carry decontamination liability, premature decommissioning liability, and property damage insurance for Wolf Creek totalling approximately $2.8 billion ($1.3 billion, Company's share). This insurance is provided by a combination of "nuclear insurance pools" ($500 million) and Nuclear Electric Insurance Limited (NEIL) ($2.3 billion). In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination. The Company's share of any remaining proceeds can be used for property damage up to $1.2 billion (Company's share) and premature decommissioning costs up to $118 million (Company's share) in excess of funds previously collected for decommissioning (as discussed under "Decommissioning").

The Owners also carry additional insurance with NEIL to cover costs of replacement power and other extra expenses incurred during a prolonged outage resulting from accidental property damage at Wolf Creek. If losses incurred at any of the nuclear plants insured under the NEIL policies exceed premiums, reserves, and other NEIL resources, the Company may be subject to retrospective assessments of approximately $13 million per year.

Although the Company maintains various insurance policies to provide coverage for potential losses and liabilities resulting from an accident or an extended outage, the Company's insurance coverage may not be adequate to cover the costs that could result from a catastrophic accident or extended outage at Wolf Creek. Any substantial losses not covered by insurance, to the extent not recoverable through rates, would have a material adverse effect on the Company's financial condition and results of operations.

Federal Income Taxes: During 1991, the Internal Revenue Service (IRS) completed an examination of KG&E's federal income tax returns for the years 1984 through 1988. In April 1992, KG&E received the examination report and upon review filed a written protest in August 1992. In October 1993, KG&E received another examination report for the years 1989 and 1990 covering the same issues identified in the previous examination report. Upon review of this report, KG&E filed a written protest in November 1993. The most significant proposed adjustments reduce the depreciable basis of certain assets and investment tax credits generated. Management believes there are significant questions regarding the theory, computations, and sampling techniques used by the IRS to arrive at its proposed adjustments, and also believes any additional tax expense incurred or loss of investment tax credits will not be material to the Company's financial position and results of operations. Additional income tax payments, if any, are expected to be offset by investment tax credit carryforwards, alternative minimum tax credit carryforwards, or deferred tax provisions.

Fuel Commitments: To supply a portion of the fuel requirements for its generating plants, the Company has entered into various commitments to obtain nuclear fuel, coal, and natural gas. Some of these contracts contain provisions for price escalation and minimum purchase commitments. At December 31, 1994, WCNOC's nuclear fuel commitments (Company's share) were approximately $12.6 million for uranium concentrates expiring at various times through 1997, $122.9 million for enrichment expiring at various times through 2014, and $56.5 million for fabrication through 2012. At December 31, 1994, the Company's coal and natural gas contract commitments in 1994 dollars under the remaining terms of the contracts were approximately $3 billion and $9 million, respectively. The largest coal contract expires in 2020, with the remaining coal contracts expiring at various times through 2013. The majority of natural gas contracts continue through 1995 with automatic one-year extension provisions. In the normal course of business, additional commitments and spot market purchases will be made to obtain adequate fuel supplies.

Energy Act: As part of the 1992 Energy Policy Act, a special assessment is being collected from utilities for a uranium enrichment, decontamination, and decommissioning fund. The Company's portion of the assessment for Wolf Creek is approximately $7 million, payable over 15 years. Management expects such costs to be recovered through the ratemaking process.

8. EMPLOYEE BENEFIT PLANS

Pension: The Company maintains noncontributory defined benefit pension plans covering substantially all employees. Pension benefits are based on years of service and the employee's compensation during the five highest paid consecutive years out of ten before retirement. The Company's policy is to fund pension costs accrued, subject to limitations set by the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code.

The following tables provide information on the components of pension cost, funded status, and actuarial assumptions for the Company's pension plans:

Year Ended December 31,	1994	1993	1992
	(Dollars in Thousands)		
Pension Cost:			
Service cost.	$ 10,197	$ 9,778	$ 9,847
Interest cost on projected benefit obligation.	29,734	35,688	29,457
(Gain) loss on plan assets. . .	7,351	(64,113)	(38,967)
Deferred investment gain (loss)	(38,457)	29,190	7,705
Net amortization.	245	(669)	(948)
Net pension cost.	$ 9,070	$ 9,874	$ 7,094

December 31,	1994	1993	1992
	(Dollars in Thousands)		
Reconciliation of Funded Status:			
Actuarial present value of benefit obligations:			
Vested	$278,545	$353,023	$316,100
Non-vested	19,132	26,983	19,331
Total.	$297,677	$380,006	$335,431
Plan assets (principally debt and equity securities) at fair value	$375,521	$490,339	$452,372
Projected benefit obligation . . .	378,146	468,996	424,232
Funded status.	(2,625)	21,343	28,140
Unrecognized transition asset. . .	(2,205)	(2,756)	(3,092)
Unrecognized prior service costs .	47,796	64,217	55,886
Unrecognized net gain.	(56,079)	(108,783)	(106,486)
Accrued pension costs.	$(13,113)	$(25,979)	$(25,552)

Year Ended December 31,	1994	1993	1992
Actuarial Assumptions:			
Discount rate.	8.0-8.5%	7.0-7.75%	8.0-8.5%
Annual salary increase rate. . .	5.0%	5.0%	6.0%
Long-term rate of return	8.0-8.5%	8.0-8.5%	8.0-8.5%

Retirement and Voluntary Separation Plans: In January 1992, the Board of Directors approved early retirement plans and voluntary separation programs. The voluntary early retirement plans were offered to all vested participants in the Company's defined pension plan who reached the age of 55 with 10 or more years of service on or before May 1, 1992. Certain pension plan improvements were made, including a waiver of the actuarial reduction factors for early retirement and a cash incentive payable as a monthly supplement up to 60 months or as a lump sum payment. Of the 738 employees eligible for the early retirement option, 531, representing ten percent of the combined Company's work force, elected to retire on or before the May 1, 1992, deadline. Seventy-one of those electing to retire were employees of KG&E acquired March 31, 1992 (see Note 3). Another 67 employees, with 10 or more years of service, elected to participate in the voluntary separation program. Of those, 29 were employees of KG&E. In addition, 68 employees received

Merger-related severance benefits, including 61 employees of KG&E. The actuarial cost, based on plan provisions for early retirement and voluntary separation programs, and Merger-related severance benefits for the KG&E employees were considered in purchase accounting for the Merger. The actuarial cost of the former Kansas Power and Light Company employees, of approximately $11 million, was expensed in 1992.

Postretirement: The Company adopted the provisions of Statement of Financial Accounting Standards No. 106 (SFAS 106) in the first quarter of 1993. This statement requires the accrual of postretirement benefits other than pensions, primarily medical benefit costs, during the years an employee provides service.

Based on actuarial projections and adoption of the transition method of implementation which allows a 20-year amortization of the accumulated benefit obligation, SFAS 106 expense was approximately $12.4 million and $26.5 million for 1994 and 1993, respectively. The Company's total SFAS 106 obligation was approximately $114.6 million and $166.5 million at December 31, 1994 and 1993 respectively. The reduction in both the 1994 obligation and expense is primarily the result of the sales of the Missouri Properties. To mitigate the impact of SFAS 106 expense, the Company has implemented programs to reduce health care costs. In addition, the Company received an order from the KCC permitting the initial deferral of SFAS 106 expense. To mitigate the impact SFAS 106 expense will have on rate increases, the Company will include in the future computation of cost of service the actual SFAS 106 expense and an income stream generated from COLI. To the extent SFAS 106 expense exceeds income from the COLI program, this excess is being deferred (in accordance with the provisions of the FASB Emerging Issues Task Force Issue No. 92-12) and will be offset by income generated through the deferral period by the COLI program. Should the income stream generated by the COLI program not be sufficient to offset the deferred SFAS 106 expense, the KCC order allows recovery of such deficit through the ratemaking process.

Prior to the adoption of SFAS 106, the Company's policy was to recognize the cost of retiree health care and life insurance benefits as expense when claims and premiums for life insurance policies were paid. The cost of providing health care and life insurance benefits to 2,928 retirees was $8.1 million in 1992.

The following table summarizes the status of the Company's postretirement plans for financial statement purposes and the related amounts included in the Consolidated Balance Sheets:

December 31,	1994	1993
	(Dollars in Thousands)	
Reconciliation of Funded Status:		
Actuarial present value of postretirement benefit obligations:		
Retirees.	$ 68,570	$ 111,499
Active employees fully eligible	13,549	11,848
Active employees not fully eligible	32,484	43,109
Unrecognized prior service cost	9,391	18,195
Unrecognized transition obligation.	(117,967)	(160,731)
Unrecognized net gain (loss).	14,489	(7,100)
Balance sheet liability	$ 20,516	$ 16,820

Year Ended December 31,	1994	1993
Assumptions:		
Discount rate	8.0-8.5 %	7.75%
Annual compensation increase rate	5.0 %	5.0 %
Expected rate of return	8.5 %	8.5 %

For measurement purposes, an annual health care cost growth rate of 12% was assumed for 1994, decreasing 1% per year to 5% in 2001 and thereafter. The health care cost trend rate has a significant effect on the projected benefit obligation. Increasing the trend rate by 1% each year would increase the present value of the accumulated projected benefit obligation by $4.7 million and the aggregate of the service and interest cost components by $0.3 million.

Postemployment: The Company adopted Statement of Financial Accounting Standards No. 112 (SFAS 112) in the first quarter of 1994, which established accounting and reporting standards for postemployment benefits. The statement requires the Company to recognize the liability to provide postemployment benefits when the liability has been incurred. The Company received an order from the KCC permitting the initial deferral of SFAS 112 expense. To mitigate the impact SFAS 112 expense will have on rate increases, the Company will include in the future computation of cost of service the actual SFAS 112 transition costs and expenses and an income stream generated from COLI. The 1994 expense under SFAS 112 was approximately $2.7 million. At December 31, 1994, the Company's SFAS 112 liability recorded on the Consolidated Balance Sheet was approximately $8.4 million.

Savings: The Company maintains savings plans in which substantially all employees participate. The Company matches employees' contributions up to specified maximum limits. The funds of the plans are deposited with a trustee and invested at each employee's option in one or more investment funds, including a Company stock fund. The Company's contributions were $5.1 million, $5.8 million, and $5.4 million for 1994, 1993, and 1992, respectively.

Missouri Property Sale: Effective January 31, 1994, the Company transferred a portion of the assets and liabilities of the Company's pension plan to a pension plan established by Southern Union. The amount of assets transferred equal the projected benefit obligation for employees and retirees associated with Southern Union's portion of the Missouri Properties plus an additional $9 million.

9. JOINT OWNERSHIP OF UTILITY PLANTS

	Company's Ownership at December 31, 1994				
	In-Service Dates	Investment	Accumulated Depreciation	Net (MW)	Percent
		(Dollars in Thousands)			
La Cygne 1 (a)	Jun 1973	$ 152,816	$ 98,124	343	50
Jeffrey 1 (b)	Jul 1978	276,689	122,721	587	84
Jeffrey 2 (b)	May 1980	285,579	109,743	600	84
Jeffrey 3 (b)	May 1983	387,646	134,199	588	84
Wolf Creek (c)	Sep 1985	1,376,335	317,311	545	47

(a) Jointly owned with Kansas City Power & Light Company (KCPL)
(b) Jointly owned with UtiliCorp United Inc.
(c) Jointly owned with KCPL and Kansas Electric Power Cooperative, Inc.

Amounts and capacity represent the Company's share. The Company's share of operating expenses of the plants in service above, as well as such expenses for a 50 percent undivided interest in La Cygne 2 (representing 335 MW capacity) sold and leased back to the Company in 1987, are included in operating expenses on the Consolidated Statements of Income. The Company's share of other transactions associated with the plants is included in the appropriate classification in the Company's Consolidated Financial Statements.

10. LEASES

At December 31, 1994, the Company had leases covering various property and equipment. Certain lease agreements meet the criteria, as set forth in Statement of Financial Accounting Standards No. 13, for classification as capital leases.

Rental payments for capital and operating leases and estimated rental commitments are as follows:

Year Ended December 31,	Capital Leases	Operating Leases
	(Dollars in Thousands)	
1992	$ 2,426	$ 52,701
1993	3,272	55,011
1994	2,987	55,076
Future Commitments:		
1995	3,783	48,524
1996	3,627	46,211
1997	1,511	42,851
1998	-	41,464
1999	-	39,955
Thereafter	-	753,062
Total	$ 8,921	$972,067
Less Interest	784	
Net obligation	$ 8,137	

In 1987, KG&E sold and leased back its 50 percent undivided interest in the La Cygne 2 generating unit. The La Cygne 2 lease has an initial term of 29 years, with various options to renew the lease or repurchase the 50 percent undivided interest. KG&E remains responsible for its share of operation and maintenance costs and other related operating costs of La Cygne 2. The lease is an operating lease for financial reporting purposes.

As permitted under the La Cygne 2 lease agreement, the Company in 1992 requested the Trustee Lessor to refinance $341.1 million of secured facility bonds of the Trustee and owner of La Cygne 2. The transaction was requested to reduce recurring future net lease expense. In connection with the refinancing on September 29, 1992, a one-time payment of approximately $27 million was made by the Company which has been deferred and is being amortized over the remaining life of the lease and included in operating expense as part of the future lease expense. At December 31, 1994, approximately $24.8 million of this deferral remained on the Consolidated Balance Sheet.

Future minimum annual lease payments, included in the table above, required under the La Cygne 2 lease agreement are approximately $34.6 million for each year through 1999 and $680 million over the remainder of the lease.

The gain of approximately $322 million realized at the date of the sale of La Cygne 2 has been deferred for financial reporting purposes, and is being amortized ($9.6 million per year) over the initial lease term in proportion to the related lease expense. KG&E's lease expense, net of amortization of the deferred gain and a one-time payment, was approximately $22.5 million for 1994 and 1993, and $20.6 million for the nine months ended December 31, 1992.

11. LONG-TERM DEBT

The amount of first mortgage bonds authorized by the Western Resources Mortgage and Deed of Trust, dated July 1, 1939, as supplemented, is unlimited. The amount of first mortgage bonds authorized by the KG&E Mortgage and Deed of Trust, dated April 1, 1940, as supplemented, is limited to a maximum of $2 billion. Amounts of additional bonds which may be issued are subject to property, earnings, and certain restrictive provisions of each Mortgage.

On January 20, 1994, KG&E issued $100 million of First Mortgage Bonds, 6.20% Series due January 15, 2006.

On January 31, 1994, the Company redeemed the remaining $2,466,000 principal amount of Gas Service Company (GSC) 8 1/2% Series First Mortgage Bonds due 1997. In addition, the Company had the GSC Mortgage and Deed of Trust discharged.

Debt discount and expenses are being amortized over the remaining lives of each issue. The Western Resources and KG&E improvement and maintenance fund requirements for certain first mortgage bond series can be met by bonding additional property. With the retirement of certain Western Resources and KG&E pollution control series bonds, there are no longer any bond sinking fund requirements. During 1995, $80 thousand of bonds will be redeemed, during 1996, $16 million of bonds will mature and $125 million of bonds will mature in 1999.

On November 1, 1994, the Company terminated a long-term agreement which contained provisions for the sale of accounts receivable and unbilled revenues (receivables) and phase-in revenues up to a total of $180 million. Amounts related to receivables were accounted for as sales while those related to phase-in revenues were accounted for as collateralized borrowings. At December 31, 1993, outstanding receivables amounting to $56.8 million were considered sold under the agreement. The weighted average interest rate, including fees, on this agreement was 4.6% for 1994, 3.7% for 1993, and 6.6% for the nine months ended December 31, 1992.

In January 1993, the Company renegotiated its $600 million bank term loan and revolving credit facility used to finance the Merger into a $350 million revolving credit facility, secured by KG&E common stock. On October 5, 1994, the Company extended the term of this facility to expire on October 5, 1999. The unused portion of the revolving credit facility may be used to provide support for outstanding short-term debt. At December 31, 1994, there was no outstanding balance under the facility.

Long-term debt outstanding at December 31, 1994 and 1993, was as follows:

	1994	1993
	(Dollars in Thousands)	
Western Resources		
First mortgage bond series:		
7 1/4% due 1999.	125,000	125,000
7 5/8% due 1999.	-	19,000
8 7/8% due 2000.	75,000	75,000
7 1/4% due 2002.	100,000	100,000
8 1/8% due 2007.	-	30,000
8 5/8% due 2017.	-	50,000
8 1/2% due 2022.	125,000	125,000
7.65% due 2023.	100,000	100,000
	525,000	624,000
Pollution control bond series:		
5.90 % due 2007.	-	31,000
6 3/4% due 2009.	-	45,000
Variable due 2032 (1).	45,000	-
Variable due 2032 (2).	30,500	-
6% due 2033.	58,500	58,500
	134,000	134,500
KG&E		
First mortgage bond series:		
5 5/8% due 1996.	16,000	16,000
7.60 % due 2003.	135,000	135,000
6 1/2% due 2005.	65,000	65,000
6.20 % due 2006.	100,000	-
	316,000	216,000
Pollution control bond series:		
6.80 % due 2004.	-	14,500
5 7/8% due 2007.	-	21,940
6% due 2007.	-	10,000
5.10 % due 2023.	13,982	-
Variable due 2027 (3).	21,940	-
7.0 % due 2031.	327,500	327,500
Variable due 2032 (4).	14,500	-
Variable due 2032 (5).	10,000	-
	387,922	373,940
GSC		
First mortgage bond series:		
8 1/2 % due 1997.	-	2,466
	-	2,466
Other pollution control obligations. . . .	-	13,980
Revolving credit agreement	-	115,000
Other long-term agreement.	-	53,913
Less:		
Unamortized debt discount.	5,814	6,607
Long-term debt due within one year . . .	80	3,204
	$1,357,028	$1,523,988

Rates at December 31, 1994: (1) 3.94%, (2) 4.05%, (3) 4.10%, (4) 4.10% and (5) 4.10%

12. COMMON STOCK AND CUMULATIVE PREFERRED AND PREFERENCE STOCK

The Company's Restated Articles of Incorporation, as amended, provides for 85,000,000 authorized shares of common stock. At December 31, 1994, 61,617,873 shares were outstanding.

The Company has a Customer Stock Purchase Plan (CSPP) and a Dividend Reinvestment and Stock Purchase Plan (DRIP). Shares issued under the CSPP and DRIP may be either original issue shares or shares purchased on the open market. At December 31, 1994, 2,031,794 shares were available under the CSPP registration statement and 1,183,323 shares were available under the DRIP registration statement.

Not subject to mandatory redemption: The cumulative preferred stock is redeemable in whole or in part on 30 to 60 days notice at the option of the Company.

Subject to mandatory redemption: The mandatory sinking fund provisions of the 8.50% Series preference stock require the Company to redeem 50,000 shares annually beginning on July 1, 1997, at $100 per share. The Company may, at its option, redeem up to an additional 50,000 shares on each July 1, at $100 per share. The 8.50% Series also is redeemable in whole or in part, at the option of the Company, subject to certain restrictions on refunding, at a redemption price of $106.80, $106.23 and $105.67 per share beginning July 1, 1994, 1995 and 1996, respectively.

The mandatory sinking fund provisions of the 7.58% Series preference stock require the Company to redeem 25,000 shares annually beginning on April 1, 2002, and each April 1 through 2006 and the remaining shares on April 1, 2007, all at $100 per share. The Company may, at its option, redeem up to an additional 25,000 shares on each April 1 at $100 per share. The 7.58% Series also is redeemable in whole or in part, at the option of the Company, subject to certain restrictions on refunding, at a redemption price of $106.06, $105.31, and $104.55 per share beginning April 1, 1994, 1995, and 1996, respectively.

13. INCOME TAXES

The Company adopted the provisions of SFAS 109 in the first quarter of 1992. KG&E adopted the provisions of SFAS 96 in 1987 and SFAS 109 in 1992. These statements require the Company to establish deferred tax assets and liabilities, as appropriate, for all temporary differences, and to adjust deferred tax balances to reflect changes in tax rates expected to be in effect during the periods the temporary differences reverse.

In accordance with various rate orders received from the KCC and the OCC, the Company has not yet collected through rates the amounts necessary to pay a significant portion of the net deferred income tax liabilities. As management believes it is probable that the net future increases in income taxes payable will be recovered from customers through future rates, it has recorded a deferred asset for these amounts. These assets are also a temporary difference for which deferred income tax liabilities have been provided. Accordingly, the adoption of SFAS 109 did not have a material impact on the Company's results of operations.

At December 31, 1994, the Company has alternative minimum tax credits generated prior to April 1, 1992, which carryforward without expiration, of $41.2 million which may be used to offset future regular tax to the extent the regular tax exceeds the alternative minimum tax. These credits have been applied in determining the Company's net deferred income tax liability and corresponding deferred future income taxes at December 31, 1994.

Deferred income taxes result from temporary differences between the financial statement and tax basis of the Company's assets and liabilities. The sources of these differences and their cumulative tax effects are as follows:

December 31,		1994	
	Debits	Credits	Total
	(Dollars in Thousands)		
Sources of Deferred Income Taxes:			
Accelerated depreciation and other property items	$ -	$ (661,433)	$ (661,433)
Energy and purchased gas adjustment clauses	-	(1,441)	(1,441)
Phase-in revenues.	-	(27,677)	(27,677)
Natural gas line survey and replacement program.	-	(4,083)	(4,083)
Deferred gain on sale-leaseback. .	110,556	-	110,556
Alternative minimum tax credits. .	41,163	-	41,163
Deferred coal contract settlements.	-	(12,966)	(12,966)
Deferred compensation/pension liability.	12,284	-	12,284
Acquisition premium.	-	(318,190)	(318,190)
Deferred future income taxes . . .	-	(101,886)	(101,886)
Loss on reacquisition of debt. . .	-	(10,792)	(10,792)
Prepaid power sale	16,878	-	16,878
Other.	-	(13,427)	(13,427)
Total Deferred Income Taxes.	$ 180,881	$(1,151,895)	$ (971,014)

December 31,		1993	
	Debits	Credits	Total
	(Dollars in Thousands)		
Sources of Deferred Income Taxes:			
Accelerated depreciation and other property items	$ -	$ (653,592)	$ (653,592)
Energy and purchased gas adjustment clauses	2,452	-	2,452
Phase-in revenues.	-	(35,573)	(35,573)
Natural gas line survey and replacement program.	-	(7,721)	(7,721)
Deferred gain on sale-leaseback. .	116,186	-	116,186
Alternative minimum tax credits. .	39,882	-	39,882
Deferred coal contract settlements.	-	(14,980)	(14,980)
Deferred compensation/pension liability.	11,301	-	11,301
Acquisition premium.	-	(301,394)	(301,394)
Deferred future income taxes . . .	-	(111,159)	(111,159)
Loss on reacquisition of debt. . .	-	(9,298)	(9,298)
Other.	-	(4,741)	(4,741)
Total Deferred Income Taxes.	$ 169,821	$(1,138,458)	$(968,637)

14. SEGMENTS OF BUSINESS

The Company is a public utility engaged in the generation, transmission, distribution, and sale of electricity in Kansas and the transportation, distribution, and sale of natural gas in Kansas and Oklahoma.

Year Ended December 31,	1994(1)	1993	1992(2)
	(Dollars in Thousands)		
Operating revenues:			
Electric.	$1,121,781	$1,104,537	$ 882,885
Natural gas	496,162	804,822	673,363
	1,617,943	1,909,359	1,556,248
Operating expenses excluding income taxes:			
Electric.	768,317	791,563	632,169
Natural gas	484,458	747,755	642,910
	1,252,775	1,539,318	1,275,079
Income taxes:			
Electric.	100,078	73,425	41,184
Natural gas	(4,456)	4,553	816
	95,622	77,978	42,000
Operating income:			
Electric.	253,386	239,549	209,532
Natural gas	16,160	52,514	29,637
	$ 269,546	$ 292,063	$ 239,169
Identifiable assets at December 31:			
Electric.	$4,346,312	$4,231,277	$4,390,117
Natural gas	654,483	1,040,513	918,729
Other corporate assets(3) . .	188,823	140,258	130,060
	$5,189,618	$5,412,048	$5,438,906
Other Information--			
Depreciation and amortization:			
Electric.	$ 123,696	$ 126,034	$ 105,842
Natural gas	27,934	38,330	38,171
	$ 151,630	$ 164,364	$ 144,013
Maintenance:			
Electric.	$ 88,162	$ 87,696	$ 73,104
Natural gas	25,024	30,147	28,507
	$ 113,186	$ 117,843	$ 101,611
Capital expenditures:			
Electric.	$ 152,384	$ 137,874	$ 95,465
Nuclear fuel.	20,590	5,702	15,839
Natural gas	64,722	94,055	91,189
	$ 237,696	$ 237,631	$ 202,493

(1)Information reflects the sales of the Missouri Properties (Note 2).
(2)Information reflects the merger with KG&E on March 31, 1992 (Note 3).
(3)Principally cash, temporary cash investments, non-utility assets, and deferred charges.

The portion of the table above related to the Missouri Properties is as follows:

	1994	1993	1992
	(Dollars in Thousands, Unaudited)		
Natural gas revenues.	$ 77,008	$349,749	$299,202
Operating expenses excluding income taxes.	69,114	326,329	288,558
Income taxes.	2,897	2,672	(533)
Operating income.	4,997	20,748	11,177
Identifiable assets	-	398,464	361,612
Depreciation and amortization	1,274	12,668	13,172
Maintenance	1,099	10,504	9,640
Capital expenditures.	3,682	38,821	36,669

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value as set forth in Statement of Financial Accounting Standards No. 107:

Cash and Cash Equivalents-
The carrying amount approximates the fair value because of the short-term maturity of these investments.

Decommissioning Trust-
The fair value of the decommissioning trust is based on quoted market prices at December 31, 1994 and 1993.

Variable-rate Debt-
The carrying amount approximates the fair value because of the short-term variable rates of these debt instruments.

Fixed-rate Debt-
The fair value of the fixed-rate debt is based on the sum of the estimated value of each issue taking into consideration the interest rate, maturity, and redemption provisions of each issue.

Redeemable Preference Stock-
The fair value of the redeemable preference stock is based on the sum of the estimated value of each issue taking into consideration the dividend rate, maturity, and redemption provisions of each issue.

The estimated fair values of the Company's financial instruments are as follows:

	Carrying Value		Fair Value	
December 31,	1994	1993	1994	1993
	(Dollars in Thousands)			
Cash and cash equivalents.	$ 2,715	$ 1,217	$ 2,715	$ 1,217
Decommissioning trust. . .	16,944	13,204	16,633	13,929
Variable-rate debt	822,045	931,352	822,045	931,352
Fixed-rate debt.	1,240,982	1,364,886	1,171,866	1,473,569
Redeemable preference stock.	150,000	150,000	155,375	160,780

The fair value estimates presented herein are based on information available as of December 31, 1994 and 1993. These fair value estimates have not been comprehensively revalued for the purpose of these financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

16. QUARTERLY RESULTS (UNAUDITED)

The amounts in the table are unaudited but, in the opinion of management, contain all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results of such periods. The business of the Company is seasonal in nature and, in the opinion of management, comparisons between the quarters of a year do not give a true indication of overall trends and changes in operations.

	First	Second	Third	Fourth
	(Dollars in Thousands, except Per Share Amounts)			
1994(1)				
Operating revenues.	$538,372	$341,132	$379,213	$359,226
Operating income.	73,782	53,899	83,884	57,981
Net income.	66,133	30,247	57,679	33,388
Earnings applicable to common stock.	62,779	26,892	54,324	30,034
Earnings per share.	$ 1.02	$ 0.44	$ 0.88	$ 0.48
Dividends per share	$ 0.495	$ 0.495	$ 0.495	$ 0.495
Average common shares outstanding	61,618	61,618	61,618	61,618
Common stock price:				
High.	$ 34 7/8	$ 29 3/4	$ 29 5/8	$ 29 1/4
Low	$ 28 1/4	$ 26 1/8	$ 26 3/4	$ 27 3/8
1993				
Operating revenues.	$579,581	$400,411	$419,018	$510,349
Operating income.	85,950	60,282	81,225	64,606
Net income.	54,814	30,723	56,807	35,026
Earnings applicable to common stock.	51,468	27,320	53,405	31,671
Earnings per share.	$ 0.89	$ 0.47	$ 0.90	$ 0.51
Dividends per share	$ 0.485	$ 0.485	$ 0.485	$ 0.485
Average common shares outstanding	58,046	58,046	59,441	61,603
Common stock price:				
High.	$ 35 3/4	$ 36 1/8	$ 37 1/4	$ 37
Low	$ 30 3/8	$ 32 3/4	$ 35	$ 32 3/4

(1) Information reflects the sales of the Missouri Properties (Note 2).

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information relating to the Company's Directors required by Item 10 is set forth in the Company's definitive proxy statement for its 1995 Annual Meeting of Shareholders to be filed with the Commission. Such information is incorporated herein by reference to the material appearing under the caption Election of Directors in the proxy statement to be filed by the Company with the Commission. See EXECUTIVE OFFICERS OF THE COMPANY on page 19 for the information relating to the Company's Executive Officers as required by Item 10.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is set forth in the Company's definitive proxy statement for its 1995 Annual Meeting of Shareholders to be filed with the Commission. Such information is incorporated herein by reference to the material appearing under the captions Information Concerning the Board of Directors, Executive Compensation, Compensation Plans, and Human Resources Committee Report in the proxy statement to be filed by the Company with the Commission.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is set forth in the Company's definitive proxy statement for its 1995 Annual Meeting of Shareholders to be filed with the Commission. Such information is incorporated herein by reference to the material appearing under the caption Beneficial Ownership of Voting Securities in the proxy statement to be filed by the Company with the Commission.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

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

The following financial statements are included herein.

FINANCIAL STATEMENTS

Report of Independent Public Accountants
Consolidated Balance Sheets, December 31, 1994 and 1993
Consolidated Statements of Income, for the years ended December 31, 1994, 1993 and 1992
Consolidated Statements of Cash Flows, for the years ended December 31, 1994, 1993 and 1992
Consolidated Statements of Taxes, for the years ended December 31, 1994, 1993 and 1992
Consolidated Statements of Capitalization, December 31, 1994 and 1993
Consolidated Statements of Common Stock Equity, for the years ended December 31, 1994, 1993 and 1992
Notes to Consolidated Financial Statements

SCHEDULES

Schedules omitted as not applicable or not required under the Rules of regulation S-X: I, II, III, IV, and V

REPORTS ON FORM 8-K

Form 8-K dated January 25, 1995.

EXHIBIT INDEX

All exhibits marked "I" are incorporated herein by reference.

	Description	
3(a)	-Restated Articles of Incorporation of the Company, as amended May 25, 1988. (filed as Exhibit 4 to Registration Statement No. 33-23022)	I
3(b)	-Certificate of Correction to Restated Articles of Incorporation. (filed as Exhibit 3(b) to the December 1991 Form 10-K)	I
3(c)	-Amendment to the Restated Articles of Incorporation, as amended May 5, 1992 (filed electronically)	
3(d)	-Amendments to the Restated Articles of Incorporation of the Company (filed as Exhibit 3 to the June 1994 Form 10-Q)	I
3(e)	-By-laws of the Company, as amended July 15, 1987. (filed as Exhibit 3(d) to the December 1987 Form 10-K)	I
3(f)	-Certificate of Designation of Preference Stock, 8.50% Series, without par value. (filed as Exhibit 3(d) to the December 1993 Form 10-K)	I
3(g)	-Certificate of Designation of Preference Stock, 7.58% Series, without par value. (filed as Exhibit 3(e) to the December 1993 Form 10-K)	I
4(a)	-Mortgage and Deed of Trust dated July 1, 1939 between the Company and Harris Trust and Savings Bank, Trustee. (filed as Exhibit 4(a) to Registration Statement No. 33-21739)	I
4(b)	-First through Fifteenth Supplemental Indentures dated July 1, 1939, April 1, 1949, July 20, 1949, October 1, 1949, December 1, 1949, October 4, 1951, December 1, 1951, May 1, 1952, October 1, 1954, September 1, 1961, April 1, 1969, September 1, 1970, February 1, 1975, May 1, 1976 and April 1, 1977, respectively. (filed as Exhibit 4(b) to Registration Statement No. 33-21739)	I
4(c)	-Sixteenth Supplemental Indenture dated June 1, 1977. (filed as Exhibit 2-D to Registration Statement No. 2-60207)	I
4(d)	-Seventeenth Supplemental Indenture dated February 1, 1978. (filed as Exhibit 2-E to Registration Statement No. 2-61310)	I
4(e)	-Eighteenth Supplemental Indenture dated January 1, 1979. (filed as Exhibit (b) (1)-9 to Registration Statement No. 2-64231)	I
4(f)	-Nineteenth Supplemental Indenture dated May 1, 1980. (filed as Exhibit 4(f) to Registration Statement No. 33-21739)	I
4(g)	-Twentieth Supplemental Indenture dated November 1, 1981. (filed as Exhibit 4(g) to Registration Statement No. 33-21739)	I
4(h)	-Twenty-First Supplemental Indenture dated April 1, 1982. (filed as Exhibit 4(h) to Registration Statement No. 33-21739)	I
4(i)	-Twenty-Second Supplemental Indenture dated February 1, 1983. (filed as Exhibit 4(i) to Registration Statement No. 33-21739)	I
4(j)	-Twenty-Third Supplemental Indenture dated July 2, 1986. (filed as Exhibit 4(j) to Registration Statement No. 33-12054)	I
4(k)	-Twenty-Fourth Supplemental Indenture dated March 1, 1987. (filed as Exhibit 4(k) to Registration Statement No. 33-21739)	I
4(l)	-Twenty-Fifth Supplemental Indenture dated October 15, 1988. (filed as Exhibit 4 to the September 1988 Form 10-Q)	I
4(m)	-Twenty-Sixth Supplemental Indenture dated February 15, 1990. (filed as Exhibit 4(m) to the December 1989 Form 10-K)	I

	Description	
4(n)	-Twenty-Seventh Supplemental Indenture dated March 12, 1992. (filed as exhibit 4(n) to the December 1991 Form 10-K)	I
4(o)	-Twenty-Eighth Supplemental Indenture dated July 1, 1992. (filed as exhibit 4(o) to the December 1992 Form 10-K)	I
4(p)	-Twenty-Ninth Supplemental Indenture dated August 20, 1992. (filed as exhibit 4(p) to the December 1992 Form 10-K)	I
4(q)	-Thirtieth Supplemental Indenture dated February 1, 1993. (filed as exhibit 4(q) to the December 1992 Form 10-K)	I
4(r)	-Thirty-First Supplemental Indenture dated April 15, 1993. (filed as exhibit 4(r) to Form S-3, Registration Statement No. 33-50069)	I
4(s)	-Thirty-Second Supplemental Indenture dated April 15, 1994, (filed electronically)	

Instruments defining the rights of holders of other long-term debt not required to be filed as exhibits will be furnished to the Commission upon request.

10(a)	-A Rail Transportation Agreement among Burlington Northern Railroad Company, the Union Pacific Railroad Company and the Company (filed as Exhibit 10 to the June 1994 Form 10-Q)	I
10(b)	-Agreement between the Company and AMAX Coal West Inc. effective March 31, 1993. (filed as Exhibit 10(a) to the December 1993 Form 10-K)	I
10(c)	-Agreement between the Company and Williams Natural Gas Company dated October 1, 1993. (filed as Exhibit 10(b) to the December 1993 Form 10-K)	I
10(d)	-Agreement between the Company and Williams Natural Gas Company dated October 1, 1993. (filed as Exhibit 10(c) to the December 1993 Form 10-K)	I
10(e)	-Agreement between the Company and Williams Natural Gas Company dated October 1, 1993. (filed as Exhibit 10(d) to the December 1993 Form 10-K)	I
10(f)	-Executive Salary Continuation Plan of The Kansas Power and Light Company, as revised, effective May 3, 1988. (filed as Exhibit 10(b) to the September 1988 Form 10-Q)	I
10(g)	-Letter of Agreement between The Kansas Power and Light Company and John E. Hayes, Jr., dated November 20, 1989. (filed as Exhibit 10(w) to the December 1989 Form 10-K)	I
10(h)	-Amended Agreement and Plan of Merger by and among The Kansas Power and Light Company, KCA Corporation, and Kansas Gas and Electric Company, dated as of October 28, 1990, as amended by Amendment No. 1 thereto, dated as of January 18, 1991. (filed as Annex A to Registration Statement No. 33-38967)	I
10(i)	-Deferred Compensation Plan (filed as Exhibit 10(i) to the December 1993 Form 10-K)	I
10(j)	-Long-term Incentive Plan (filed as Exhibit 10(j) to the December 1993 Form 10-K)	I
10(k)	-Short-term Incentive Plan (filed as Exhibit 10(k) to the December 1993 Form 10-K)	I
10(l)	-Outside Directors' Deferred Compensation Plan (filed as Exhibit 10(l) to the December 1993 Form 10-K)	I

Exhibit	Description
12	-Computation of Ratio of Consolidated Earnings to Fixed Charges. (filed electronically)
16	-Letter re Change in Certifying Accountant. (filed as Exhibit 16 I to the Current Report on Form 8-K dated March 8, 1993)
21	-Subsidiaries of the Registrant. (filed electronically)
23(a)	-Consent of Independent Public Accountants, Arthur Andersen LLP (filed electronically)
23(b)	-Consent of Independent Public Accountants, Deloitte & Touche LLP (filed electronically)
27	-Financial Data Schedules (filed electronically)
99	-Kansas Gas and Electric Company's Annual Report on Form 10-K for the year ended December 31, 1994 (filed electronically)

SIGNATURE

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WESTERN RESOURCES, INC.

March 29, 1995 By JOHN E. HAYES, JR.
John E. Hayes, Jr., Chairman of the
Board,
President, and Chief Executive Officer

SIGNATURES

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

Signature	Title	Date
JOHN E. HAYES, JR. (John E. Hayes, Jr.)	Chairman of the Board, President, and Chief Executive Officer (Principal Executive Officer)	March 29, 1995
S. L. KITCHEN (S. L. Kitchen)	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 29, 1995
FRANK J. BECKER (Frank J. Becker)		
GENE A. BUDIG (Gene A. Budig)		
C. Q. CHANDLER (C. Q. Chandler)		
THOMAS R. CLEVENGER (Thomas R. Clevenger)		
JOHN C. DICUS (John C. Dicus)	Directors	March 29, 1995
DAVID H. HUGHES (David H. Hughes)		
RUSSELL W. MEYER, JR. (Russell W. Meyer, Jr.)		
JOHN H. ROBINSON (John H. Robinson)		
MARJORIE I. SETTER (Marjorie I. Setter)		
LOUIS W. SMITH (Louis W. Smith)		
KENNETH J. WAGNON (Kenneth J. Wagnon)		

CERTIFICATE OF AMENDMENT TO THE
RESTATED ARTICLES OF INCORPORATION, AS AMENDED, OF
THE KANSAS POWER AND LIGHT COMPANY

We, William E. Brown, President and Chief Executive Officer, KPL Division, and Richard D. Terrill, Secretary of the above named corporation, a corporation organized and existing under the laws of the State of Kansas, do hereby certify that at a meeting of the Board of Directors of said corporation, the board adopted a resolution setting forth the following amendment to the Articles of Incorporation and declaring their advisability:

> Further Resolved, That the following amendment of Articles II of the Company's Restated Articles of Incorporation be, and it hereby is proposed and declared advisable:
>
> The following paragraph be included as a replacement for the existing paragraph of Article II and read as follows:
>
> The name of the surviving corporation is and shall be Western Resources, Inc.

We further certify that thereafter, pursuant to said resolution, and in accordance with the by-laws of the corporation and the laws of the State of Kansas, the Board of Directors called a meeting of stockholders for consideration of the proposed amendments, and thereafter, pursuant to notice and in accordance with the statutes of the State of Kansas, the stockholders convened and considered the proposed amendments.

We further certify that at the meeting a majority of the stockholders entitled to vote voted in favor of the proposed amendments. We further certify that the amendments were duly adopted in accordance with the provisions of K.S.A. 17-6602, as amended.

We further certify that the capital of said corporation will not be reduced under or by reason of said amendments.

IN WITNESS WHEREOF, we have hereunto set our hands and affixed the seal of said corporation the 8th day of May, 1992.

William E. Brown

(William E. Brown)
President and
Chief Executive Officer
KPL Division

Richard D. Terrill
(Richard D. Terrill)
Secretary

STATE OF KANSAS)
)
COUNTY OF SHAWNEE)

Be it remembered that before me, a Notary Public in and for the aforesaid county and state, personally appeared William E. Brown, President and Chief Executive Officer, KPL Division, and Richard D. Terrill, Secretary of the corporation named in this document, who are known to me to be the same persons who executed the foregoing certificate, and duly acknowledged the execution of the same this 8th day of May, 1992.

Kathy J. Pope

Notary Public

Exhibit 4(s)
[CONFORMED]

==

WESTERN RESOURCES, INC.

TO

HARRIS TRUST AND SAVINGS BANK

as Trustee

____

THIRTY-SECOND SUPPLEMENTAL INDENTURE, as corrected*

Dated as of April 15, 1994

First Mortgage Bonds, 7-1/2% Pollution Control Revenue Refunding
City of St. Marys Series Due April 15, 2032

First Mortgage Bonds, 7-1/2% Pollution Control Revenue Refunding
City of Wamego Series Due April 15, 2032

==

* Correcting certain redemption terms in Article III from those originally filed in the Thirty-Second Supplemental Indendture filed in the office of the Register of Deeds of Shawnee County, Kansas (filed on April 25, 1994, Vol. 2888, page 380), and Office of Secretary of State of Kansas (filed on April 25, 1994 and indexed at No. 2015935); and filed in the office of the Secretary of State of Oklahoma (filed April 25, 1994, Vol. 135, pages 34215-34251 mortgage and deed of trust public service corporations record).

TABLE OF CONTENTS*

PAGE

ARTICLE II.

ISSUE OF BONDS OF THE THIRTY-FIRST AND THIRTY-SECOND SERIES.

* Note: The Table of Contents is not part of this Supplemental Indenture and should not be considered as such. It is included only for purposes of convenience.

PAGE

ARTICLE III.

REDEMPTION.

ARTICLE IV.

ADDITIONAL COVENANTS.

THIRTY-SECOND SUPPLEMENTAL INDENTURE, dated as of the 15th day of April, Nineteen Hundred and Ninety-Four, made by and between Western Resources, Inc., formerly The Kansas Power and Light Company, a corporation organized and existing under the laws of the State of Kansas (hereinafter called the ``Company''), party of the first part, and Harris Trust and Savings Bank, a corporation organized and existing under the laws of the State of Illinois whose mailing address is 111 West Monroe Street, P.O. Box 755, Chicago, Illinois 60690 (hereinafter called the ``Trustee''), as Trustee under the Mortgage and Deed of Trust dated July 1, 1939, hereinafter mentioned, party of the second part;

WHEREAS, the Company has heretofore executed and delivered to the Trustee its Mortgage and Deed of Trust, dated July 1, 1939 (hereinafter referred to as the ``Original Indenture''), to provide for and to secure an issue of First Mortgage Bonds of the Company, issuable in series, and to declare the terms and conditions upon which the Bonds are to be issued thereunder; and

WHEREAS, the Company has heretofore executed and delivered to the Trustee thirty-one Supplemental Indentures supplemental to said Original Indenture, of which twenty-nine provided for the issuance thereunder of series of the Company's First Mortgage Bonds, and there is set forth below information with respect to such Supplemental Indentures as have provided for the issuance of Bonds, and the principal amount of Bonds which remain outstanding as of April 15, 1994.

Supplemental Indenture Hereinafter Called	Date	Series of First Mortgage Bonds Provided For	Principal Amount Issued	Principal Amount Outstanding
Supplemental Indenture	July 1, 1939	3-1/2% Series Due 1969	$26,500,000	None
Second Supplemental Indenture	April 1, 1949	2-7/8% Series Due 1979	10,000,000	None
Fourth Supplemental Indenture	October 1, 1949	2-3/4% Series Due 1979	6,500,000	None
Fifth Supplemental Indenture	December 1, 1949	2-3/4% Series Due 1984	32,500,000	None
Seventh Supplemental Indenture	December 1, 1951	3-1/4% Series Due 1981	5,250,000	None
Eighth Supplemental Indenture	May 1, 1952	3-1/4% Series Due 1982	4,750,000	None
Ninth Supplemental	October 1, 1954	3-1/8% Series	8,000,000	None

Indenture		Due 1984		
Tenth Supplemental Indenture	September 1, 1961	4-3/4% Series Due 1991	13,000,000	None
Eleventh Supplemental Indenture	April 1, 1969	7-5/8% Series Due 1999	19,000,000	None
Twelfth Supplemental Indenture	September 1, 1970	8-3/4% Series Due 2000	20,000,000	None
Thirteenth Supplemental Indenture	February 1, 1975	8-5/8% Series Due 2005	35,000,000	None
Fourteenth Supplemental Indenture	May 1, 1976	8-5/8% Series Due 2006	45,000,000	None
Fifteenth Supplemental Indenture	April 1, 1977	5.90% Pollution Control Series Due 2007	$32,000,000	$30,500,000*
Sixteenth Supplemental Indenture	June 1, 1977	8-1/8% Series Due 2007	30,000,000	None
Seventeenth Supplemental Indenture	February 1, 1978	8-3/4% Series Due 2008	35,000,000	None
Eighteenth Supplemental Indenture	January 1, 1979	6-3/4% Pollution Control Series Due 2009	45,000,000	45,000,000*
Nineteenth Supplemental Indenture	May 1, 1980	8-1/4% Pollution Control Series Due 1983	45,000,000	None
Twentieth Supplemental Indenture	November 1, 1981	16.95% Series Due 1988	25,000,000	None
Twenty-First Supplemental Indenture	April 1, 1982	15% Series Due 1992	60,000,000	None
Twenty-Second Supplemental Indenture	February 1, 1983	9-5/8% Pollution Control Series Due 2013	58,500,000	None
Twenty-Third Supplemental Indenture	July 1, 1986	8-1/4% Series Due 1996	60,000,000	None
Twenty-Fourth Supplemental Indenture	March 1, 1987	8-5/8% Series Due 2017	50,000,000	None
Twenty-Fifth Supplemental Indenture	October 15, 1988	9.35% Series Due 1998	75,000,000	None
Twenty-Sixth Supplemental Indenture	February 15, 1990	8-7/8% Series Due 2000	75,000,000	75,000,000
Twenty-Seventh Supplemental Indenture	March 12, 1992	7.46% Demand Series	370,000,000	None
Twenty-Eighth Supplemental Indenture	July 1, 1992	7-1/4% Series Due 1999	125,000,000	125,000,000
		8-1/2% Series Due 2022	125,000,000	125,000,000
Twenty-Ninth Supplemental Indenture	August 20, 1992	7-1/4% Series Due 2002	100,000,000	100,000,000
Thirtieth Supplemental Indenture	February 1, 1993	6% Pollution Control Revenue Refunding Series Due 2033	58,500,000	58,500,000
Thirty-First Supplemental Indenture	April 15, 1993	7.65% Series Due 2023	100,000,000	100,000,000

* Upon the issuance of the Thirty-First Series and Thirty-Second Series pursuant to this Supplemental Indenture and deposit of the proceeds plus additional funds from the Company with the St. Marys and Wamego Trustees, these series will no longer be outstanding.

; and

WHEREAS, the Company is entitled at this time to have authenticated and delivered additional bonds in substitution for Bonds to be retired, upon compliance with the provisions of Article III of the Original Indenture, as amended; and

WHEREAS, the Company desires by this Thirty-Second Supplemental Indenture to supplement the Original Indenture and to provide for the creation of two new series of bonds under the Original Indenture to be designated ``First Mortgage Bonds, 7-1/2% Pollution Control Revenue Refunding City of St. Marys Series Due 2032'' and ``7-1/2% Pollution Control Revenue Refunding City of Wamego Series Due 2032'' (hereinafter called ``Bonds of the Thirty-First Series'' and ``Bonds of the Thirty-Second Series,'' respectively); and the Original Indenture provides that certain terms and provisions, as determined by the Board of Directors of the Company, of the Bonds of any particular series may be expressed in and provided by the execution of an appropriate supplemental indenture; and

WHEREAS, the Company in the exercise of the powers and authority conferred upon and reserved to it under the provisions of the Original Indenture and indentures supplemental thereto, and pursuant to appropriate resolutions of its Board of Directors, has duly resolved and determined to make, execute and deliver to the Trustee a supplemental indenture in the form hereof for the purposes herein provided; and

WHEREAS, all conditions and requirements necessary to make this Thirty-Second Supplemental Indenture a valid, binding and legal instrument have been done, performed and fulfilled, and the execution and delivery hereof have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH: That, in consideration of the premises and of the mutual covenants herein contained and of the sum of One Dollar duly paid by the Trustee to the Company at or before the time of the execution of these presents, and of other valuable considerations, the receipt whereof is hereby acknowledged, and in order further to secure the payment of the principal of and interest and premium, if any, on all Bonds at any time issued and outstanding under the Original Indenture as amended by all indentures supplemental thereto (hereinafter sometimes collectively called the ``Indenture'') according to their tenor, purport and effect, and to declare certain terms and conditions upon and subject to which Bonds are to be issued and secured, the Company has executed and delivered this Supplemental Indenture, and by these presents grants, bargains, sells, warrants, aliens, releases, conveys, assigns, transfers, mortgages, pledges, sets over and ratifies and confirms unto Harris Trust and Savings Bank, as Trustee, and to its successors in trust under the Indenture forever, all and singular the following described properties (in addition to all other properties heretofore specifically subjected to the lien of the Indenture and not heretofore released from the lien thereof), that is to say:

FIRST.

All and singular the rents, real estate, chattels real, easements, servitudes, and leaseholds and other interests in real estate of the Company, or which, subject to the provisions of Article XII of the Original Indenture, the Company may hereafter acquire, including, among other things, the property described in Appendix A hereto under the caption ``First'', which description is hereby incorporated herein by reference and made a part hereof as if fully set forth herein, together with all improvements of any type located thereon.

SECOND.

Also all transmission and distribution systems used for the transmission and distribution of electricity, steam, water, gas and other agencies for light, heat, cold or power, or any other purpose whatever, whether underground or overhead or on the surface or otherwise, of the Company, or which, subject to the provisions of Article XII of the Original Indenture, the Company may hereafter acquire, including all poles, posts, wires, cables, conduits, mains, pipes, tubes, drains, furnaces, switchboards, transformers, insulators, meters, lamps, fuses, junction boxes, water pumping stations, regulator stations, town border metering stations and other electric, steam, water and gas fixtures and apparatus.

THIRD.

Also all franchises and all permits, ordinances, easements, privileges and immunities and licenses, all rights to construct, maintain and operate overhead, surface and underground systems for the distribution and transmission of electricity, gas, water or steam for the supply to itself or others of light, heat, cold or power or any other purpose whatsoever, all rights-of-way, all waters, water rights and flowage rights and all grants and consents, now owned by the Company or, subject to the provisions of Article XII of the Original Indenture, which it may hereafter acquire.

Also all inventions, patent rights and licenses of every kind now owned by the Company or, subject to the provisions of Article XII of the Original Indenture, which it may hereafter acquire.

FOURTH.

Also, subject to the provisions of Article XII of the Original Indenture, all other property, real, personal and mixed (except as therein or herein expressly excepted) of every nature and kind and wheresoever situated now or hereafter possessed by or belonging to the Company, or to which it is now, or may at any time hereafter be, in any manner entitled at law or in equity.

FIFTH.

Also, subject to the provisions of Article XII of the Original Indenture, all property, real, personal or mixed (except as therein or herein expressly excepted or limited) of every nature and kind and wheresoever located now possessed by or belonging to the Company, or to which it is now in any matter entitled at law or in equity, owned by The Gas Service Company (hereinafter ``GSC'') on July 1, 1985 immediately prior to the merger of GSC with and into the Company, such property (the ``GSC Properties'') being (a) identified and referenced, and described, in Appendix B to the Twenty-Third Supplemental Indenture and in Appendix A hereto, if any, and (b) deemed to include (i) all betterments, extensions, improvements, additions, repairs, renewals, replacements, substitutions and alterations to, upon, for and of the GSC Properties and all property (including rights, franchises, licenses, easements, leases and contracts) held or acquired for use or used upon or in connection with or appertaining to the GSC Properties or any part thereof; (ii) all property acquired or constructed with the proceeds of any insurance on any part of the GSC Properties released from the lien of this Indenture or taken by exercise of the power of eminent domain; and (iii) all property acquired to maintain and preserve and keep the GSC Properties in good repair, working order and condition, all of which are, for the purpose of describing and identifying the GSC Properties, fully incorporated herein by reference thereto.

SIXTH.

Together with all and singular, the tenements, hereditaments and appurtenances belonging or in any wise appertaining to the aforesaid property or any part thereof, with the reversion and reversions, remainder and remainders, tolls, rents, revenues, issues, income, products and profits thereof, and all the estate, right, title, interest and claim whatsoever, at law and 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.

EXPRESSLY EXCEPTING AND EXCLUDING, HOWEVER, all properties of the character excepted from the lien of the Original Indenture.

TO HAVE AND TO HOLD all said properties, real, personal and mixed, mortgaged, pledged and conveyed by the Company as aforesaid, or intended so to be, unto the Trustee and its successors and assigns forever;

SUBJECT, HOWEVER, to the exceptions and reservations hereinabove referred to, to existing leases other than leases which by their terms are subordinate to the lien of the Indenture, to existing liens upon rights-of-way for transmission or distribution line purposes, as defined in Article I of the Original Indenture; and any extensions thereof, and subject to existing easements for streets, alleys, highways, rights-of-way and railroad purposes over, upon and across certain of the property hereinbefore described and subject also to all the terms, conditions, agreements, covenants, exceptions and reservations expressed or provided in the deeds or other instruments respectively under and by virtue of which the Company acquired the properties hereinabove described and to undetermined liens and charges, if any, incidental to construction or other existing permitted liens as defined in Article I of the Original Indenture.

IN TRUST, NEVERTHELESS, upon the terms and trusts in the Original Indenture, and the indentures supplemental thereto, including this Thirty-Second Supplemental Indenture, set forth, for the equal and proportionate benefit and security of all present and future holders of the Bonds and coupons issued and to be issued thereunder, or any of them, without preference of any of said Bonds and coupons of any particular series over the Bonds and coupons of any other series by reason of priority in the time of issue, sale or negotiation thereof, or by reason of the purpose of issue or otherwise howsoever, except as otherwise provided in Section 2 of Article IV of the Original Indenture.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED, by and between the parties hereto for the benefit of those who shall hold the Bonds and coupons, or any of them, to be issued under the Indenture as follows:

ARTICLE I.

Description of Bonds of the Thirty-First and Thirty-Second Series.

SECTION 1.
The thirty-first and thirty-second series of Bonds to be executed, authenticated and delivered under and secured by the Original Indenture shall be Bonds of the Thirty-First and Thirty-Second Series. The Bonds of the Thirty-First and Thirty-Second Series shall be designated as ``First Mortgage Bonds, 7-1/2% Pollution Control Revenue Refunding City of St. Marys Series Due 2032'' and ``First Mortgage Bonds, 7-1/2% Pollution Control Revenue Refunding City of Wamego Series Due 2032,'' respectively, of the Company. The Bonds of the Thirty-First and Thirty-Second Series shall be executed, authenticated and delivered in accordance with the provisions of, and shall in all respects be subject to, all of the terms, conditions and covenants of the Original Indenture, as amended, and subject to all the terms, conditions and covenants of this Supplemental Indenture.

Bonds of the Thirty-First and Thirty-Second Series shall each mature April 15, 2032 and shall each bear interest at the rate of seven and a half percent (7-1/2%) per annum payable on the interest payment date for the St. Marys Refunding Bonds (as defined below) commencing June 7, 1994, in the case of Bonds of the Thirty-First Series, and the Wamego Refunding Bonds (as defined below) commencing June 14, 1994, in the case of Bonds of the Thirty-Second Series. Every Bond of the Thirty-First and Thirty-Second Series shall be dated the date of authentication except that, notwithstanding the provisions of Section 6 of Article II of the Original Indenture, if any Bond of the Thirty-First or Thirty Second Series shall be authenticated at any time subsequent to the record date (as hereinafter in this Section defined) for any interest payment date but prior to the day following such interest payment date, it shall be dated as of the day following such interest payment date, provided, however, that if at the time of authentication of any Bond of the Thirty-First or Thirty-Second Series interest shall be in default on any Bonds of the Thirty-First or Thirty-Second Series, such Bond shall be dated as of the day following the interest payment date to which interest has previously been paid in full or made available for payment in full on outstanding Bonds of the Thirty-First or Thirty-Second Series, as the case may be, or, if no interest has been paid or made available for payment, as of the date of initial authentication and delivery of such Bond. Every Bond of the Thirty-First Series shall bear interest from the interest payment date for the St. Marys Refunding Bonds next preceding the date thereof, unless such Bond of the Thirty-First Series shall be dated prior to June 7, 1994, in which case it shall bear interest from April 28, 1994. Every Bond of the Thirty-Second Series shall bear interest from the interest payment date with respect to the Wamego Refunding Bonds next preceding the date thereof, unless such Bond of the Thirty-Second Series shall be dated prior to June 14, 1994, in which case it shall bear interest from April 28, 1994.

The person in whose name any Bond of the Thirty-First or Thirty-Second Series is registered at the close of business on any record date with regard to any interest payment shall be entitled to receive the interest payable thereon on such interest payment date notwithstanding the cancellation of such Bond upon the transfer or exchange thereof subsequent to such record date and prior to the day following such interest payment date, unless the Company shall default in the payment of the interest due on such interest payment date, in which case such defaulted interest shall be paid to the person in whose name such Bond is registered on the date of payment of such defaulted interest. The term ``record date'' as used in this Section with regard to any interest payment date shall mean the record date with respect to the St. Marys Refunding Bonds (in the case of the Thirty-First Series) or the Wamego Refunding Bonds (in the case of the Thirty-Second Series) next preceding such interest payment date. The Bonds of the Thirty-First and Thirty-Second Series shall be payable as to principal, premium, if any, and interest, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts, at the agency of the Company in the City of Chicago, Illinois.

All Bonds of the Thirty-First Series shall be pledged by the Company with the St. Marys Trustee (as defined herein) to secure the payment of the principal of, and up to 7-1/2% per annum of the interest on the City of St. Marys, Kansas, Pollution Control Revenue Refunding Bonds (Western Resources, Inc. Project) Series

1994 (referred to herein as the "St. Marys Refunding Bonds") issued pursuant to the Indenture of Trust, dated as of April 15, 1994 (the "St. Marys Indenture"), from the City of St. Marys, Kansas, to Chemical Bank, as trustee thereunder (the "St. Marys Trustee"). The obligation of the Company to make payments with respect to the principal of and interest on Bonds of the Thirty-First Series (including without limitation upon redemption pursuant to Article III of this Supplemental Indenture) shall be fully or partially, as the case may be, satisfied and discharged to the extent that, at the time that any such payment shall be due, the then due principal of and interest on the St. Marys Refunding Bonds shall have been fully or partially paid, or there shall be held by the St. Marys Trustee pursuant to the St. Marys Indenture sufficient available funds to fully or partially pay the then due principal of and interest on the St. Marys Refunding Bonds. The Trustee may conclusively presume that the obligation of the Company to make payments with respect to the principal of and interest on Bonds of the Thirty-First Series shall have been fully satisfied and discharged unless and until the Trustee shall have received a written notice from the St. Marys Trustee, signed by its President, a Vice President or a Trust Officer, stating (i) that timely payment of the principal of or interest on the St. Marys Refunding Bonds required to be made by the Company has not been made, (ii) that there are not sufficient available funds held by the St. Marys Trustee pursuant to the St. Marys Indenture to make such payment and (iii) the amount of funds, in addition to available funds held by the St. Marys Trustee pursuant to the St. Marys Indenture, required to make such payment. Notwithstanding any other provisions of this Supplemental Indenture, interest on the Bonds of the Thirty-First Series shall be deemed fully satisfied and discharged as provided herein even if the interest rate on Bonds of the Thirty-First Series may be higher or lower than the interest rate on the St. Marys Refunding Bonds at the time interest on the St. Marys Refunding Bonds is paid.

All Bonds of the Thirty-Second Series shall be pledged by the Company with the Wamego Trustee (as defined herein) to secure the payment of the principal of, and up to 7-1/2% per annum of the interest on the City of Wamego, Kansas, Pollution Control Revenue Refunding Bonds (Western Resources, Inc. Project) Series 1994 (referred to herein as the "Wamego Refunding Bonds") issued pursuant to the Indenture of Trust, dated as of April 15, 1994 (the "Wamego Indenture"), from the City of Wamego, Kansas, to Chemical Bank, as trustee thereunder (the "Wamego Trustee"). The obligation of the Company to make payments with respect to the principal of and interest on Bonds of the Thirty-Second Series (including without limitation upon redemption pursuant to Article III of this Supplemental Indenture) shall be fully or partially, as the case may be, satisfied and discharged to the extent that, at the time that any such payment shall be due, the then due principal of and interest on the Wamego Refunding Bonds shall have been fully or partially paid, or there shall be held by the Wamego Trustee pursuant to the Wamego Indenture sufficient available funds to fully or partially pay the then due principal of and interest on the Wamego Refunding Bonds. The Trustee may conclusively presume that the obligation of the Company to make payments with respect to the principal of and interest on Bonds of the Thirty-Second Series shall have been fully satisfied and discharged unless and until the Trustee shall have received a written notice from the Wamego Trustee, signed by its President, a Vice President or a Trust Officer, stating (i) that timely payment of the principal of or interest on the Wamego Refunding Bonds required to be made by the Company has not been made, (ii) that there are not sufficient available funds held by the Wamego Trustee pursuant to the Wamego Indenture to make such payment and (iii) the amount of funds, in addition to available funds held by the Wamego Trustee pursuant to the Wamego Indenture, required to make such payment. Notwithstanding any other provisions of this Supplemental Indenture, interest on the Bonds of the Thirty-Second Series shall be deemed fully satisfied and discharged as provided herein even if the interest rate on Bonds of the Thirty-Second Series may be higher or lower than the interest rate on the Wamego Refunding Bonds at the time interest on the Wamego Refunding Bonds is paid.

SECTION 2.
The Bonds of the Thirty-First and Thirty-Second Series shall be registered bonds without coupons of the denominations of $5,000 and of any multiples of $5,000, numbered consecutively from R1 upwards. Bonds of the Thirty-First and Thirty-Second Series may each be exchanged for other bonds within their respective Series in authorized denominations and in the same aggregate principal amounts, without charge, except for any tax or governmental charge imposed in connection with such interchange.

SECTION 3.
The Bonds of the Thirty-First Series, and the Trustee's Certificate with respect thereto, shall be substantially in the following forms, respectively:

[FORM OF BOND OF THE THIRTY-FIRST SERIES]

This bond is not transferable, except to a successor trustee under the Indenture of Trust, dated as of April 15, 1994, of the City of St. Marys, Kansas, to Chemical Bank, as Trustee, or to effect a substitution of mortgage bonds as permitted under the Pledge Agreement dated as of April 15, 1994 between Western Resources, Inc. and Chemical Bank, as Trustee.

WESTERN RESOURCES, INC.

(Incorporated under the laws of the State of Kansas)

FIRST MORTGAGE BOND, 7-1/2% POLLUTION CONTROL
REVENUE REFUNDING CITY OF ST. MARYS SERIES DUE 2032

DUE APRIL 15, 2032

No. _______ $_________________

WESTERN RESOURCES, INC., a corporation organized and existing under the laws of the State of Kansas (hereinafter called ``the Company'', which term shall include any successor corporation as defined in the Indenture hereinafter referred to), for value received, hereby promises to pay to ___________________________ or registered assigns, on the 15th day of April, 2032, the sum of ________________________ Dollars in any 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 interest thereon in like coin or currency from the interest payment date with respect to the St. Marys Refunding Bonds (as defined below) next preceding the date of this Bond (unless this Bond shall be dated prior to June 7, 1994, in which case it shall bear interest from April 28, 1994) at the rate of seven and a half percent (7-1/2%) per annum, payable on the interest payment date with respect to the St. Marys Refunding Bonds, commencing June 7, 1994 (on which date interest from April 28, 1994 will be payable), until maturity, or, if this Bond shall be duly called for redemption, until the redemption date, or, if the Company shall default in the payment of the principal hereof, until the Company's obligation with respect to the payment of such principal shall be discharged as provided in the Indenture hereinafter mentioned. The interest payable on any interest payment date as aforesaid will be paid to the person in whose name this Bond is registered on the record date established for the St. Marys Refunding Bonds next preceding such interest payment date, unless the Company shall default in the payment of the interest due on such interest payment date, in which case such defaulted interest shall be paid to the person in whose name this Bond is registered on the date of payment of such defaulted interest. Principal of and premium, if any, and interest on, this Bond are payable at the agency of the Company in the City of Chicago, Illinois in immediately available funds.

This Bond is one of a duly authorized issue of Bonds of the Company (herein called the ``Bonds''), in unlimited aggregate principal amount, of the series hereinafter specified, all issued and to be issued under and equally secured by a Mortgage and Deed of Trust, dated July 1, 1939, executed by the Company to Harris Trust and Savings Bank (herein called the ``Trustee''), as Trustee, as amended by the indentures supplemental thereto including the indenture supplemental thereto dated as of April 15, 1994 (herein called the ``Supplemental Indenture''), between the Company and the Trustee (said Mortgage and Deed of Trust, as so amended, being herein called the ``Indenture'') to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the properties mortgaged and pledged, the nature and extent of the security, the rights of the bearers or registered owners of the Bonds and of the Trustee in respect thereto, and the terms and conditions upon which the Bonds are, and are to be, secured. The Bonds may be issued in series, for various principal sums, may mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided. This Bond is one of a series designated as the ``First Mortgage Bonds, 7-1/2% Pollution Control Revenue Refunding City of St. Marys Series Due 2032'' (herein called ``Bonds of the Thirty-First Series'') of the Company, issued under and secured by the Indenture executed by the Company to the Trustee.

All Bonds of the Thirty-First Series shall be pledged by the Company with the St. Marys Trustee (as defined herein) to secure the payment of the principal of, and up to 7-1/2% of the interest on the City of St. Marys, Kansas, Pollution Control Revenue Refunding Bonds (Western Resources, Inc. Project) Series 1994 (referred to herein as the "St. Marys Refunding Bonds") issued pursuant to the Indenture of Trust, dated as of April 15, 1994 (the "St. Marys Indenture"), from the City of St. Marys, Kansas, to Chemical Bank, as trustee thereunder (the "St. Marys Trustee"). The obligation of the Company to make payments with respect to the principal of and interest on Bonds of the Thirty-First Series (including without limitation upon redemption pursuant to Article III of the Supplemental Indenture) shall be fully or partially, as the case may be, satisfied and discharged to the extent that, at the time that any such payment shall be due, the then due principal of and interest on the St. Marys Refunding Bonds shall have been fully or partially paid, or there shall be held by the St. Marys Trustee pursuant to the St. Marys Indenture sufficient available funds to fully or partially pay the then due principal of and interest on the St. Marys Refunding Bonds. The Trustee may conclusively presume that the obligation of the Company to make payments with respect to the principal of and interest on Bonds of the Thirty-First Series shall have been fully satisfied and discharged unless and until the Trustee shall have received a written notice from the St. Marys Trustee, signed by its President, a Vice President or a Trust Officer, stating (i) that timely payment of the principal of or interest on the St. Marys Refunding Bonds required to be made by the Company has not been made, (ii) that there are not sufficient available funds held by the St. Marys Trustee pursuant to the St. Marys Indenture to make such payment and (iii) the amount of funds, in addition to available funds held by the St. Marys Trustee pursuant to the St. Marys Indenture, required to make such payment. Notwithstanding any other provisions of this Bond or the Supplemental Indenture, interest on the Bonds of the Thirty-First Series shall be deemed fully satisfied and discharged as provided herein and therein even if the interest rate on Bonds of the Thirty-First Series may be higher or lower than the interest rate on the St. Marys Refunding Bonds at the time interest on the St. Marys Refunding Bonds is paid.

To the extent permitted by, and as provided in the Indenture, modifications or alterations of the Indenture or of any indenture supplemental thereto, and of the rights and obligations of the Company and of the holders of the Bonds and coupons, may be made with the consent of the Company by an affirmative vote of not less than 80% in principal amount of the Bonds entitled to vote then outstanding, at a meeting of Bondholders called and held as provided in the Indenture or, in lieu of a meeting, by written consent received by the Trustee of holders of 80% or more in principal amount of Bonds outstanding, and by an affirmative vote or written consent of not less than 80% in principal amount of the Bonds of any series entitled to vote or consent then outstanding and affected by such modification or alteration, in case one or more but less than all of the series of Bonds then outstanding under the Indenture are so affected. The Company has reserved the right to amend the Indenture without any consent or other action by holders of any series of Bonds created after June 1, 1975, including Bonds of the Thirty-First Series, to provide that the Indenture may be modified or altered with the consent of the holders of 60% in aggregate principal amount of the Bonds and if less than all series of Bonds are affected with the consent also of the holders of 60% in aggregate principal amount of the Bonds of each series so affected. No modification or alteration shall be made which will affect the terms of payment of the principal of or premium, if any, or interest on, this Bond, which are unconditional. The Company has also reserved the right to make certain amendments to the Indenture, without any consent or other action by holders of the Bonds of this series, to the extent necessary from time to time to qualify the Indenture under the Trust Indenture Act of 1939, all as more fully provided in the Indenture.

The Bonds of the Thirty-First Series are subject to redemption as provided in the Supplemental Indenture.

In case an event of default, as defined in the Indenture, shall occur, the principal of all of the Bonds at any such time outstanding under the Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be waived by the holders of a majority in principal amount of the Bonds outstanding.

This Bond is transferable by the registered owner hereof, in person or by duly authorized attorney, on the books of the Company to be kept for that purpose at the agency of the Company in the City of Chicago, Illinois, upon surrender and cancellation of this Bond and on presentation of a duly executed written instrument of transfer, and thereupon a new registered Bond or Bonds of the same series, of the same aggregate principal amount and in authorized denominations will be issued to the transferee or transferees in exchange herefor; and this Bond, with or without others of like form and series, may in like manner be exchanged for one or more new registered Bonds of the same series of other authorized denominations but of the same aggregate principal amount; all upon payment of the charges and subject to the terms and conditions set forth in the Indenture.

No recourse shall be had for the payment of the principal of or premium, if any, or interest on this Bond, or for any claim based hereon or on the Indenture or any indenture supplemental thereto, against any incorporator, or against any stockholder, director or officer, past, present or future, of the Company, or of any predecessor or successor corporation, as such, either directly or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitution, statute or otherwise, of incorporators, stockholders, directors or officers being released by every owner hereof by the acceptance of this Bond and as part of the consideration for the issue hereof, and being likewise released by the terms of the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or any indenture supplemental thereto, or become valid or obligatory for any purpose, until Harris Trust and Savings Bank, the Trustee under the Indenture, or a successor trustee thereto under the Indenture, shall have signed the form of certificate endorsed hereon.

IN WITNESS WHEREOF, WESTERN RESOURCES, INC. has caused this Bond to be signed in its name by its Chairman of the Board, President and Chief Executive Officer or a Vice President, manually or by facsimile, and its corporate seal (or a facsimile thereof) to be hereto affixed and attested by its Secretary or an Assistant Secretary, manually or by facsimile.

Dated:

WESTERN RESOURCES, INC.

By_____________________

Attest:

____

[FORM OF TRUSTEE'S CERTIFICATE]

This Bond is one of the Bonds, of the series designated herein, described in the within-mentioned Mortgage and Deed of Trust of July 1, 1939 and Supplemental Indenture dated as of April 15 , 1994.

HARRIS TRUST AND SAVINGS BANK,
Trustee,

By__________________________

SECTION 4.
The Bonds of the Thirty-Second Series, and the Trustee's Certificate with respect thereto, shall be substantially in the following forms, respectively:

[FORM OF BOND OF THE THIRTY-SECOND SERIES]

This bond is not transferable, except to a successor trustee under the Indenture of Trust, dated as of April 15, 1994, of the City of Wamego, Kansas, to Chemical Bank, as Trustee, or to effect a substitution of mortgage bonds as permitted under the Pledge Agreement dated as of April 15, 1994 between Western Resources, Inc. and Chemical Bank, as Trustee.

WESTERN RESOURCES, INC.

(Incorporated under the laws of the State of Kansas)

FIRST MORTGAGE BOND, 7-1/2% POLLUTION CONTROL
REVENUE REFUNDING CITY OF WAMEGO SERIES DUE 2032

Due April 15, 2032

No. _______ $_________________

WESTERN RESOURCES, INC., a corporation organized and existing under the laws of the State of Kansas (hereinafter called ``the Company'', which term shall include any successor corporation as defined in the Indenture hereinafter referred to), for value received, hereby promises to pay to ___________________________ or registered assigns, on the 15th day of April, 2032, the sum of ________________________ Dollars in any 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 interest thereon in like coin or currency from the interest payment date with respect to the Wamego Refunding Bonds (as defined below) next preceding the date of this Bond (unless this Bond shall be dated prior to June 14, 1994, in which case it shall bear interest from April 28, 1994) at the rate of seven and a half percent (7-1/2%) per annum, payable on the interest payment date with respect to the Wamego Refunding Bonds, commencing June 14, 1994 (on which date interest from April 28, 1994 will be payable), until maturity, or, if this Bond shall be duly called for redemption, until the redemption date, or, if the Company shall default in the payment of the principal hereof, until the Company's obligation with respect to the payment of such principal shall be discharged as provided in the Indenture hereinafter mentioned. The interest payable on any interest payment date as aforesaid will be paid to the person in whose name this Bond is registered on the record date established for the Wamego Refunding Bonds next preceding such interest payment date, unless the Company shall default in the payment of the interest due on such interest payment date, in which case such defaulted interest shall be paid to the person in whose name this Bond is registered on the date of payment of such defaulted interest. Principal of and premium, if any, and interest on, this Bond are payable at the agency of the Company in the City of Chicago, Illinois in immediately available funds.

This Bond is one of a duly authorized issue of Bonds of the Company (herein called the ``Bonds''), in unlimited aggregate principal amount, of the series hereinafter specified, all issued and to be issued under and equally secured by a Mortgage and Deed of Trust, dated July 1, 1939, executed by the Company to Harris Trust and Savings Bank (herein called the ``Trustee''), as Trustee, as amended by the indentures supplemental thereto including the indenture supplemental thereto dated as of April 15, 1994 (herein called the ``Supplemental Indenture''), between the Company and the Trustee (said Mortgage and Deed of Trust, as so amended, being herein sometimes called the ``Indenture'') to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the properties mortgaged and pledged, the nature and extent of the security, the rights of the bearers or registered owners of the Bonds and of the Trustee in respect thereto, and the terms and conditions upon which the Bonds are, and are to be, secured. The Bonds may be issued in series, for various principal sums, may mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture provided. This Bond is one of a series designated as the ``First Mortgage Bonds, 7-1/2% Pollution Control Revenue Refunding City of Wamego Series Due 2032'' (herein called ``Bonds of the Thirty-Second Series'') of the Company, issued under and secured by the Indenture executed by the Company to the Trustee.

All Bonds of the Thirty-Second Series shall be pledged by the

Company with the Wamego Trustee (as defined herein) to secure the payment of the principal of, and up to 7-1/2% per annum of the interest on the City of Wamego, Kansas, Pollution Control Revenue Refunding Bonds (Western Resources, Inc. Project) Series 1994 (referred to herein as the "Wamego Refunding Bonds") issued pursuant to the Indenture of Trust, dated as of April 15, 1994 (the "Wamego Indenture"), from the City of Wamego, Kansas, to Chemical Bank, as trustee thereunder (the "Wamego Trustee"). The obligation of the Company to make payments with respect to the principal of and interest on Bonds of the Thirty-Second Series (including without limitation upon redemption pursuant to Article III of the Supplemental Indenture) shall be fully or partially, as the case may be, satisfied and discharged to the extent that, at the time that any such payment shall be due, the then due principal of and interest on the Wamego Refunding Bonds shall have been fully or partially paid, or there shall be held by the Wamego Trustee pursuant to the Wamego Indenture sufficient available funds to fully or partially pay the then due principal of and interest on the Wamego Refunding Bonds. The Trustee may conclusively presume that the obligation of the Company to make payments with respect to the principal of and interest on Bonds of the Thirty-Second Series shall have been fully satisfied and discharged unless and until the Trustee shall have received a written notice from the Wamego Trustee, signed by its President, a Vice President or a Trust Officer, stating (i) that timely payment of the principal of or interest on the Wamego Refunding Bonds required to be made by the Company has not been made, (ii) that there are not sufficient available funds held by the Wamego Trustee pursuant to the Wamego Indenture to make such payment and (iii) the amount of funds, in addition to available funds held by the Wamego Trustee pursuant to the Wamego Indenture, required to make such payment. Notwithstanding any other provisions of this Bond or the Supplemental Indenture, interest on the Bonds of the Thirty-Second Series shall be deemed fully satisfied and discharged as provided herein and therein even if the interest rate on Bonds of the Thirty-Second Series may be higher or lower than the interest rate on the Wamego Refunding Bonds at the time interest on the Wamego Refunding Bonds is paid.

To the extent permitted by, and as provided in the Indenture, modifications or alterations of the Indenture or of any indenture supplemental thereto, and of the rights and obligations of the Company and of the holders of the Bonds and coupons, may be made with the consent of the Company by an affirmative vote of not less than 80% in principal amount of the Bonds entitled to vote then outstanding, at a meeting of Bondholders called and held as provided in the Indenture or, in lieu of a meeting, by written consent received by the Trustee of holders of 80% or more in principal amount of Bonds outstanding, and by an affirmative vote or written consent of not less than 80% in principal amount of the Bonds of any series entitled to vote or consent then outstanding and affected by such modification or alteration, in case one or more but less than all of the series of Bonds then outstanding under the Indenture are so affected. The Company has reserved the right to amend the Indenture without any consent or other action by holders of any series of Bonds created after June 1, 1975, including Bonds of the Thirty-Second Series, to provide that the Indenture may be modified or altered with the consent of the holders of 60% in aggregate principal amount of the Bonds and if less than all series of Bonds are affected with the consent also of the holders of 60% in aggregate principal amount of the Bonds of each series so affected. No modification or alteration shall be made which will affect the terms of payment of the principal of or premium, if any, or interest on, this Bond, which are unconditional. The Company has also reserved the right to make certain amendments to the Indenture, without any consent or other action by holders of the Bonds of this series, to the extent necessary from time to time to qualify the Indenture under the Trust Indenture Act of 1939, all as more fully provided in the Indenture.

The Bonds of the Thirty-Second Series are subject to redemption as provided in the Supplemental Indenture.

In case an event of default, as defined in the Indenture, shall occur, the principal of all of the Bonds at any such time outstanding under the Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be waived by the holders of a majority in principal amount of the Bonds outstanding.

This Bond is transferable by the registered owner hereof, in person or by duly authorized attorney, on the books of the Company to be kept for that purpose at the agency of the Company in the City of Chicago, Illinois, upon surrender and cancellation of this Bond and on presentation of a duly executed written instrument of transfer, and thereupon a new registered Bond or Bonds of the same series, of the same aggregate principal amount and in authorized denominations will be issued to the transferee or transferees in exchange herefor; and this Bond, with or without others of like form and series, may in like manner be exchanged for one or more new registered Bonds of the same series of other authorized denominations but of the same aggregate principal amount; all upon payment of the charges and subject to the terms and conditions set forth in the Indenture.

No recourse shall be had for the payment of the principal of or premium, if any, or interest on this Bond, or for any claim based hereon or on the Indenture or any indenture supplemental thereto, against any incorporator, or against any stockholder, director or officer, past, present or future, of the Company, or of any predecessor or successor corporation, as such, either directly or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitution, statute or otherwise, of incorporators, stockholders, directors or officers being released by every owner hereof by the acceptance of this Bond and as part of the consideration for the issue hereof, and being likewise released by the terms of the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or any indenture supplemental thereto, or become valid or obligatory for any purpose, until Harris Trust and Savings Bank, the Trustee under the Indenture, or a successor trustee thereto under the Indenture, shall have signed the form of certificate endorsed hereon.

IN WITNESS WHEREOF, WESTERN RESOURCES, INC. has caused this Bond to be signed in its name by its Chairman of the Board, President and Chief Executive Officer or a Vice President, manually or by facsimile, and its corporate seal (or a facsimile thereof) to be hereto affixed and attested by its Secretary or an Assistant Secretary, manually or by facsimile.

Dated:

WESTERN RESOURCES, INC.

By____________________

Attest:
____

[FORM OF TRUSTEE'S CERTIFICATE]

This Bond is one of the Bonds, of the series designated herein, described in the within-mentioned Mortgage and Deed of Trust of July 1, 1939 and Supplemental Indenture dated as of April 15, 1994.

HARRIS TRUST AND SAVINGS BANK,
Trustee,

By_________________________

SECTION 5. Until Bonds of the Thirty-First and Thirty-Second Series in definitive form are ready for delivery, the Company may execute, and upon its request in writing the Trustee shall authenticate and deliver, in lieu thereof, Bonds of the Thirty-First and Thirty-Second Series in temporary form, as provided in Section 9 of Article II of the Original Indenture.

ARTICLE II.

Issue of Bonds of the Thirty-First and Thirty-Second Series.

SECTION 1. The total principal amount of Bonds of the Thirty-First and Thirty-Second Series which may be authenticated and delivered hereunder is not limited except as the Original Indenture and this Supplemental Indenture limit the principal amount of Bonds which may be issued thereunder.

SECTION 2. Bonds of the Thirty-First and Thirty-Second Series for the aggregate principal amount of Forty-Five Million Dollars

($45,000,000) and Thirty Million Five Hundred Thousand Dollars ($30,500,000), respectively, may forthwith be executed by the Company and delivered to the Trustee and shall be authenticated by the 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 Article III and Article XVIII of the Original Indenture, as amended.

ARTICLE III.

Redemption.

SECTION 1. Upon the redemption, in whole or in part, of the St. Marys Refunding Bonds, Bonds of the Thirty-First Series shall be redeemed in whole or in like part. To effect the redemption of Bonds of the Thirty-First Series, the St. Marys Trustee shall deliver to the Trustee (and mail a copy thereof to the Company) a written demand (hereinafter referred to as a ``St. Marys Redemption Demand'') for the redemption of Bonds of the Thirty-First Series equal in principal amount to the principal amount of the St. Marys Refunding Bonds to be redeemed. The St. Marys Redemption Demand shall be signed by the President, a Vice President, an Assistant Vice President or a Trust Officer of the St. Marys Trustee and shall state: (1) the aggregate principal amount of the St. Marys Refunding Bonds then outstanding under the St. Marys Indenture; (2) the principal amount of the St. Marys Refunding Bonds to be redeemed; (3) the interest thereon to be payable on the redemption date; (4) the redemption date and that notice thereof has been given as required in the St. Marys Indenture; (5) in the case of an optional redemption of the St. Marys Refunding Bonds, that the Company has informed the St. Marys Trustee that the Company intends to deposit sufficient available funds with the St. Marys Trustee pursuant to the St. Marys Indenture to effect such redemption; and (6) that the Trustee is thereby instructed to call for redemption Bonds of the Thirty-First Series equal in principal amount to the principal amount of the St. Marys Bonds specified in (2) above. The St. Marys Redemption Demand shall also contain a waiver of notice of such redemption by the St. Marys Trustee, as holder of all Bonds of the Thirty-First Series then outstanding. The Trustee may conclusively presume the statements contained in the St. Marys Redemption Demand to be correct.

Except as provided in the next sentence, redemption of Bonds of the Thirty-First Series shall be at the principal amount of the Bonds to be redeemed, together with accrued interest to the redemption date, and such amount shall become and be due and payable on the redemption date. In the event the St. Marys Refunding Bonds bear interest at a Long-Term Interest Rate (as defined in the St. Marys Indenture), the Bonds of the Thirty-First Series will be redeemable as follows: If the St. Marys Refunding Bonds bear interest at the Long-Term MATES Rate (as defined in the St. Marys Indenture), the Bonds of the Thirty-First Series shall be redeemable at the same percentages of their principal amount and during the same call periods as are established under the St. Marys Indenture, plus accrued interest to the date of redemption. If, on the date the St. Marys Refunding Bonds begin to bear a Long-Term Interest Rate (``Effective Date''), the length of the Long-Term Interest Rate Period falls within one of the entries in the Long-Term Interest Rate Period column, the Bonds of the Thirty-First Series will not be redeemable for the number of years after the Effective Date shown in the No-call Period column. After the No-call Period, the Bonds of the Thirty-First Series may be redeemed at the percentage of the principal amount shown in the Initial Premium column. The premium will decline every six months by one-half of one percentage point until the Bonds of the Thirty-First Series are redeemable without premium.

Long-Term Interest Rate Period			
Greater Than	But Less Than Or Equal To	No-Call Period	Initial Premium
15 years	N/A	10 years	102 %
10 years	15 years	7 years	101.5
7 years	10 years	5 years	101
4 years	7 years	3 years	101
3 years	4 years	2 years	100.5
2 years	3 years	1 year	100.5
1 year	2 years	1 year	100

The Company hereby covenants that it shall notify the Trustee no later than thirty days after the date, if any, on which the St.

Marys Refunding Bonds commence bearing a Long-Term Interest Rate, such notice to set forth the Long-Term Interest Rate Period then in effect for the St. Marys Refunding Bonds; and of any change to the redemption table if different from above.

The Company hereby covenants that if a St. Marys Redemption Demand shall be delivered to the Trustee, the Company, except as otherwise provided in Section 1 of Article I of this Supplemental Indenture, will deposit, on or before the redemption date, with the Trustee, in accordance with Article V of the Indenture, an amount in cash sufficient to redeem the Bonds of the Thirty-First Series so called for redemption.

SECTION 2.
Upon the redemption, in whole or in part, of the City of Wamego Refunding Bonds, Bonds of the Thirty-Second Series shall be redeemed in whole or in like part. To effect the redemption of Bonds of the Thirty-Second Series, the Wamego Trustee under the Wamego Indenture shall deliver to the Trustee (and mail a copy thereof to the Company) a written demand (hereinafter referred to as a ``Wamego Redemption Demand'') for the redemption of Bonds of the Thirty-Second Series equal in principal amount to the principal amount of the Wamego Refunding Bonds to be redeemed. The Wamego Redemption Demand shall be signed by the President, a Vice President, an Assistant Vice President or a Trust Officer of the Wamego Trustee and shall state: (1) the aggregate principal amount of the Wamego Refunding Bonds then outstanding under the Wamego Indenture; (2) the principal amount of the Wamego Refunding Bonds to be redeemed; (3) the interest thereon to be payable on the redemption date; (4) the redemption date and that notice thereof has been given as required in the Wamego Indenture; (5) in the case of an optional redemption of the Wamego Refunding Bonds, that the Company has informed the Wamego Trustee that the Company intends to deposit sufficient available funds with the Wamego Trustee pursuant to the Wamego Indenture to effect such redemption; and (6) that the Trustee is thereby instructed to call for redemption Bonds of the Thirty-Second Series equal in principal amount to the principal amount of the Wamego Refunding Bonds specified in (2) above. The Wamego Redemption Demand shall also contain a waiver of notice of such redemption by the Wamego Trustee, as holder of all Bonds of the Thirty-Second Series then outstanding. The Trustee may conclusively presume the statements contained in the Wamego Redemption Demand to be correct.

Except as provided in the next sentence, redemption of Bonds of the Thirty-Second Series shall be at the principal amount of the Bonds to be redeemed, together with accrued interest to the redemption date, and such amount shall become and be due and payable on the redemption date. In the event the Wamego Refunding Bonds bear interest at a Long-Term Interest Rate (as defined in the Wamego Indenture), the Bonds of the Thirty-Second Series will be redeemable as follows: If the Wamego Refunding Bonds bear interest at the Long-Term MATES Rate (as defined in the Wamego Indenture), the Bonds of the Thirty-Second Series shall be redeemable at the same percentages of their principal amount and during the same call periods as are established under the Wamego Indenture, plus accrued interest to the date of redemption. If, on the date the Wamego Refunding Bonds begin to bear a Long-Term Interest Rate (``Effective Date''), the length of the Long-Term Interest Rate Period falls within one of the entries in the Long-Term Interest Rate Period column, the Bonds of the Thirty-Second Series will not be redeemable for the number of years after the Effective Date shown in the No-call Period column. After the No-call Period, the Bonds may be redeemed at the percentage of the principal amount shown in the Initial Premium column. The premium will decline every six months by one-half of one percentage point until the Bonds of the Thirty-Second Series are redeemable without premium.

Long-Term Interest Rate Period			
Greater Than	But Less Than Or Equal To	No-Call Period	Initial Premium
15 years	N/A	10 years	102 %
10 years	15 years	7 years	101.5
7 years	10 years	5 years	101
4 years	7 years	3 years	101
3 years	4 years	2 years	100.5
2 years	3 years	1 year	100.5
1 year	2 years	1 year	100

The Company hereby covenants that it shall notify the Trustee no later than thirty days after the date, if any, on which the

Wamego Refunding Bonds commence bearing a Long-Term Interest Rate, such notice to set forth the Long-Term Interest Rate Period then in effect for the Wamego Refunding Bonds; and of any change to the redemption table if different from above.

The Company hereby covenants that if a Wamego Redemption Demand shall be delivered to the Trustee, the Company, except as otherwise provided in Section 1 of Article I of this Supplemental Indenture, will deposit, on or before the redemption date, with the Trustee, in accordance with Article V of the Indenture, an amount in cash sufficient to redeem the Bonds of the Thirty-Second Series so called for redemption.

SECTION 3.
The Bonds of the Thirty-First and Thirty-Second Series shall be redeemable pursuant to Section 8 of Article VIII of the Original Indenture, from time to time prior to maturity subject to the terms and conditions of Section 1 and Section 2, respectively, of this Article II.

SECTION 4.
The provisions of Article V of the Original Indenture shall be applicable to redemptions of Bonds of the Thirty-First and Thirty-Second Series pursuant to the provisions of Section 1 or 2 of this Article III; provided, however, that with respect to any redemption of Bonds of the Thirty-First and Thirty-Second Series pursuant to such Section 1 or 2, an election to redeem shall be made in the manner provided in such Section 1 or 2, respectively, and notice of redemption shall be given or waived as provided in such Section 1 or 2, respectively. The principal amount of Bonds of the Thirty-First or Thirty-Second Series to be redeemed on any partial redemption shall be an authorized denomination thereof.

SECTION 5.
Any Bonds of the Thirty-First or Thirty-Second Series redeemed pursuant to Section 1 or 2 of this Article III are hereby expressly permitted to be used as refundable Bonds for the execution, authentication and delivery of additional Bonds pursuant to Section 6 of Article III of the Original Indenture.

SECTION 6.
Any written notice to the Trustee from the St. Marys Trustee or the Wamego Trustee shall be signed by an officer of the St. Marys Trustee or the Wamego Trustee, as the case may be, duly authorized by such purpose.

ARTICLE IV.

Additional Covenants.

The Company hereby covenants, warrants and agrees:

SECTION 1.
That the Company is lawfully seized and possessed of all of the mortgaged property described in the granting clauses of this Supplemental Indenture; that it has good, right and lawful authority to mortgage the same as provided in this Supplemental Indenture; and that such mortgaged property is, at the actual date of the initial issue of the Bonds of the Thirty-First and Thirty-Second Series, free and clear of any deed of trust, mortgage, lien, charge or encumbrance thereon or affecting the title thereto prior to the Indenture, except as set forth in the granting clauses of the Original Indenture, the Fifteenth Supplemental Indenture, the Eighteenth Supplemental Indenture, the Twenty-Sixth Supplemental Indenture, the Twenty-Eighth Supplemental Indenture, the Twenty-Ninth Supplemental Indenture, the Thirtieth Supplemental Indenture, the Thirty-First Supplemental Indenture or this Supplemental Indenture.

SECTION 2.
So long as any Bonds of the Thirty-First or Thirty-Second Series are outstanding, in the event that all or substantially all of the gas properties (either with or without including the gas property in the City of Atchison, Kansas) shall have been released as an entirety from the lien of the Original Indenture, the Company will, at any time or from time to time within six months after the date of such release, retire Bonds outstanding under the Original Indenture in an aggregate principal amount equal to the lesser of

(a)the fair value of the gas properties so released pursuant to Section 3 of Article VII of the Original Indenture, as stated in the engineer's certificate required by Section 3(b) of said Article VII, and the proceeds of the gas properties so released pursuant to Section 5 of said Article VII, less the amount of moneys, deposited with the Trustee pursuant to Section 3(d), 4(d) and 5 of said Article VII on such release, withdrawn or reduced pursuant to Section 1 of Article VIII of the Original Indenture simultaneously with or within three months after such release; or

(b)the greater of

(i)Nine Million Dollars ($9,000,000) plus One Hundred Seventy-Five Thousand Dollars ($175,000) for each full year (disregarding any period less than a full year) beginning with July 1, 1949, and ending on the date of such release, less One Million Seven Hundred Thousand Dollars ($1,700,000), or

(ii)One-half of the fair value of the gas properties so released, as stated in the engineer's certificate required by Section 3(b) of Article VII of the Original Indenture, and one-half of the proceeds of the gas properties so released pursuant to Section 5 of said Article VII.

Such retirement of Bonds shall be effected in either one or both of the following methods:

(aa)By the withdrawal pursuant to Section 2 of Article VIII of the Original Indenture of any moneys deposited with the Trustee pursuant to Sections 3(d), 4(d) and 5 of Article VII of the Original Indenture upon such release; or

(bb)By causing the Trustee to purchase or redeem bonds, pursuant to Section 8 of Article VIII of the Original Indenture, out of any moneys deposited with the Trustee pursuant to Sections 3(d), 4(d) and 5 of Article VII of the Original Indenture upon such release.

SECTION 3.
So long as any Bonds of the Thirty-First or Thirty-Second Series are outstanding, in the event all or substantially all of the electric properties shall have been released as an entirety from the lien of the Original Indenture, the Company will, at any time or from time to time within six months after the date of such release, retire Bonds outstanding under the Original Indenture in an aggregate principal amount equal to the fair value of the electric properties so released pursuant to Section 3 of Article VII of the Original Indenture, as stated in the engineer's certificate required by Section 3(b) of said Article VII, and the proceeds of the electric properties so released pursuant to Section 5 of said Article VII. Such retirement of Bonds shall be effected in either one or both of the following methods:

(a)By the withdrawal pursuant to Section 2 of Article VIII of the Original Indenture of any moneys deposited with the Trustee pursuant to Sections 3(d), 4(d) and 5 of Article VII of the Original Indenture upon such release; or

(b)By causing the Trustee to purchase or redeem bonds, pursuant to Section 8 of Article VIII of the Original Indenture, out of any moneys deposited with the Trustee pursuant to Sections 3(d), 4(d) and 5 of Article VII of the Original Indenture upon such release.

The Bonds to be so retired shall include a principal amount of Bonds of each Series then outstanding in the same ratio to the aggregate principal amount of all Bonds so retired as the aggregate principal amount of all Bonds of each Series outstanding immediately prior to such release bears to the total principal amount of all Bonds then outstanding.

SECTION 4.
Subject to the provisions of the fourth and fifth paragraphs of Section 1 of Article I of this Supplemental Indenture, the Company hereby covenants, warrants and agrees that it will punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds of the Thirty-First and Thirty-Second Series according to the respective terms thereof.

ARTICLE V.

Amendments of Ratio of Bonds Issuable to Property Additions and of Certain Other Ratios. Amendment of Net Earnings Test.

Use of Facsimile Signatures. Reservation of Right to Amend

Article XV.

SECTION 1.
So long as any of the Bonds of the Thirty-First or Thirty-Second Series shall remain outstanding:

(1) Notwithstanding the provisions of Section 4 of Article III of the Original Indenture, no Bonds shall be authenticated and delivered pursuant to the provisions of Article III of the Original Indenture and issued upon the basis of net bondable value of property additions for an aggregate principal amount in excess of sixty percent (60%) of the net bondable value of property additions not subject to an unfunded prior lien.

For the purposes of Subsections (e) and (f) of the definition of ``net bondable value of property additions not subject to an unfunded prior lien'', contained in Article I of the Original Indenture, and Subdivisions 8 and 9 of clause (a) of Section 4 of Article III of the Original Indenture, in all computations made with respect to a period subsequent to April 1, 1949, the deductions therein referred to shall in each case be ten-sixths (10/6ths) of the respective amounts mentioned, in lieu of ten-sevenths (10/7ths).

(2) Notwithstanding the provisions of Section 3(a) of Article VIII of the Original Indenture, no moneys received by the Trustee pursuant to Section 5(a) of Article III of the Original Indenture shall be paid over by the Trustee in an amount in excess of sixty percent (60%) of the net bondable value of property additions not subject to an unfunded prior lien, and for the purposes of Section 3 of Article VII of the Original Indenture, the amount of cash required to be deposited by the Company pursuant to Subsection (d) of said Section 3 of Article VII, shall not be reduced in an amount in excess of sixty percent (60%) of the net bondable value of property additions not subject to an unfunded prior lien.

(3) For the purposes of clauses (c) and (d) of the definition of ``net bondable value of property additions subject to an unfunded prior lien'', contained in Article I of the Original Indenture, and Subsection 7 of clause (a) of Section 4 of Article III of the Original Indenture, in all computations made with respect to a period subsequent to April 1, 1949, the deductions therein referred to shall in each case be ten-sixths (10/6ths) of the respective amounts mentioned, in lieu of ten-sevenths (10/7ths).

(4) Subsection (a) of Section 14, clauses (1) and (2) of Subsection (a) of Section 16 of Article IV and clause (1) of Subsection (b) of Section 1 of Article XII of the Original Indenture shall be deemed amended by substituting the words ``sixty percent (60%)'' for ``seventy percent (70%)'' where they appear in said provisions of the Original Indenture.

(5) The definition of the term ``net earnings available for interest, depreciation and property retirement'', as contained in Article I of the Original Indenture, shall be deemed to mean the net earnings of the Company ascertained as follows:

(a) The total operating revenues of the Company and the net non-operating revenues of the properties of the Company shall be ascertained.

(b) From the total, determined as provided in Subsection (a), there shall be deducted all operating expenses, including all salaries, rentals, insurance, license and franchise fees, expenditures for repairs and maintenance, taxes (other than income, excess profits and other taxes measured by or dependent on net taxable income), depreciation as shown on the books of the Company or an amount equal to the minimum provision for depreciation as hereinafter defined, whichever is greater, but excluding all property retirement appropriations, all interest and sinking fund charges, amortization of stock and debt discount and expense or premium and further excluding any charges to income or otherwise for the amortization of plant or property accounts or of amounts transferred therefrom.

(c) The balance remaining after the deduction of the total amount computed pursuant to Subsection (b) from the total amount computed pursuant to Subsection (a) shall constitute the ``net earnings of the Company available for interest'', provided that not more than fifteen percent (15%) of the net earnings of the Company available for interest may consist of the aggregate of (i) net non-operating income, (ii) net earnings from mortgaged property other than property of the character of property additions and (iii) net earnings from property not subject to the lien of this Indenture.

(d) No income received or accrued by the Company from securities and no profits or losses from the sale of capital assets shall be included in making the computations aforesaid.

(e) In case the Company shall have acquired any acquired plant or systems or shall have been consolidated or merged with any other corporation, within or after the particular period for which the calculation of net earnings of the Company available for interest, depreciation and property retirement is made, then, in computing the net earnings of the Company available for interest, depreciation and property retirement, there may be included, to the extent they may not have been otherwise included, the net earnings or net losses of such acquired plant or system or of such other corporation, as the case may be, for the whole of such period. The net earnings or net losses of such property additions, or of such other corporation for the period preceding such acquisition or such consolidation or merger, shall be ascertained and computed as provided in the foregoing subsections of this definition as if such acquired plant or system had been owned by the Company during the whole of such period, or as if such other corporation had been consolidated or merged with the Company prior to the first day of such period.

(f) In case the Company shall have obtained the release of any property pursuant to Section 3 of Article VII of the Original Indenture, of a fair value in excess of Five Hundred Thousand Dollars ($500,000), as shown by the engineer's certificate required by said Section 3, or shall have obtained the release of any property pursuant to Section 5 of Article VII of the Original Indenture, the proceeds of which shall have exceeded Five Hundred Thousand Dollars ($500,000), within or after the particular period for which the calculation of net earnings of the Company available for interest, depreciation and property retirement is made, then, in computing the net earnings of the Company available for interest, depreciation and property retirement, the net earnings or net losses of such property for the whole of such period shall be excluded to the extent practicable on the basis of actual earnings and expenses of such property or on the basis of such estimates of the earnings and expenses of such property as the signers of an officers' certificate filed with the Trustee pursuant to Section 3(b) of Article III or Section 16 of Article IV of the Original Indenture shall deem proper.

The term ``minimum charge for depreciation'' as used herein shall mean an amount equal to (a) fifteen percent (15%) of the total operating revenues of the Company after deducting therefrom an amount equal to the aggregate cost to the Company of electric energy, gas and water purchased for resale to others and rentals paid for, or other payments made for the use of, property owned by others and leased to or operated by the Company, the maintenance of which and depreciation on which are borne by the owners, less (b) an amount equal to the expenditures for maintenance and repairs to the plants and property of the Company and included or reflected in its operating expense accounts.

The terms ``net earnings of property available for interest, depreciation and property retirement'' and ``net earnings of another corporation available for interest, depreciation and property retirement'' as contained in Article I of the Original Indenture, when used with respect to any property or with respect to another corporation, shall mean the net earnings of such property or the net earnings of such other corporation, as the case may be, computed in the manner provided in Subsections (a), (b), (c) and (d) hereof.

(6) Notwithstanding the provisions of clauses (1) and (2) of subsection (b) of Article III, and Subsection (b) of Section 14 of Article IV, and Subsection (b) of Section 16 of Article IV and clause (2) of Subsection (b) of Section 1 of Article XII of the

Original Indenture, the computation of net earnings required therein shall be made as provided in Subsection (5) of this Section 1, and the net earnings tests required in said mentioned provisions of Articles III, IV and XII of the Original Indenture shall be based on two times the annual interest charges described in such provisions, instead of two and one-half times such charges, but shall not otherwise affect such provisions or relieve from the requirements therein pertaining to ten percent (10%) of the principal amount of bonds therein described.

SECTION 2.
All of the Bonds of the Thirty-First and Thirty-Second Series and of any series initially issued after the initial issuance of Bonds of the Thirty-First and Thirty-Second Series shall, from time to time, be executed on behalf of the Company by its Chairman of the Board, President and Chief Executive Officer or one of its Vice Presidents whose signature, notwithstanding the provisions of Section 12 of Article II of the Original Indenture, may be by facsimile, and its corporate seal (which may be in facsimile) shall be thereunto affixed and attested by its Secretary or one of its Assistant Secretaries whose signature, notwithstanding the provisions of the aforesaid Section 12, may be by facsimile.

In case any of the officers who have signed or sealed any of the Bonds of the Thirty-First or Thirty-Second Series or of any series initially issued after the initial issuance of Bonds of the Thirty-First or Thirty-Second Series manually or by facsimile shall cease to be such officers of the Company before such Bonds so signed and sealed shall have been actually authenticated by the Trustee or delivered by the Company, such Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who so signed or sealed such Bonds had not ceased to be such officer or officers of the Company; and also any such Bonds may be signed or sealed by manual or facsimile signature on behalf of the Company by such persons as at the actual date of the execution of any of such Bonds shall be the proper officers of the Company, although at the nominal date of any such Bond any such person shall not have been such officer of the Company.

SECTION 3.
The Company reserves the right, subject to appropriate corporate action, but without consent or other action by holders of bonds of any series created after June 1, 1975, to make such amendments to the Original Indenture, as supplemented, as shall be necessary in order to amend Article XV thereof so as to substitute ``sixty percent (60%)'' for ``eighty percent (80%)'' wherever appearing in said Article XV.

SECTION 4.
The Company reserves the right, subject to appropriate corporate action, but without any consent or other action by holders of bonds of any series created after June 1, 1975, to make such amendments to the Original Indenture, as supplemented, as shall be necessary in order to amend Article XV thereof by adding thereto a Section 9 to read as follows:

``SECTION 9.
(A) Anything in this Article XV contained to the contrary notwithstanding, the Trustee shall receive the written consent (in any number of instruments of similar tenor executed by bondholders or by their attorneys appointed in writing) of the holders of sixty per centum (60%) or more in principal amount of the bonds outstanding hereunder, and, if the rights of one or more, but less than all, series of bonds then outstanding are to be affected by action taken pursuant to such consent, then also by consent of the holders of at least sixty per centum (60%) in principal amount of each series of bonds so to be affected and outstanding hereunder (at the time the last such needed consent is delivered to the Trustee) in lieu of the holding of a meeting pursuant to this Article XV and in lieu of all action at such a meeting and with the same force and effect as a resolution duly adopted in accordance with the provisions of Section 6 of this Article XV.

``(B)Instruments of consent shall be witnessed or in the alternative may (a) have the signature guaranteed by a bank or trust company or a registered dealer in securities, (b) be acknowledged before a Notary Public or other officer authorized to take acknowledgements, or (c) have their genuineness otherwise established to the satisfaction of the Trustee.

``The amount of bonds payable to bearer, and the series and serial numbers thereof, held by a person executing an instrument of consent (or whose attorney has executed an instrument of consent in his behalf), and the date of his holding the same, may be proved by exhibiting the bonds to and obtaining a certificate executed by (i) any bank or trust or insurance company, or (ii) any trustee, secretary, administrator or other proper officer of any pension, welfare, hospitalization or similar fund or funds, or (iii) the United States of America, any Territory thereof, the District of Columbia, any State of the United States, any municipality in any State of the United States or any public instrumentality of the United States, or of any State or of any Territory or (iv) any other person or corporation satisfactory to the Trustee. A bondholder in any of the foregoing categories may sign a certificate in his own behalf.

``Each such certificate shall be dated and shall state, in effect, that, as of the date thereof, a coupon bond or bonds bearing a specified serial number or numbers was deposited with or exhibited to the signer of such certificate. The holding by the person named in any such certificate of any bond specified therein shall be presumed to continue unless (1) any certificate bearing a later date issued in respect of the same bond shall be produced, (2) the bond specified in such certificate (or any bond or bonds issued in exchange or substitution for such bond) shall be produced by another holder, or (3) the bond specified in such certificate shall be registered as to principal in the name of another holder or shall have been surrendered in exchange for a fully registered bond registered in the name of another holder. The Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. The ownership of registered bonds shall be proved by the registry books.

``(C) Until such time as the Trustee shall receive the written consent of the necessary per centum in principal amount of the bonds required by the provisions of Subsection (A) above for action contemplated by such consent, any holder of a bond, the serial number of which is shown by the evidence to be included in the bonds the holders of which have consented to such action, may, by filing written notice with the Trustee at its principal office and upon proof of holding as provided in Subsection (B) above, revoke such consent so far as it concerns such bond. Except as aforesaid, any such action taken by the holder of any bond shall be conclusive and binding upon such holder and upon all future holders of such bond (and any bond issued in lieu thereof or exchanged therefor), irrespective of whether or not any notation of such consent is made upon such bond, and in any event any action taken by the holders of the percentage in aggregate principal amount of the bonds specified in Subsection (A) above in connection with such action shall be conclusively binding upon the Company, the Trustee and the holders of all the bonds.''

ARTICLE VI.

Miscellaneous Provisions.

SECTION 1.
The Trustee accepts the trusts herein declared, provided, created or supplemented and agrees to perform the same upon the terms and conditions herein and in the Original Indenture, as amended, set forth and upon the following terms and conditions.

SECTION 2.
The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this 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 XIII of the Original Indenture, as amended by the Second Supplemental Indenture, shall apply to and form part of this 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 Supplemental Indenture.

SECTION 3.
Whenever in this Supplemental Indenture either of the parties hereto is named or referred to, such reference shall, subject to the provisions of Articles XII and XIII of the Original Indenture, be deemed to include the successors and assigns of such party, and all the covenants and agreements in this Supplemental Indenture contained by or on behalf of the Company, or by or on behalf of the Trustee, shall, subject as aforesaid, bind and inure to the respective benefits of the respective successors and assigns of such parties, whether so expressed or

not.

SECTION 4.
Nothing in this 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 Indenture, any right, remedy or claim under or by reason of this Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Supplemental Indenture contained by and 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 Indenture.

SECTION 5.
This Supplemental Indenture may be executed in several counterparts, and all such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

SECTION 6.
The Titles of the several Articles of this Supplemental Indenture shall not be deemed to be any part thereof.
IN WITNESS HEREOF, WESTERN RESOURCES, INC., party hereto of the first part, has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its Chairman of the Board, President and Chief Executive Officer or a Vice President, and its corporate seal to be attested by its Secretary or an Assistant Secretary for and in its behalf, and HARRIS TRUST AND SAVINGS BANK, party hereto of the second part, has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its Chairman of the Board, President, Chief Executive Officer or a Vice President and its corporate seal to be attested by its Secretary or an Assistant Secretary, all as of the day and year first above written.

(CORPORATE SEAL) Western Resources, Inc.

By: /s/ Steven L. Kitchen
Steven L. Kitchen
Executive Vice
President and
Chief Financial
Officer

ATTEST:

/s/ Richard D. Terrill
Richard D. Terrill
Secretary

Executed, sealed and delivered by
WESTERN RESOURCES, INC.
in the presence of:

/s/ Stacy F. Kramer
Stacy F. Kramer

/s/ Robert J. Knott
Robert J. Knott

(CORPORATE SEAL) Harris Trust and Savings Bank,
As Trustee,

By: /s/ J.J. Powell
J.J. Powell
Vice President

ATTEST:

/s/ C. Potter
C. Potter
Assistant Secretary

Executed, sealed and delivered by

HARRIS TRUST AND SAVINGS BANK
in the presence of:

/s/ M.E. Onischak
M.E. Onischak

/s/ K. Richardson
Keith Richardson

State of Kansas)
: ss.:
County of Shawnee)

Be It Remembered, that on this 20th day of April, 1994, before me, the undersigned, a Notary Public within and for the County and State aforesaid, personally came Steven L. Kitchen and Richard D. Terrill, of Western Resources, Inc., a corporation duly organized, incorporated and existing under the laws of the State of Kansas, who are personally known to me to be such officers, and who are personally known to me to be the same persons who executed as such officers the within instrument of writing, and such persons duly acknowledged the execution of the same to be the act and deed of said corporation.

In Witness Whereof, I have hereunto subscribed my name and affixed my official seal on the day and year last above written.

/s/ Regina I. Degarmo
Regina I. Degarmo
Notary Public
My Commission Expires August 4, 1997

State of Illinois)
:ss.:
County of Cook)

Be It Remembered, that on this 20th day of April, 1994, before me, the undersigned, a Notary Public within and for the County and State aforesaid, personally came J.J. Powell and C. Potter, of Harris Trust and Savings Bank, a corporation duly organized, incorporated and existing under the laws of the State of Illinois, who are personally known to me to be such officers, and who are personally known to me to be the same persons who executed as such officers the within instrument of writing, and such persons duly acknowledged the execution of the same to be the act and deed of said corporation.

/s/ T. Muzquiz
T. Muzquiz
Notary Public, State of Illinois
My Commission Expires 7/12/97

State of Kansas)
: ss.:
County of Shawnee)

Be It Remembered, that on this 20th day of April, 1994, before me, the undersigned, a Notary Public within and for the County and State aforesaid, personally came Steven L. Kitchen and Richard D. Terrill, of Western Resources, Inc., a corporation duly organized, incorporated and existing under the laws of the State of Kansas, who are personally known to me to be such officers, being by me respectively duly sworn, did each say that the said Steven L. Kitchen is Executive Vice President and Chief Financial Officer and that the said Richard D. Terrill is Secretary of said corporation, that the consideration of and for the foregoing instrument was actual and adequate, that the same was made and given in good faith, for the uses and purposes therein set forth and without any intent to hinder, delay, or defraud creditors or purchasers.

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

/s/ Regina I. Degarmo

Regina I. Degarmo
Notary Public
My Commission Expires August 4, 1997

APPENDIX A

to

THIRTY-SECOND SUPPLEMENTAL INDENTURE

Dated as of April 15, 1994

Western Resources, Inc.

to

Harris Trust and Savings Bank

DESCRIPTION OF PROPERTIES
LOCATED IN THE STATE OF KANSAS

FIRST

PARCELS OF REAL ESTATE

DICKINSON COUNTY

Electric Substation Site

A tract of land located in the Northeast Quarter (NE/4) of Section Thirty-one (31), Township Eleven (11) South, Range Four (4) East of the 6th P.M., said tract more particularly described as follows: Beginning at the Northeast corner of said Northeast Quarter; thence South a distance of 255 feet; thence West a distance of 255 feet; thence North a distance of 255 feet; thence East a distance of 255 feet to the point of beginning.

MONTGOMERY COUNTY

Electric Substation Site

Beginning at the NE Corner of the SW/4 of the NW/4 of Section 26, Township 32 South, Range 15 East, thence West 530 feet; South 300 feet; East 530 feet; North 300 feet to the point of beginning.

RENO COUNTY

Electric Substation Site

A tract of land in the Northwest Quarter of Section 21, Township 24 South, Range 10 West of the 6th Principal Meridian described as follows:

Commencing at the Northwest corner of the Northwest Quarter of Section 21, Township 24 South, Range 10 West of the 6th Principal Meridian for the point of beginning; thence East along the North line of said Northwest Quarter 210.00 feet; thence with a deflection angle 90 degrees 00 minutes 00 seconds South 320.00 feet; thence with a deflection angle 90 degrees 00 minutes 00 seconds West 210 feet; thence with a deflection angle 90 degrees 00 minutes 00 seconds North along the West line of said Northwest Quarter 320.00 feet to the point of beginning in Reno County, Kansas.

Electric Substation Site

Lots 4, 5, and 6, Block 1, Original Townsite, City of Arlington, Reno County, Kansas, according to the duly recorded Plat thereof.

SUMNER COUNTY

Office (Wellington, Kansas)

A tract beginning 198 feet North and 422.2 feet East of the Southwest corner of the Northeast Quarter of Section 11, Township 32 South, Range 1 West of the Sixth Principal Meridian, Sumner County, Kansas; thence East

327.2 feet to a point; thence Northwesterly 231.73 feet to a point 396 feet North and 622.2 feet East of said corner of said Quarter Section; thence West 200 feet; thence South 198 feet to the point of beginning.

Exhibit 12

WESTERN RESOURCES, INC.
Computations of Ratio of Earnings to Fixed Charges and
Computations of Ratio of Earnings to Combined Fixed Charges
and Preferred and Preference Dividend Requirements
(Thousands of Dollars)

	Year Ended December 31,				
	1993	1992	1991	1990	1989
Net Income.	$177,370	$127,884	$ 89,645	$ 79,619	$ 72,778
Taxes on Income	78,755	46,099	42,527	36,736	35,171
Net Income Plus Taxes.	256,125	173,983	132,172	116,355	107,949
Fixed Charges:					
Interest on Long-Term Debt.	123,551	117,464	51,267	51,542	46,378
Interest on Other Indebtedness. . .	19,255	20,009	10,490	11,022	8,742
Interest on Corporate-owned Life Insurance Borrowings	16,252	5,294	-	-	-
Interest Applicable to Rentals	28,827	27,429	5,089	4,426	4,673
Total Fixed Charges	187,885	170,196	66,846	66,990	59,793
Preferred and Preference Dividend Requirements:					
Preferred and Preference Dividends.	13,506	12,751	6,377	1,744	1,857
Income Tax Required	5,997	4,596	3,025	805	897
Total Preferred and Preference Dividend Requirements	19,503	17,347	9,402	2,549	2,754
Total Fixed Charges and Preferred and Preference Dividend Requirements. .	207,388	187,543	76,248	69,539	62,547
Earnings (1).	$444,010	$344,179	$199,018	$183,345	$167,742
Ratio of Earnings to Fixed Charges. .	2.36	2.02	2.98	2.74	2.81
Ratio of Earnings to Combined Fixed Charges and Preferred and Preference Dividend Requirements	2.14	1.84	2.61	2.64	2.68

(1) Earnings are deemed to consist of net income to which has been added income taxes (including net deferred investment tax credit) and fixed charges. Fixed charges consist of all interest on indebtedness, amortization of debt discount and expense, and the portion of rental expense which represents an interest factor. Preferred and preference dividend requirements consist of an amount equal to the pre-tax earnings which would be required to meet dividend requirements on preferred and preference stock.

Exhibit 21

WESTERN RESOURCES, INC.
Subsidiaries of the Registrant

	Subsidiary	State of Incorporation	Date Incorporated
1)	Kansas Gas and Electric Company	Kansas	October 9, 1990
	Wolf Creek Nuclear Operating Corporation	Delaware	April 14, 1986
	Mid America Services Company	Kansas	June 10, 1988
2)	Astra Resources, Inc.	Kansas	October 8, 1990
	Astra Gas Company	Delaware	November 2, 1992
	Astra Resources International, Inc.	Texas	January 27, 1993
	Astra Resources Compression, Inc.	Texas	December 11, 1991
	Gas Service Energy Corporation	Delaware	December 19, 1975
	Astra Financial Services, Inc.	Kansas	October 8, 1990
	Astra Limited Partners, Inc.	Kansas	October 8, 1990
	Astra Resources Marketing Company	Kansas	May 23, 1984
3)	KPL Funding Corporation	Kansas	January 8, 1991
4)	Mid Continent Market Center, Inc.	Kansas	December 13, 1994

Exhibit 23(a)

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statements File No. 33-57435 on Form S-8 and Nos. 33-49467, 33-49505, 33-49553, and 33-50069 on Form S-3.

ARTHUR ANDERSEN LLP

Kansas City, Missouri,
March 10, 1995

Exhibit 23(b)

INDEPENDENT AUDITORS' CONSENT

We consent to the use in this Annual Report on Form 10-K of Western Resources, Inc. for the year ended December 31, 1994 of our report dated January 29, 1993 appearing in the Annual Report on Form 10-K of Kansas Gas and Electric Company for the year ended December 31, 1994.

DELOITTE & TOUCHE LLP

Kansas City, Missouri
March 28, 1995

UT EXHIBIT 27

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET AT DECEMBER 31, 1994 AND THE STATEMENT OF INCOME AND THE STATEMENT OF CASH FLOWS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 1994

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

Commission file number 1-7324

KANSAS GAS AND ELECTRIC COMPANY
(Exact name of registrant as specified in its charter)

KANSAS	48-1093840
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P.O. BOX 208, WICHITA, KANSAS	67201
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code 316/261-6611

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

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

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock.

Common Stock, No par value	1,000 Shares
(Title of each class)	(Outstanding at March 29, 1995)

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

Registrant meets the conditions of General Instruction J(1)(a)(b) to Form 10-K for certain wholly-owned subsidiaries and is therefore filing an abbreviated form.

KANSAS GAS AND ELECTRIC COMPANY
FORM 10-K
December 31, 1994

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

ACQUISITION AND MERGER

On March 31, 1992, Western Resources, Inc. (formerly The Kansas Power and Light Company) (Western Resources) through its wholly-owned subsidiary KCA Corporation (KCA), acquired all of the outstanding common and preferred stock of Kansas Gas and Electric Company (KG&E) for $454 million in cash and 23,479,380 shares of Western Resources common stock (the Merger). Western Resources also paid approximately $20 million in costs to complete the Merger. Simultaneously, KCA and Kansas Gas and Electric Company merged and adopted the name Kansas Gas and Electric Company (the Company, KG&E).

Additional information relating to the Merger can be found in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 1 of the Notes to Financial Statements.

GENERAL

The Company is an electric public utility engaged in the generation, transmission, distribution and sale of electric energy in the southeastern quarter of Kansas including the Wichita metropolitan area. The Company owns 47 percent of Wolf Creek Nuclear Operating Corporation, the operating company for Wolf Creek Generating Station (Wolf Creek). Corporate headquarters of the Company is located in Wichita, Kansas. The Company has no gas properties. At December 31, 1994, the Company had no employees. All employees are provided by Western Resources.

For discussion regarding competition in the electric utility industry and the potential impact on the Company, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Other Information, Competition included herein.

The Company's business is subject to seasonal fluctuations with the peak period occurring during the summer. Approximately one-third of residential kilowatthour sales occur in the third quarter. Accordingly, earnings and revenue information for any quarterly period should not be considered as a basis for estimating results of operations for a full year.

Discussion of other factors affecting the Company are set forth in the Notes to Financial Statements and Management's Discussion and Analysis included herein.

ELECTRIC OPERATIONS

General

The Company supplies electric energy at retail to approximately 272,000 customers in 139 communities in Kansas. The Company also supplies electric energy to 27 communities and 1 rural electric cooperative, and has contracts for the sale, purchase or exchange of electricity with other utilities at wholesale.

The Company's electric sales for the last five years were as follows:

	1994	1993	1992	1991	1990
			(Thousands of MWH)		
Residential	2,384	2,386	2,102	2,341	2,270
Commercial	2,068	1,991	1,892	1,908	1,838
Industrial	3,371	3,323	3,248	3,194	3,093
Wholesale and Interchange	1,590	2,004	1,267	1,168	1,688
Other	45	45	46	46	48
Total	9,458	9,749	8,555	8,657	8,937

The Company's electric revenues for the last five years were as follows:

	1994 (1)	1993	1992	1991	1990
			(Dollars in Thousands)		
Residential	$220,067	$219,069	$194,142	$219,907	$214,544
Commercial	167,499	162,858	154,005	155,847	151,098
Industrial	181,119	179,256	174,226	172,953	168,294
Wholesale and Interchange	38,750	45,843	28,086	29,989	36,152
Other	12,445	9,971	3,792	16,272	16,553
Total	$619,880	$616,997	$554,251	$594,968	$586,641

(1) See Note 4 of the Notes to Financial Statements for impact of rate refund orders.

Capacity

The aggregate net generating capacity of the Company's system is presently 2,498 megawatts (MW). The system comprises interests in twelve fossil fueled steam generating units, one nuclear generating unit (47 percent interest) and one diesel generator, located at seven generating stations. One of the twelve fossil fueled units has been "mothballed" for future use (see Item 2. Properties).

The Company's 1994 peak system net load occurred on July 1, 1994 and amounted to 1,747 MW. The Company's net generating capacity together with power available from firm interchange and purchase contracts, provided a capacity margin of approximately 27 percent above system peak responsibility at the time of the peak.

The Company and ten companies in Kansas and western Missouri have agreed to provide capacity (including margin), emergency and economy services for each other. This arrangement is called the MOKAN Power Pool. The pool participants also coordinate the planning of electric generating and transmission facilities.

The Company is one of 47 members of the Southwest Power Pool (SPP). SPP's responsibility is to maintain system reliability on a regional basis. The region encompasses areas within the eight states of Kansas, Missouri, Oklahoma, New Mexico, Texas, Louisiana, Arkansas, and Mississippi.

In 1994, the Company joined the Western Systems Power Pool (WSPP). Under this arrangement, over 50 electric utilities and marketers throughout the western

United States have agreed to market energy and to provide transmission services. WSPP's intent is to increase the efficiency of the interconnected power systems operations over and above existing operations. Services available include short-term and long-term economy energy transactions, unit commitment service, firm capacity and energy sales, energy exchanges, and transmission service by intermediate systems.

During 1994, the Company entered into an agreement with Midwest Energy, Inc. (MWE), whereby the Company will provide MWE with peaking capacity of 61 megawatts through the year 2008. The Company also entered into an agreement with Empire District Electric Company (Empire), whereby the Company will provide Empire with peaking and base load capacity (20 megawatts in 1994 increasing to 80 megawatts in 2000) through the year 2000.

Future Capacity

The Company does not contemplate any significant expenditures in connection with construction of any major generating facilities through the turn of the century (see Item 7. Management's Discussion and Analysis, Liquidity and Capital Resources). The Company has capacity available which may not be fully utilized by growth in customer demand for at least 5 years. The Company continues to market this capacity and energy to other utilities.

Fuel Mix

The Company's coal-fired units comprise 1,101 MW of the total 2,498 MW of generating capacity and the Company's nuclear unit provides 545 MW of capacity. Of the remaining 852 MW of generating capacity, units that can burn either natural gas or oil account for 849 MW, and the remaining unit which burns only diesel fuel accounts for 3 MW (see Item 2. Properties).

During 1994, low sulfur coal was used to produce 56% of the Company's electricity. Nuclear produced 34 percent and the remainder was produced from natural gas, oil, or diesel fuel. During 1995, based on the Company's estimate of the availability of fuel, coal will to be used to produce approximately 58 percent of the Company's electricity and nuclear will be used to produce 36 percent.

The Company's fuel mix fluctuates with the operation of nuclear powered Wolf Creek which has an 18-month refueling and maintenance schedule. The 18-month schedule permits uninterrupted operation every third calendar year. In mid-September 1994, Wolf Creek was taken off-line for its seventh refueling and maintenance outage. The refueling outage took approximately 47 days to complete, during which time electric demand was met primarily by the Company's coal-fired generating units. There is no refueling outage scheduled for 1995.

Nuclear

The owners of Wolf Creek have on hand or under contract 63 percent of the uranium required for operation of Wolf Creek through the year 2001. The balance is expected to be obtained through spot market and contract purchases.

Contractual arrangements are in place for 100 percent of Wolf Creek's uranium enrichment requirements for 1995-1997, 90 percent for 1998-1999, 95 percent for

2000-2001 and 100 percent for 2005-2014. The balance of the 1998-2004 requirements is expected to be obtained through a combination of spot market and contract purchases. The decision not to contract for the full enrichment requirements is one of cost rather than availability of service.

Contractual arrangements are in place for the conversion of uranium to uranium hexafluoride sufficient to meet Wolf Creek's requirements through 1996 as well as the fabrication of fuel assemblies to meet Wolf Creek's requirements through 2012.

The Nuclear Waste Policy Act of 1982 established schedules, guidelines and responsibilities for the Department of Energy (DOE) to develop and construct repositories for the ultimate disposal of spent fuel and high-level waste. The DOE has not yet constructed a high-level waste disposal site and has announced that a permanent storage facility may not be in operation prior to 2010 although an interim storage facility may be available earlier. Wolf Creek contains an on-site spent fuel storage facility which, under current regulatory guidelines, provides space for the storage of spent fuel through 2006 while still maintaining full core off-load capability. The Company believes adequate additional storage space can be obtained, as necessary.

The Company along with the other co-owners of Wolf Creek are among 14 companies that filed a lawsuit on June 20, 1994, seeking an interpretation of the DOE's obligation to begin accepting spent nuclear fuel for disposal in 1998. The DOE has filed a motion to have this case dismissed. The issue to be decided in this case is whether DOE must begin accepting spent fuel in 1998 or at a future date.

Coal

The three coal-fired units at Jeffrey Energy Center (JEC) have an aggregate capacity of 423 MW (KG&E's 20 percent share) (see Item 2. Properties). Western Resources, the operator of JEC, and KG&E, have a long-term coal supply contract with Amax Coal West, Inc. (AMAX), a subsidiary of Cyprus Amax Coal Company, to supply low sulfur coal to JEC from AMAX's Eagle Butte Mine or an alternate mine source of AMAX's Belle Ayr Mine, both located in the Powder River Basin in Campbell County, Wyoming. The contract expires December 31, 2020. The contract contains a schedule of minimum annual delivery quantities based on MMBtu provisions. The coal to be supplied is surface mined and has an average Btu content of approximately 8,300 Btu per pound and an average sulfur content of .43 lbs/MMBtu (see Environmental Matters). The average delivered cost of coal for JEC was approximately $1.13 per MMBtu or $18.55 per ton during 1994.

Coal is transported by Western Resources from Wyoming under a long-term rail transportation contract with Burlington Northern (BN) and Union Pacific (UP) to JEC through December 31, 2013. Rates are based on net load carrying capabilities of each rail car. Western Resources provides 890 aluminum rail cars, under a 20 year lease, to transport coal to JEC.

The two coal-fired units at La Cygne Station have an aggregate generating capacity of 678 MW (KG&E's 50 percent share) (see Item 2. Properties). The operator, Kansas City Power & Light Company (KCPL), maintains coal contracts as discussed in the following paragraphs.

La Cygne 1 uses low sulfur Powder River Basin coal which is supplied under a variety of spot market transactions, discussed below. Illinois or Kansas/Missouri coal is blended with the Powder River Basin coal and is secured from time to time under spot market arrangements. La Cygne 1 uses a blend of 85 percent Powder River Basin coal.

La Cygne 2 and additional La Cygne 1 Powder River Basin coal is supplied through several contracts expiring at various times through 1998. This low sulfur coal had an average Btu content of approximately 8,500 Btu per pound and a maximum sulfur content of .50 lbs/MMBtu (see Environmental Matters). For 1994, KCPL secured Powder River Basin coal from two sources; Carter Mining Company's Caballo Mine, a subsidiary of Exxon Coal USA; and Caballo Rojo Inc's Caballo Rojo Mine, a subsidiary of Drummond Inc. Transportation is covered by KCPL through its Omnibus Rail Transportation Agreement with BN and Kansas City Southern Railroad through December 31, 1995. An alternative rail transportation agreement with Western Railroad Property, Inc. (WRPI), a partnership between UP and Chicago Northwestern (CNW), lasts through December 31, 1995. A new five-year coal transportation agreement is being negotiated to provide transportation beyond 1995.

During 1994, the average delivered cost of all coal procured for La Cygne 1 was approximately $0.78 per MMBtu or $14.11 per ton and the average delivered cost of Powder River Basin coal for La Cygne 2 was approximately $0.73 per MMBtu or $12.30 per ton.

Natural Gas

The Company uses natural gas as a primary fuel in its Gordon Evans and Murray Gill Energy Centers. Natural gas for these generating stations is supplied under a firm contract that runs through 1995 by Kansas Gas Supply (KGS). After 1995, the Company expects to use the spot market to purchase most of the natural gas needed to fuel these generating stations. Short-term economical spot market purchases from the Williams Natural Gas (WNG) system provide the Company flexible natural gas supply arrangements to meet operational needs.

Oil

The Company uses oil as an alternate fuel when economical or when interruptions to natural gas make it necessary. Oil is also used as a supplemental fuel at each of the coal plants. All oil burned by the Company during the past several years has been obtained by spot market purchases. At December 31, 1994, the Company had approximately 715 thousand gallons of No. 2 oil and 11 million gallons of No. 6 oil which is believed to be sufficient to meet emergency requirements and protect against lack of availability of natural gas and/or the loss of a large generating unit.

Other Fuel Matters

The Company's contracts to supply fuel for its coal- and natural gas-fired generating units, with the exception of JEC, do not provide full fuel requirements at the various stations. Supplemental fuel is procured on the spot market to provide operational flexibility and, when the price is favorable, to take advantage of economic opportunities.

On March 26, 1992, in connection with the Merger, the Kansas Corporation Commission (KCC) approved the elimination of the Energy Cost Adjustment Clause (ECA) for most Kansas retail customers of the Company effective April 1, 1992. The provisions for fuel costs included in base rates were established at a level intended by the KCC to equal the projected average cost of fuel through August 1995 and to include recovery of costs provided by previously issued orders relating to coal contract settlements and storm damage recovery. Any increase or decrease in fuel costs from the projected average will impact the Company's earnings.

Set forth in the table below is information relating to the weighted average cost of fuel used by the Company.

	1994	1993	1992	1991	1990
Per Million Btu:					
Nuclear	$0.36	$0.35	$0.34	$0.32	$0.34
Coal	0.90	0.96	1.25	1.32	1.32
Gas	1.98	2.37	1.95	1.74	1.96
Oil	3.90	3.15	4.28	4.13	3.01
Cents per KWH Generation	0.89	0.93	0.98	1.09	1.01

Environmental Matters

The Company currently holds all Federal and State environmental approvals required for the operation of its generating units. The Company believes it is presently in substantial compliance with all air quality regulations (including those pertaining to particulate matter, sulfur dioxide and oxides of nitrogen (NOx)) promulgated by the State of Kansas and the Environmental Protection Agency (EPA).

The Federal sulfur dioxide standards applicable to the Company's JEC and La Cygne 2 units, prohibit the emission of more than 1.2 pounds of sulfur dioxide per million Btu of heat input. Federal particulate matter emission standards applicable to these units prohibit: (1) the emission of more than 0.1 pounds of particulate matter per million Btu of heat input and (2) an opacity greater than 20 percent. Federal NOx emission standards applicable to these units prohibit the emission of more than 0.7 pounds of NOx per million Btu of heat input.

The JEC and La Cygne 2 units have met: (1) the sulfur dioxide standards through the use of low sulfur coal (see Coal); (2) the particulate matter standards through the use of electrostatic precipitators; and (3) the NOx standards through boiler design and operating procedures. The JEC units are also equipped with flue gas scrubbers providing additional sulfur dioxide and particulate matter emission reduction capability.

The Kansas Department of Health and Environment regulations, applicable to the Company's other generating facilities, prohibit the emission of more than 3.0 pounds of sulfur dioxide per million Btu of heat input at the Company's generating units. The Company has sufficient low sulfur coal under contract (see Coal) to allow compliance with such limits at La Cygne 1. All facilities burning coal are equipped with flue gas scrubbers and/or electrostatic precipitators.

The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in sulfur dioxide and NOx emissions effective in 1995 and 2000 and a probable reduction in toxic emissions. To meet the monitoring and reporting requirements under the acid rain program, the Company installed continuous monitoring and reporting equipment at a total cost of approximately $2.3 million. The Company does not expect additional equipment to reduce sulfur emissions to be necessary under Phase II. Although the Company currently has no Phase I affected units, the owners have applied for an early substitution permit to bring the co-owned La Cygne Generating Station under the Phase I regulations.

The NOx and toxic limits, which were not set in the law, will be specified in future EPA regulations. NOx regulations for Phase II units and Phase I group 2 units are mandated in the Act. The EPA's proposed NOx regulations were ruled invalid by the U.S. Court of Appeals for the District of Columbia Circuit in November 1994, and until such time as the EPA resubmits new proposed regulations, the Company will be unable to determine its compliance options or related compliance costs.

All of the Company's generating facilities are in substantial compliance with the Best Practicable Technology and Best Available Technology regulations issued by EPA pursuant to the Clean Water Act of 1977. Most EPA regulations are administered in Kansas by the Kansas Department of Health and Environment.

Additional information with respect to Environmental Matters is discussed in Note 3 of the Notes to Financial Statements.

FINANCING

The Company's ability to issue additional debt is restricted under limitations imposed by the Mortgage and Deed of Trust of the Company.

The Company's mortgage prohibits additional first mortgage bonds from being issued (except in connection with certain refundings) unless the Company's net earnings before income taxes and before provision for retirement and depreciation of property for a period of 12 consecutive months within 15 months preceding the issuance are not less than two and one-half times the annual interest charges on, or 10% of the principal amount of, all first mortgage bonds outstanding after giving effect to the proposed issuance. Based on the Company's results for the 12 months ended December 31, 1994, approximately $743 million principal amount of additional first mortgage bonds could be issued (8.75 percent interest rate assumed).

KG&E bonds may be issued, subject to the restrictions in the preceding paragraph, on the basis of property additions not subject to an unfunded prior lien and on the basis of bonds which have been retired. As of December 31, 1994, the Company had approximately $1.3 billion of net bondable property additions not subject to an unfunded prior lien entitling the Company to issue up to $909 million principal amount of additional bonds.

REGULATION AND RATES

The Company is subject as an operating electric utility to the jurisdiction of the KCC which has general regulatory authority over the Company's rates, extensions and abandonments of service and facilities, valuation of property, the classification of accounts and various other matters. The Company is also subject to the jurisdiction of the FERC and the KCC with respect to the issuance of the Company's securities.

Additionally, the Company is subject to the jurisdiction of the FERC, including jurisdiction as to rates with respect to sales of electricity for resale, and the Nuclear Regulatory Commission as to nuclear plant operations and safety.

Additional information with respect to Regulation and Rates is discussed in Notes 1 and 4 of the Notes to Financial Statements.

EXECUTIVE OFFICERS OF THE COMPANY

Name	Age	Present Office	Other Offices or Positions Held During Past Five Years
Kent R. Brown	49	Chairman of the Board, (since June 1992) President and Chief Executive Officer (since March 1992)	Group Vice President
Richard D. LaGree	64	Vice President, Field Operations (since April 1992)	Vice President, Electric Distribution Operations, Western Resources, Inc.
Richard D. Terrill	40	Secretary, Treasurer and General Counsel (since April 1992)	Secretary and Attorney

Executive officers serve at the pleasure of the Board of Directors. There are no family relationships among any of the officers, nor any arrangements or understandings between any officer and other persons pursuant to which he/she was appointed as an officer.

ITEM 2. PROPERTIES

The Company owns or leases and operates an electric generation, transmission, and distribution system in Kansas.

During the five years ended December 31, 1994, the Company's gross property additions totalled $358,486,000 and retirements were $130,238,000.

ELECTRIC FACILITIES

Name	Unit No.	Year Installed	Principal Fuel	Unit Capacity (MW) (2)
Gordon Evans Energy Center:				
Steam Turbines	1	1961	Gas--Oil	150
	2	1967	Gas--Oil	367
Jeffrey Energy Center (20%):				
Steam Turbines	1	1978	Coal	140
	2	1980	Coal	143
	3	1983	Coal	140
La Cygne Station (50%):				
Steam Turbines	1	1973	Coal	343
	2	1977	Coal	335
Murray Gill Energy Center:				
Steam Turbines	1	1952	Gas--Oil	46
	2	1954	Gas--Oil	74
	3	1956	Gas--Oil	107
	4	1959	Gas--Oil	105
Neosho Energy Center:				
Steam Turbine	3	1954	Gas--Oil	0 (1)
Wichita Plant:				
Diesel Generator	5	1969	Diesel	3
Wolf Creek Generating Station (47%):				
Nuclear	1	1985	Uranium	545
Total				2,498

(1) This unit has been "mothballed" for future use.

(2) Based on MOKAN rating.

The Company jointly-owns Jeffrey Energy Center (20%), La Cygne Station (50%) and Wolf Creek Generating Station (47%).

ITEM 3. LEGAL PROCEEDINGS

Information on legal proceedings involving the Company is set forth in Note 10 of Notes to Financial Statements included herein.

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

Information required by Item 4 is omitted pursuant to General Instruction J(2)(c) to Form 10-K.

PART II

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

On March 31, 1992, Western Resources through its wholly-owned subsidiary KCA, acquired all of the outstanding common and preferred stock of KG&E. As a result, the Company's common stock was delisted from the New York Stock Exchange and the Pacific Stock Exchange.

ITEM 6. SELECTED FINANCIAL DATA

	1994	1993	1992	1991	1990(1)
			(Dollars in Thousands)		
Income Statement Data:					
Operating revenues	$ 619,880	$ 616,997	$ 554,251	$ 594,968	$ 586,641
Operating expenses	470,869	469,616	424,089	468,885	447,355
Operating income	149,011	147,381	130,162	126,083	139,286
Net income	104,526	108,103	77,981	53,602	64,184
Balance Sheet Data:					
Gross electric plant in service.	$3,390,406	$3,339,832	$3,293,365	$2,468,959	$2,435,090
Construction work in progress. .	32,874	28,436	29,634	13,612	14,760
Total assets	3,142,810	3,187,479	3,279,232	2,350,546	2,348,862
Long-term debt	699,992	653,543	871,652	850,851	824,424
Interest coverage ratio (before income taxes, including AFUDC)	4.02	3.58	2.35	1.90	2.07
Ratio of Earnings to Fixed Charges	2.61	2.60	1.89	1.59	1.71

(1) See Note 1 of the Notes to Financial Statements for impact of rate refund orders.

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

FINANCIAL CONDITION

The results of operations for the years ended December 31, 1994 and 1993, and the nine months ended December 31, 1992, included herein, refer to the Company following the merger with Western Resources, Inc. (formerly The Kansas Power and Light Company) through its wholly-owned subsidiary, KCA Corporation, on March 31, 1992 (the Merger) (see Note 1).

Pro forma results of operations for the twelve months ended December 31, 1992 presented herein, give effect to the Merger as if it occurred on January 1, 1992 and were derived by combining the historical information for the three month period ended March 31, 1992 and the nine month period ended December 31, 1992. Additional information relating to changes between years is provided in the Notes to Financial Statements.

GENERAL: The Company had net income of $104.5 million for 1994 compared to net income of $108.1 million in 1993. The decrease in net income is primarily due to increases in income taxes as a result of the completion of the accelerated amortization of certain deferred income tax reserves and the receipt of death benefit proceeds from corporate-owned life insurance policies in the third quarter of 1993. As of December 31, 1993, the Company had fully amortized the deferred income tax reserves related to the allowance for funds used during construction capitalized for Wolf Creek Generating Station (Wolf Creek). The completion of the amortization of these deferred income tax reserves increased income tax expense and thereby reduced net income by approximately $12 million in 1994, and in the future will reduce net income by this same amount each year.

LIQUIDITY AND CAPITAL RESOURCES: The Company's liquidity is a function of its ongoing construction program, designed to improve facilities which provide electric service and meet future customer service requirements.

During 1994, construction expenditures for the Company's electric system were approximately $69 million and nuclear fuel expenditures were approximately $21 million. It is projected that adequate capacity margins will be maintained through the turn of the century. The construction program is focused on providing service to new customers and improving present electric facilities.

Capital expenditures for 1995 through 1997 are anticipated to be as follows:

	Electric	Nuclear Fuel
	(Dollars in Thousands)	
1995.	$53,961	$ 21,400
1996.	47,388	8,100
1997.	42,453	24,000

These expenditures are estimates prepared for planning purposes and are subject to revisions from time to time.

The Company's net cash flows to capital expenditures exceeded 100 percent for 1994 and during the last five years has also averaged in excess of 100 percent. The Company anticipates all of its cash requirements for capital expenditures through 1997 will be provided from net cash flows. The Company also has $16 million of bonds maturing through 1999 which will be provided from internal and external sources available under then existing financial conditions.

During 1994, the Company continued to take advantage of favorable long-term interest rates by refinancing long-term debt issues. The embedded cost of long-term debt was 7.3% at December 31, 1994, a decrease from 7.7% at December 31, 1993.

On January 20, 1994, the Company issued $100 million of First Mortgage Bonds, 6.20% Series due January 15, 2006. The net proceeds were used to reduce short-term debt.

On February, 17, 1994, the Company refinanced the City of La Cygne, Kansas, 5 3/4% Pollution Control Revenue Refunding Bonds Series 1973, $13,980,000 principal amount, with 5.10% Pollution Control Revenue Refunding Bonds Series 1994, $13,982,500 principal amount, due 2023.

On April 28, 1994, three series of Market-Adjusted Tax Exempt Securities totalling $46.4 million were sold on behalf of the Company at a rate of 2.95% for the initial auction period. The interest rates are being reset periodically via an auction process. As of December 31, 1994, the rate on these bonds was 4.10%. The net proceeds from the new issues, together with available cash, were used to refund three series of Pollution Control Bonds totalling $46.4 million bearing interest rates between 5 7/8% and 6.8%.

On November 1, 1994, the Company terminated a long-term agreement which contained provisions for the sale of accounts receivable and unbilled revenues, and phase-in revenues (see Note 6).

In 1986, the Company purchased corporate-owned life insurance policies (COLI) on certain of its employees. The annual cash outflow for the premiums on these policies from 1992 through 1994 was approximately $27 million. See Note 2 of the Notes to Financial Statements for additional information on the accumulated cash surrender value. The borrowings are expected to produce annual cash inflows, net of expenses, through the remaining life of the policies. Borrowings against the policies will be repaid from death proceeds.

The Company's short-term financing requirements are satisfied, as needed, through short-term bank loans and borrowings under other unsecured lines of credit maintained with banks. At December 31, 1994, short-term borrowings amounted to $50 million compared to $155.8 million at December 31, 1993. The decrease is primarily the result of the issuance of the $100 million of bonds on January 20, 1994 (see Note 5).

The KG&E common and preferred stock was redeemed in connection with the Merger, leaving 1,000 shares of common stock held by Western Resources. The debt structure of the Company and available sources of funds were not affected by the Merger.

The Company's capital structure at December 31, 1994, was 64 percent common stock equity and 36 percent long-term debt. The capital structure at December 31, 1994, including short-term debt was 62 percent common stock equity and 38 percent debt. As of December 31, 1994, the Company's bonds were rated "A3" by Moody's Investors Service, "A-" by Standard & Poor's Ratings Group, and "A-" by Fitch Investors Service.

RESULTS OF OPERATIONS

The following is an explanation of significant variations from prior year results in revenues, operating expenses, other income and deductions, and interest charges. Additional information relating to changes between years is provided in the Notes to Financial Statements.

REVENUES

The operating revenues of the Company are based on sales volumes and rates authorized by the Kansas Corporation Commission (KCC) and the Federal Energy Regulatory Commission (FERC). Rates charged for the sale and delivery of electricity are designed to recover the cost of service and allow investors a fair rate of return. Future electric sales will continue to be affected by weather conditions, competition from other generating sources, competing fuel sources, customer conservation efforts and the overall economy of the Company's service area.

The KCC order approving the Merger provided a moratorium on increases, with certain exceptions, in the Company's electric rates until August 1995. The KCC ordered refunds totalling $32 million to the combined companies' (Western Resources and the Company) customers to share with customers the Merger-related cost savings achieved during the moratorium period. Refunds of approximately $4.9 (Company's portion) million were made in April 1992 and December 1993 and the remaining refund of approximately $8.7 million (Company's portion) was made in September 1994 (see Note 1).

On March 26, 1992, in connection with the Merger, the KCC approved the elimination of the Energy Cost Adjustment Clause (ECA) for most retail customers of the Company effective April 1, 1992. The fuel costs are now included in base rates and were established at a level intended by the KCC to equal the projected average cost of fuel through August 1995. Any increase or decrease in fuel costs from the projected average will impact the Company's earnings.

1994 Compared to 1993: Total operating revenues for 1994 of $619.9 million increased less than one percent from revenues of $617.0 million for 1993. The increase can be attributed to higher revenues in all retail customer classes. While residential sales remained virtually unchanged, commercial and industrial sales increased over two percent during 1994. Partially offsetting these increases was a 21 percent decrease in wholesale and interchange sales as a result of higher than normal sales in 1993 to other utilities while their generating units were down due to the flooding of 1993.

1993 Compared to 1992: Total operating revenues increased $62.7 million or 11 percent in 1993 compared to 1992 pro forma revenues. The increase is due to the return of near normal temperatures during 1993 compared to unusually mild winter and summer temperatures in 1992. All customer classes experienced increased sales volumes during 1993. The number of cooling degree days recorded for the city of Wichita were 1,546 for 1993, a 23 percent increase from 1992. Contributing to the increase in wholesale sales were sales to neighboring utilities to meet peak demand periods while those utilities' units were down as a result of the summer flooding.

Partially offsetting these increases in revenues was the amortization of the Merger-related refund.

OPERATING EXPENSES

1994 Compared to 1993: Total operating expenses for 1994 of $470.9 million increased slightly from total operating expenses of $469.6 million for 1993. Federal and state income taxes increased $13.5 million and maintenance expense increased three percent primarily as a result of the major boiler overhaul of the Company's coal fired La Cygne 1 generating station.

The increase in income tax expense was due to the completion at December 31, 1993, of the accelerated amortization of deferred income tax reserves related to the allowance for borrowed funds used during construction capitalized for Wolf Creek. The completion of the amortization of these deferred income tax reserves increased income tax expense and thereby reduced net income by approximately $12 million in 1994, and in the future will reduce net income by this same amount each year.

Partially offsetting the increases in total operating expenses were lower fuel costs, due to decreased electric generation during 1994, and lower other operations expense.

1993 Compared to 1992: Total operating expenses increased $45.5 million or 11 percent in 1993 compared to 1992. Fuel and purchased power expenses increased $21.4 million or 23 percent primarily due to increased generation resulting from increased customer demand for electricity during the summer peak season. Federal and state income taxes increased $28.6 million primarily as a result of higher net income. General taxes increased $4.8 million primarily due to an increase in plant, the property tax assessment ratio, and higher mill levies.

Partially offsetting these increases in total operating expenses was a decrease in other operations expense of $10.1 million primarily as a result of merger-related savings for the entire year of 1993 and reduced net lease expense for La Cygne 2 resulting from refinancing of the secured facility bonds (see Note 7) compared to pro forma operating expenses of 1992.

OTHER INCOME AND DEDUCTIONS: Other income and deductions, net of taxes, decreased significantly in 1994 compared to 1993 primarily as a result of increased interest expense on higher COLI borrowings. Interest on COLI borrowings increased $9.1 million in 1994 compared to 1993. Also contributing to the decrease was the receipt of death benefit proceeds from COLI policies in the third quarter of 1993.

Other income and deductions, net of taxes, increased slightly in 1993 compared to 1992 due to the increased cash surrender values of COLI policies and the receipt of death benefit proceeds. Partially offsetting these increases was higher interest expense on COLI borrowings.

INTEREST CHARGES: Interest charges decreased 12 percent in 1994 compared to 1993 primarily as a result of the refinancing of higher cost fixed-rate debt. Also accounting for the decrease was the impact of increased COLI borrowings which reduce the need for other long-term debt and thereby reduced interest expense. COLI interest is reflected in Other Income and Deductions on the Income Statement. The Company's embedded cost of long-term debt decreased to 7.3% at December 31, 1994 compared to 7.7% and 7.8% at December 31, 1993 and 1992, respectively.

Interest charges decreased $12.4 million in 1993 compared to 1992 as the Company continued to take advantage of lower interest rates on variable-rate and fixed-rate debt by retiring and refinancing higher cost debt.

MERGER IMPLEMENTATION: In accordance with the KCC Merger order, amortization of the acquisition adjustment will commence August 1995. The amortization will amount to approximately $20 million (pre-tax) per year for 40 years. Western Resources and the Company (combined companies) can recover the amortization of the acquisition adjustment through cost savings under a sharing mechanism approved by the KCC as described in Note 1 of the Notes to the Financial Statements. While the combined companies have achieved savings from the Merger, there is no assurance that the savings achieved will be sufficient to, or the cost savings sharing mechanism will operate as to, fully offset the amortization of the acquisition adjustment.

OTHER INFORMATION

INFLATION: Under the ratemaking procedures prescribed by the regulatory commissions to which the Company is subject, only the original cost of plant is recoverable in revenues as depreciation. Therefore, because of inflation, present and future depreciation provisions are inadequate for purposes of maintaining the purchasing power invested by common shareholders and the related cash flows are inadequate for replacing property. The impact of this ratemaking process on common shareholders is mitigated to the extent depreciable property is financed with debt that can be repaid with dollars of less purchasing power. While the Company has experienced relatively low inflation in the recent past, the cumulative effect of inflation on operating costs may require the Company to seek regulatory rate relief to recover these higher costs.

ENVIRONMENTAL: The Company has taken a proactive position with respect to the potential environmental liability associated with former manufactured gas sites and has an agreement with the Kansas Department of Health and Environment (KDHE) to systematically evaluate these sites (see Note 3).

Although the Company currently has no Phase I affected units under the Clean Air Act of 1990, the Company has applied for an early substitution permit to bring the co-owned La Cygne Station under the Phase I guidelines. The oxides of nitrogen (NOx) and air toxic limits, which were not set in law, will be specified in future Environmental Protection Agency (EPA) regulations. The EPA's proposed NOx regulations were ruled invalid by the U.S. Court of Appeals for the District of Columbia Circuit in November 1994, and until such time as the EPA resubmits new proposed regulations, the Company will be unable to determine its compliance options or related compliance costs (see Note 3).

COMPETITION: As a regulated utility, the Company currently has limited direct competition for retail electric service in its certified service area. However, there is competition, based largely on price, from the generation, or potential generation, of electricity by large commercial and industrial customers, and independent power producers.

The 1992 Energy Policy Act (Act) requires increased efficiency of energy usage and has effected the way electricity is marketed. The Act also provides for increased competition in the wholesale electric market by permitting the FERC to order third party access to utilities' transmission systems and by liberalizing the rules for ownership of generating facilities. As part of the Merger, the Company agreed to open access of its transmission system for wholesale transactions. During 1994, wholesale revenues represented less than seven percent of the Company's total revenues.

Operating in this competitive environment could place pressure on utility profit margins and credit quality. Wholesale and industrial customers may threaten to pursue cogeneration, self-generation, retail wheeling, municipalization or relocation to other service territories in an attempt to obtain reduced energy costs. Increasing competition has resulted in credit rating agencies applying more stringent guidelines when making utility credit rating determinations.

The Company is providing reduced electric rates for industrial expansion projects and economic development projects in an effort to maintain and increase electric load. In 1994, The Boeing Company announced it would develop its 777 jetliner in Wichita and Cessna Aircraft Company announced it would build a production plant in Independence, Kansas along with expanding its Wichita facilities, with an addition of 2,000 jobs.

In order to retain its current electric load, the Company has and will continue to negotiate with some of its larger industrial customers, who are able to develop cogeneration facilities, for long term contracts although some negotiated rates may result in reduced margins for the Company. During 1996, the Company will lose a major industrial customer to cogeneration resulting in a reduction to pre-tax earnings of approximately $7 to $8 million. This customer's decision to develop its own cogeneration project was based partially on factors other than energy cost.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

TABLE OF CONTENTS

SCHEDULES OMITTED

The following schedules are omitted because of the absence of the conditions under which they are required or the information is included in the financial statements and schedules presented:

I, II, III, IV, and V.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Kansas Gas and Electric Company:

We have audited the accompanying balance sheets and statements of capitalization of Kansas Gas and Electric Company (a wholly-owned subsidiary of Western Resources, Inc.) as of December 31, 1994 and 1993, and the related statements of income, cash flows, taxes, and common stock equity for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kansas Gas and Electric Company as of December 31, 1994 and 1993, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

As explained in Note 8 to the financial statements, effective January 1, 1993, the Company changed its method of accounting for postretirement benefits.

ARTHUR ANDERSEN LLP

Kansas City, Missouri,
January 25, 1995

INDEPENDENT AUDITORS' REPORT

Kansas Gas and Electric Company:

We have audited the 1992 financial statements of Kansas Gas and Electric Company (a wholly-owned subsidiary of Western Resources, Inc.) listed in the accompanying table of contents. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, such financial statements present fairly, in all material respects, the results of the Company's operations and its cash flows for the periods indicated in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Kansas City, Missouri
January 29, 1993

KANSAS GAS AND ELECTRIC COMPANY
BALANCE SHEETS
(Dollars in Thousands)

	December 31, 1994	December 31, 1993
ASSETS		
UTILITY PLANT:		
Electric plant in service (Notes 2 and 12)	$3,390,406	$3,339,832
Less - Accumulated depreciation	833,953	790,843
	2,556,453	2,548,989
Construction work in progress	32,874	28,436
Nuclear fuel (net)	39,890	29,271
Net utility plant	2,629,217	2,606,696
OTHER PROPERTY AND INVESTMENTS:		
Decommissioning trust (Note 3)	16,944	13,204
Other	11,561	10,941
	28,505	24,145
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	47	63
Accounts receivable and unbilled revenues (net)(Note 6)	67,833	11,112
Advances to parent company (Note 14)	64,393	192,792
Fossil fuel, at average cost,	13,752	7,594
Materials and supplies, at average cost	30,921	29,933
Prepayments and other current assets	16,662	14,995
	193,608	256,489
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes (Note 9)	102,789	102,789
Deferred coal contract settlement costs (Note 4)	17,944	21,247
Phase-in revenues (Note 4)	61,406	78,950
Other deferred plant costs	31,784	32,008
Corporate-owned life insurance (net) (Note 2)	9,350	45
Unamortized debt expense	27,777	27,365
Other	40,430	37,745
	291,480	300,149
TOTAL ASSETS	$3,142,810	$3,187,479
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (see Statements)	$1,925,196	$1,899,221
CURRENT LIABILITIES:		
Short-term debt (Note 5)	50,000	155,800
Long-term debt due within one year (Note 6)	-	238
Accounts payable	49,093	51,095
Accrued taxes	15,737	12,185
Accrued interest	8,337	7,381
Other	11,160	9,427
	134,327	236,126
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes (Notes 1 and 9)	689,169	646,159
Deferred investment tax credits (Note 9)	74,841	78,048
Deferred gain from sale-leaseback (Note 7)	252,341	261,981
Other	66,936	65,944
	1,083,287	1,052,132
COMMITMENTS AND CONTINGENCIES (Notes 3 and 10)		
TOTAL CAPITALIZATION AND LIABILITIES	$3,142,810	$3,187,479

The NOTES TO FINANCIAL STATEMENTS are an integral part of these statements.

KANSAS GAS AND ELECTRIC COMPANY
STATEMENTS OF INCOME
(Dollars in Thousands)

	Year Ended December 31, 1994	1993	Pro Forma 1992	1992 April 1 to Dec. 31 (Successor)	1992 January 1 to March 31 (Predecessor)
OPERATING REVENUES (Notes 2 and 4)	$ 619,880	$ 616,997	$ 554,251	$ 423,538	$ 130,713
OPERATING EXPENSES:					
Fuel used for generation:					
Fossil fuel	90,383	93,388	73,785	53,701	20,084
Nuclear fuel	13,562	13,275	12,558	10,126	2,432
Power purchased	7,144	9,864	8,746	3,207	5,539
Other operations	115,060	118,948	129,083	91,436	37,647
Maintenance	47,988	46,740	46,702	35,956	10,746
Depreciation and amortization	71,457	75,530	74,696	55,547	19,149
Amortization of phase-in revenues	17,544	17,545	17,544	13,158	4,386
Taxes (see Statements):					
Federal income	50,212	39,553	16,305	17,523	(1,218)
State income	12,427	9,570	4,264	4,732	(468)
General	45,092	45,203	40,406	30,155	10,251
Total operating expenses	470,869	469,616	424,089	315,541	108,548
OPERATING INCOME	149,011	147,381	130,162	107,997	22,165
OTHER INCOME AND DEDUCTIONS:					
Corporate-owned life insurance (net)	(5,354)	7,841	10,724	9,308	1,416
Miscellaneous (net)	5,079	9,271	7,873	9,417	(1,544)
Income taxes (net) (see Statements)	7,290	2,227	191	(1,296)	1,487
Total other income and deductions	7,015	19,339	18,788	17,429	1,359
INCOME BEFORE INTEREST CHARGES	156,026	166,720	148,950	125,426	23,524
INTEREST CHARGES:					
Long-term debt	47,827	53,908	57,862	42,889	14,973
Other	5,183	6,075	15,121	11,777	3,344
Allowance for borrowed funds used during construction (credit)	(1,510)	(1,366)	(2,014)	(1,181)	(833)
Total interest charges	51,500	58,617	70,969	53,485	17,484
NET INCOME	104,526	108,103	77,981	71,941	6,040
PREFERRED DIVIDENDS	-	-	-	-	205
EARNINGS APPLICABLE TO COMMON STOCK	$ 104,526	$ 108,103	$ 77,981	$ 71,941	$ 5,835

The NOTES TO FINANCIAL STATEMENTS are an integral part of these statements.

KANSAS GAS AND ELECTRIC COMPANY
STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	Year Ended December 31, 1994	1993	1992 March 31 to Dec. 31 (Successor)	1992 January 1 to March 31 (Predecessor)
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$ 104,526	$ 108,103	$ 71,941	$ 6,040
Depreciation and amortization	71,457	75,530	55,547	19,149
Other amortization (including nuclear fuel)	10,905	11,254	8,930	1,352
Deferred taxes and investment tax credits (net)	25,349	22,572	9,326	(2,851)
Amortization of phase-in revenues	17,544	17,545	13,158	4,386
Corporate-owned life insurance	(17,246)	(21,650)	(14,704)	(3,295)
Amortization of gain from sale-leaseback	(9,640)	(9,640)	(7,231)	(2,409)
Changes in working capital items:				
Accounts receivable and unbilled revenues (net) (Note 2)	(56,721)	(569)	1,079	1,272
Fossil fuel	(6,158)	8,507	4,425	(1,858)
Accounts payable	(2,002)	(9,813)	(7,216)	(6,100)
Interest and taxes accrued	4,508	(9,053)	(14,345)	10,598
Other	(922)	(2,191)	(8,456)	1,689
Changes in other assets and liabilities	(11,181)	(16,530)	(41,402)	(5,479)
Net cash flows from operating activities	130,419	174,065	71,052	22,494
CASH FLOWS USED IN INVESTING ACTIVITIES:				
Additions to utility plant	89,880	66,886	53,138	11,496
Corporate-owned life insurance policies	26,418	27,268	20,233	6,802
Death proceeds of corporate-owned life insurance	-	(10,160)	(6,789)	-
Other investments	-	-	-	(552)
Merger:				
Purchase of KG&E common stock-net of cash received	-	-	432,043	-
Purchase of KG&E preferred stock	-	-	19,665	-
Net cash flows used in investing activities	116,298	83,994	518,290	17,746
CASH FLOWS FROM FINANCING ACTIVITIES:				
Short-term debt (net)	(105,800)	62,300	49,900	5,800
Advances to parent company (net)	128,399	(118,503)	(74,289)	-
Bonds issued	160,422	65,000	135,000	-
Bonds retired	(46,440)	(140,000)	(125,000)	-
Other long-term debt (net)	(67,893)	7,043	14,498	(3,810)
Borrowings against life insurance policies (net)	42,175	183,260	(5,649)	6,398
Revolving credit agreement (net)	-	(150,000)	-	-
Other (net)	-	-	-	(17)
Dividends to parent company	(125,000)	-	-	-
Dividends on preferred and common stock	-	-	-	(13,535)
Issuance of KCA common stock	-	-	453,670	-
Net cash flows from (used in) financing activities	(14,137)	(90,900)	448,130	(5,164)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16)	(829)	892	(416)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	63	892	-	2,378
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 47	$ 63	$ 892	$ 1,962
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
CASH PAID FOR:				
Interest on financing activities (net of amount capitalized)	$ 68,544	$ 77,653	$ 63,451	$ 11,635
Income taxes	28,509	29,354	14,225	-

The NOTES TO FINANCIAL STATEMENTS are an integral part of these statements.

KANSAS GAS AND ELECTRIC COMPANY
STATEMENTS OF TAXES
(Dollars in Thousands)

	1994	1993	1992 April 1 to Dec. 31 (Successor)	1992 January 1 to March 31 (Predecessor)
	Year Ended December 31,			
FEDERAL INCOME TAXES:				
Payable currently	$ 24,427	$ 19,220	$ 11,356	$ (322)
Deferred (net)	23,002	16,691	8,633	(1,785)
Investment tax credit-Deferral	-	4,900	946	-
-Amortization	(3,208)	(3,114)	(2,400)	(777)
Total Federal income taxes	44,221	37,697	18,535	(2,884)
Less:				
Federal income taxes applicable to non-operating items	(5,991)	(1,856)	1,012	(1,666)
Total Federal income taxes charged to operations	50,212	39,553	17,523	(1,218)
STATE INCOME TAXES:				
Payable currently	5,574	5,104	2,869	-
Deferred (net)	5,554	4,095	2,147	(289)
Total State income taxes	11,128	9,199	5,016	(289)
Less:				
State income taxes applicable to non-operating items	(1,299)	(371)	284	179
Total State income taxes charged to operations	12,427	9,570	4,732	(468)
GENERAL TAXES:				
Property	40,104	38,432	26,380	8,622
Payroll and other taxes	4,988	6,771	3,775	1,629
Total general taxes charged to operations	45,092	45,203	30,155	10,251
TOTAL TAXES CHARGED TO OPERATIONS	$ 107,731	$ 94,326	$ 52,410	$ 8,565

	Year Ended December 31, 1994	1993	Pro Forma 1992
EFFECTIVE INCOME TAX RATE	35%	30%	21%
Effect of:			
Additional depreciation	(1)	(3)	(4)
Accelerated amortization of deferred income tax credits	-	8	11
State income taxes, net of Federal benefit	(5)	(4)	(2)
Amortization of investment tax credits	2	2	2
Corporate-owned life insurance	4	5	6
Other items (net)	-	(3)	-
STATUTORY FEDERAL INCOME TAX RATE	35%	35%	34%

The NOTES TO FINANCIAL STATEMENTS are an integral part of these statements.

KANSAS GAS AND ELECTRIC COMPANY
STATEMENTS OF CAPITALIZATION
(Dollars in Thousands)

	Due	1994	1993	December 31, 1994		December 31, 1993	
COMMON STOCK EQUITY (Note 1):							
(see Statements)							
Common stock, without par value, authorized and issued 1,000 shares				$1,065,634		$1,065,634	
Retained earnings				159,570		180,044	
Total common stock equity				1,225,204	64%	1,245,678	66%
LONG-TERM DEBT (Note 6):							
First Mortgage Bonds:							
Series	Due	1994	1993				
5-5/8%	1996	$ 16,000	$ 16,000				
7.6%	2003	135,000	135,000				
6-1/2%	2005	65,000	65,000				
6.20%	2006	100,000	-				
				316,000		216,000	
Pollution Control Bonds:							
6.80%	2004	-	14,500				
5-7/8%	2007	-	21,940				
6%	2007	-	10,000				
5.10%	2023	13,982	-				
Variable (a)	2027	21,940	-				
7.0%	2031	327,500	327,500				
Variable (a)	2032	14,500	-				
Variable (a)	2032	10,000	-				
				387,922		373,940	
Total bonds				703,922		589,940	
Other Long-Term Debt:							
Pollution control obligations:							
5-3/4% series	2003	-	13,980				
Other long-term agreement	1995	-	53,913				
Total other long-term debt				-		67,893	
Less:							
Unamortized premium and discount (net)				3,930		4,052	
Long-term debt due within one year				-		238	
Total long-term debt				699,992	36%	653,543	34%
TOTAL CAPITALIZATION				$1,925,196	100%	$1,899,221	100%

(a) Market-Adjusted Tax Exempt Securities (MATES). The interest rate is reset periodically via an auction process. As of December 31, 1994, the rate on these bonds was 4.10%.

The NOTES TO FINANCIAL STATEMENTS are an integral part of these statements.

KANSAS GAS AND ELECTRIC COMPANY
STATEMENTS OF COMMON STOCK EQUITY
(Thousands of Dollars, Except Shares)
Years Ended December 31,

	Common Stock Shares	Common Stock Amount	Other Paid-in Capital	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Total
BALANCE DECEMBER 31, 1991. . (Predecessor)	40,997,745	$ 637,003	$ 284	$170,598	(9,996,426)	$(199,255)	$ 608,630
Net income				6,040			6,040
Cash dividends:							
Common stock				(13,330)			(13,330)
Preferred stock.				(205)			(205)
Employee stock plans . . .		(12)			(966)		(12)
Merger of KG&E with KCA. .	(40,997,745)	(636,991)	(284)	(163,103)	9,997,392	199,255	(601,123)
BALANCE MARCH 31, 1992 (Predecessor).	-0-	-0-	-0-	-0-	-0-	-0-	-0-
KCA common stock issued. .	1,000	$1,065,634	$ -	$ -	-	$ -	$1,065,634
Net income				71,941			71,941
BALANCE DECEMBER 31, 1992. . (Successor)	1,000	1,065,634	-	71,941	-	-	1,137,575
Net income				108,103			108,103
BALANCE DECEMBER 31, 1993. .	1,000	1,065,634	-	180,044	-	-	1,245,678
Net income				104,526			104,526
Dividend to parent company				(125,000)			(125,000)
BALANCE DECEMBER 31, 1994. .	1,000	$1,065,634	$ -	$ 159,570	-	$ -	$1,225,204

The NOTES TO FINANCIAL STATEMENTS are an integral part of these statements.

KANSAS GAS AND ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS

1. ACQUISITION AND MERGER

On March 31, 1992, Western Resources, Inc. (formerly The Kansas Power and Light Company) (Western Resources) through its wholly-owned subsidiary KCA Corporation (KCA), acquired all of the outstanding common and preferred stock of Kansas Gas and Electric Company (KG&E) for $454 million in cash and 23,479,380 shares of Western Resources common stock (the Merger). Western Resources also paid $20 million in costs to complete the Merger. The total cost of the acquisition to Western Resources was $1.066 billion. Simultaneously, KCA and KG&E merged and adopted the name of Kansas Gas and Electric Company. The Merger was accounted for as a purchase. For income tax purposes the tax basis of the Company's assets was not changed by the Merger. In the accompanying statements, KG&E prior to the Merger is labeled as the "Predecessor" and after the Merger as the "Successor". Throughout the notes to financial statements, the "Company, KG&E" refers to both Predecessor and Successor.

As Western Resources acquired 100% of the common and preferred stock of KG&E, the Company recorded an acquisition premium of $490 million on the balance sheet for the difference in purchase price and book value and increased common stock equity to reflect the new cost basis of Western Resources' investment in the Company. This acquisition premium and related income tax requirement of $311 million under Statement of Financial Accounting Standards No. 109 (SFAS 109) have been classified as plant acquisition adjustment in electric plant in service on the balance sheets. Under the provisions of the order of the Kansas Corporation Commission (KCC), the acquisition premium is recorded as an acquisition adjustment and not allocated to the other assets and liabilities of the Company.

The pro forma information for the year ended December 31, 1992 in the accompanying financial statements gives effect to the Merger as if it occurred on January 1, 1992, and was derived by combining the historical information for the three month period ended March 31, 1992 and the nine month period ended December 31, 1992. No purchase accounting adjustments were made for periods prior to the Merger in determining pro forma amounts, other than the elimination of preferred dividends, because such adjustments would be immaterial. This pro forma information is not necessarily indicative of the results of operations that would have occurred had the Merger been consummated on January 1, 1992, nor is it necessarily indicative of future operating results or financial position.

In the November 1991 KCC order approving the Merger, a mechanism was approved to share equally between the shareholders and ratepayers the cost savings generated by the Merger in excess of the revenue requirement needed to allow recovery of the amortization of a portion of the acquisition adjustment, including income tax, calculated on the basis of a purchase price of KG&E's common stock at $29.50 per share. The order provides an amortization period for the acquisition adjustment of 40 years commencing in August 1995, at which time the full amount of cost savings is expected to have been implemented. Merger savings will be measured by application of an inflation index to certain pre-merger operating and maintenance costs at the time of the next Kansas rate case. While Western Resources and the Company (combined companies) have achieved savings from the Merger, there is no assurance that the savings achieved will be sufficient to, or the cost savings sharing mechanism will operate as to fully offset the amortization of the acquisition adjustment. The order further provides a moratorium on increases, with certain exceptions, in the Company's Kansas electric rates until August 1995. The KCC ordered refunds totalling $32 million to the combined companies' customers to share with customers the Merger-related cost savings achieved during the moratorium period. Refunds of approximately $4.9 (Company's share) million for the Company were made in April 1992 and December 1993 and the remaining refund of approximately $8.7 (Company's share)million was made in September 1994.

The KCC order approving the Merger required the legal reorganization of the Company so that it was no longer held as a separate subsidiary after January 1, 1995, unless good cause was shown why such separate existence should be maintained. The Securities and Exchange Commission order relating to the Merger granted Western Resources an exemption under the Public Utility Holding Company Act (PUHCA) until January 1, 1995. Western Resources has been granted regulatory approval from the KCC which eliminates the requirement for a combination. As a result of the sales of Western Resources' Missouri Properties, Western Resources is now exempt from regulation as a holding company under Section 3(a)(1) of the PUHCA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: The financial statements of KG&E include, through March 31, 1992, its 80% owned subsidiary, CIC Systems, Inc. (CIC). In April 1992, the Company disposed of its 80% interest in CIC. KG&E owns 47 percent of Wolf Creek Nuclear Operating Corporation (WCNOC), the operating company for Wolf Creek Generating Station (Wolf Creek). The Company records its proportionate share of all transactions of WCNOC as it does other jointly-owned facilities. The accounting policies of the Company are in accordance with generally accepted accounting principles as applied to regulated public utilities. The accounting and rates of the Company are subject to requirements of the KCC and the Federal Energy Regulatory Commission (FERC).

Utility Plant: Utility plant (including plant acquisition adjustment) is stated at cost. For constructed plant, cost includes contracted services, direct labor and materials, indirect charges for engineering, supervision, general and administrative costs, and an allowance for funds used during construction (AFUDC). The AFUDC rate was 4.07% for 1994, 4.41% for 1993, 6.51% for the nine months ended December 31, 1992, and 6.70% for the three months ended March 31, 1992. The cost of additions to utility plant and replacement units of property is capitalized. Maintenance costs and replacement of minor items of property are charged to expense as incurred. When units of depreciable property are retired, they are removed from the plant accounts and the original cost plus removal charges less salvage are charged to accumulated depreciation.

Depreciation: Depreciation is provided on the straight-line method based on estimated useful lives of property. Composite provisions for book depreciation approximated 2.7% during 1994, 2.9% during 1993, 2.9% during the nine months ended December 31, 1992, and 3.0% during the three months ended March 31, 1992 of the average original cost of depreciable property.

Cash and Cash Equivalents: For purposes of the Statements of Cash Flows, cash and cash equivalents include cash on hand and highly liquid collateralized debt instruments purchased with maturities of three months or less.

Income Taxes: Income tax expense includes provisions for income taxes currently payable and deferred income taxes calculated in conformance with income tax laws, regulatory orders and Statement of Financial Accounting Standards No. 109 (SFAS 109) (see Note 9).

Investment tax credits previously deferred are being amortized to income over the life of the property which gave rise to the credits.

Revenues: Operating revenues include amounts actually billed for services rendered and an accrual of estimated unbilled revenues. Unbilled revenues represent the estimated amount customers will be billed for service provided from the time meters were last read to the end of the accounting period. Unbilled revenues of $21.4 and $22.3 million at December 31, 1994 and 1993, respectively, are recorded as a component of accounts receivable on the balance sheets. At December 31, 1993, certain amounts of unbilled revenues were sold (see Note 6).

The Company had reserves for doubtful accounts receivable of $1.9 and $3.0 million at December 31, 1994 and 1993, respectively.

Fuel Costs: The cost of nuclear fuel in process of refinement, conversion, enrichment, and fabrication is recorded as an asset at original cost and is amortized to expense based upon the quantity of heat produced for the generation of electricity. The accumulated amortization of nuclear fuel in the reactor at December 31, 1994 and 1993, was $13.6 and $17.4 million, respectively.

Cash Surrender Value of Life Insurance Contracts: The following amounts related to corporate-owned life insurance contracts (COLI), primarily with one highly rated major insurance company, are recorded on the balance sheets:

	1994	1993
	(Dollars in Millions)	
Cash surrender value of contracts. . .	$320.6	$269.0
Borrowings against contracts	311.2	(269.0)
COLI (net)	$ 9.4	$ 0.0

The COLI borrowings will be repaid upon receipt of proceeds from death benefits under contracts. The Company recognizes increases in the cash surrender value of contracts, resulting from premiums and investment earnings on a tax free basis, and the tax deductible interest on the COLI borrowings in Corporate-owned Life Insurance (net) on the Statements of Income. Interest expense included in corporate-owned life insurance (net) on the statements of income was $21.0 million for 1994, $11.9 million for 1993, $5.3 million for the nine months ended December 31, 1992, and $1.9 million for the three months ended March 31, 1992.

Reclassifications: Certain amounts in prior years have been reclassified to conform with classifications used in the current year presentation.

3. COMMITMENTS AND CONTINGENCIES

Manufactured Gas Sites: The Company was previously associated with six former manufactured gas sites which contain coal tar and other potentially harmful materials. The Company and the Kansas Department of Health and Environment (KDHE) conducted preliminary assessments of these sites at minimal cost. The results of the preliminary investigations determined the Company does not have a connection to two of the sites.

The Company and KDHE entered into a consent agreement governing all future work at the four remaining sites. The terms of the consent agreement will allow the Company to investigate these sites and set remediation priorities based upon the results of the investigations and risk analysis. The prioritized sites will be investigated over a 10 year period. The agreement will allow the Company to set mutual objectives with the KDHE in order to expedite effective response activities and to control costs and environmental impact. The Company is aware of other utilities in Region VII of the EPA (Kansas, Missouri, Nebraska, and Iowa) which have incurred remediation costs for such sites ranging between $500,000 and $10 million, depending on the site and that the KCC has permitted another Kansas utility to recover its remediation costs through rates. To the extent that such remediation costs are not recovered through rates, the costs could be material to the Company's financial position or results of operations depending on the degree of remediation and number of years over which the remediation must be completed.

Spent Nuclear Fuel Disposal: Under the Nuclear Waste Policy Act of 1982, the U.S. Department of Energy (DOE) is responsible for the ultimate storage and disposal of spent nuclear fuel removed from nuclear reactors. Under a contract with the DOE for disposal of spent nuclear fuel, the Company pays a quarterly fee to DOE of one mill per kilowatthour on net nuclear generation. These fees are included as part of nuclear fuel expense and amounted to $3.8 million for 1994, $3.5 million for 1993, $1.6 million for the nine months ended December 31, 1992, and $.5 million for the three months ended March 31, 1992.

The Company along with the other co-owners of Wolf Creek are among 14 companies that filed a lawsuit on June 20, 1994, seeking an interpretation of the DOE's obligation to begin accepting spent nuclear fuel for disposal in 1998. The Federal Nuclear Waste Policy Act requires DOE ultimately to accept and dispose of nuclear utilities' spent fuel. The DOE has filed a motion to have this case dismissed. The issue to be decided in this case is whether DOE must begin accepting spent fuel in 1998 or at a future date. Wolf Creek contains an on-site spent fuel storage facility which, under current regulatory guidelines, provides space for the storage of spent fuel through the year 2006 while still maintaining full core off-load capability. The Company believes adequate additional storage space can be obtained as necessary.

Decommissioning: On June 9, 1994, the KCC issued an order approving the decommissioning costs of the 1993 Wolf Creek Decommissioning Cost Study which estimates the Company's share of Wolf Creek decommissioning costs, under the immediate dismantlement method, to be approximately $595 million primarily during the period from 2025 through 2033, or approximately $174 million in 1993 dollars. These costs were calculated using an assumed inflation rate of 3.45% over the remaining service life, in 1993, of 32 years.

Decommissioning costs are being charged to operating expenses in accordance with the KCC order. Electric rates charged to customers provide for recovery of these decommissioning costs over the life of Wolf Creek. Amounts so expensed ($3.5 million in 1994 increasing annually to $5.5 million in 2024) and earnings on trust fund assets are deposited in an external trust fund. The assumed return on trust assets is 5.9%.

The Company's investment in the decommissioning fund, including reinvested earnings was $16.9 million and $13.2 million at December 31, 1994 and December 31, 1993, respectively. These amounts are reflected in Decommissioning Trust, and the related liability is included in Deferred Credits and Other Liabilities, Other, on the Balance Sheets.

The Company carries $118 million in premature decommissioning insurance. The insurance coverage has several restrictions. One of these is that it can only be used if Wolf Creek incurs an accident exceeding $500 million in expenses to safely stabilize the reactor, to decontaminate the reactor and reactor station site in accordance with a plan approved by the Nuclear Regulatory Commission (NRC), and to pay for on-site property damages. If the amount designated as decommissioning insurance is needed to implement the NRC-approved plan for stabilization and decontamination, it would not be available for decommissioning purposes.

Nuclear Insurance: The Price-Anderson Act limits the combined public liability of the owners of nuclear power plants to $8.9 billion for a single nuclear incident. The Wolf Creek owners (Owners) have purchased the maximum available private insurance of $200 million and the balance is provided by an assessment plan mandated by the NRC. Under this plan, the Owners are jointly and severally subject to a retrospective assessment of up to $79.3 million ($37.3 million, Company's share) in the event there is a major nuclear incident involving any of the nation's licensed reactors. This assessment is subject to an inflation adjustment based on the Consumer Price Index and applicable premium taxes. There is a limitation of $10 million ($4.7 million, Company's share) in retrospective assessments per incident per year.

The Owners carry decontamination liability, premature decommissioning liability, and property damage insurance for Wolf Creek totalling approximately $2.8 billion ($1.3 billion, Company's share). This insurance is provided by a combination of "nuclear insurance pools" ($500 million) and Nuclear Electric Insurance Limited (NEIL) ($2.3 billion). In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination. The Company's share of any remaining proceeds can be used for property damage up to $1.2 billion (Company's share) and premature decommissioning costs up to $118 million (Company's share) in excess of funds previously collected for decommissioning (as discussed under "Decommissioning").

The Owners also carry additional insurance with NEIL to cover costs of replacement power and other extra expenses incurred during a prolonged outage resulting from accidental property damage at Wolf Creek. If losses incurred at any of the nuclear plants insured under the NEIL policies exceed premiums, reserves, and other NEIL resources, the Company may be subject to retrospective assessments of approximately $13 million per year.

Although the Company maintains various insurance policies to provide coverage for potential losses or liabilities resulting from an accident or extended outage, the Company's insurance coverage may not be adequate to cover the costs that could result from a major accident or extended outage at Wolf Creek. Any substantial losses not covered by insurance, to the extent not recoverable through rates, would have a material adverse effect on the Company's financial position and results of operations.

Clean Air Act: The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in sulfur dioxide and oxides of nitrogen (NOx) emissions effective in 1995 and 2000 and a probable reduction in toxic emissions. To meet the monitoring and reporting requirements under the acid rain program, the Company installed continuous monitoring and reporting equipment at a total cost of approximately $2.3 million. The Company does not expect additional equipment to reduce sulfur emissions to be necessary under Phase II. Although the Company currently has no Phase I affected units, the owners have applied for an early substitution permit to bring the co-owned La Cygne Station under the Phase I regulations.

The NOx and air toxic limits, which were not set in the law, will be specified in future EPA regulations. The EPA's proposed NOx regulations were ruled invalid by the U.S. Court of Appeals for the District of Columbia Circuit in November 1994, and until such time as the EPA resubmits new proposed regulations, the Company will be unable to determine its compliance options or related compliance costs.

Federal Income Taxes: During 1991, the Internal Revenue Service (IRS) completed an examination of the Company's federal income tax returns for the years 1984 through 1988. In April 1992, the Company received the examination report and upon review filed a written protest in August 1992. In October 1993, the Company received another examination report for the years 1989 and 1990 covering the same issues identified in the previous examination report. Upon review of this report, the Company filed a written protest in November 1993. The most significant proposed adjustments reduce the depreciable basis of certain assets and investment tax credits generated. Management believes there are significant questions regarding the theory, computations, and sampling techniques used by the IRS to arrive at its proposed adjustments, and also believes any additional tax expense incurred or loss of investment tax credits will not be material to the Company's financial position and results of operations. Additional income tax payments, if any, are expected to be offset by investment tax credit carryforwards, alternative minimum tax credit carryforwards, or deferred tax provisions.

Fuel Commitments: To supply a portion of the fuel requirements for its generating plants, the Company has entered into various commitments to obtain nuclear fuel, coal, and natural gas. Some of these contracts contain provisions for price escalation and minimum purchase commitments. At December 31, 1994, WCNOC's nuclear fuel commitments (Company's share) were approximately $12.6 million for uranium concentrates expiring at various times through 1997, $122.9 million for enrichment expiring at various times through 2014, and $56.5 million for fabrication through 2012. At December 31, 1994, the Company's coal and natural gas contract commitments in 1994 dollars under the remaining term of the contracts are $721 million and $9 million, respectively. The largest coal contract was renegotiated in early 1993 and expires in 2020 with the remaining coal contracts expiring at various times through 2013. The majority of natural gas contracts expire in 1995 with automatic one-year extension provisions. In the normal course of business, additional commitments and spot market purchases will be made to obtain adequate fuel supplies.

Energy Act: As part of the 1992 Energy Policy Act, a special assessment is being collected from utilities for a uranium enrichment decontamination and decommissioning fund. The Company's portion of the assessment for Wolf Creek is approximately $7 million, payable over 15 years. Management expects such costs to be recovered through the ratemaking process.

4. RATE MATTERS AND REGULATION

Elimination of the Energy Cost Adjustment Clause (ECA): On March 26, 1992, in connection with the Merger, the KCC approved the elimination of the ECA for most retail customers effective April 1, 1992. The provisions for fuel costs included in base rates were established at a level intended by the KCC to equal the projected average cost of fuel through August 1995, and to include recovery of costs provided by previously issued orders relating to coal contract settlements and storm damage recovery discussed below. Any increase or decrease in fuel costs from the projected average will impact the Company's earnings.

Rate Stabilization Plan: In 1988, the KCC issued an order requiring that the accrual of phase-in revenues be discontinued effective December 31, 1988. Effective January 1, 1989, the Company began amortizing the phase-in revenue asset on a straight-line basis over 9-1/2 years. At December 31, 1994 approximately $61 million of deferred phase-in revenues remained on the Balance Sheet.

Coal Contract Settlements: In March 1990, the KCC issued an order allowing the Company to defer its share of a 1989 coal contract settlement with the Pittsburg and Midway Coal Mining Company amounting to $22.5 million. This amount was recorded as a deferred charge on the balance sheets. The settlement resulted in the termination of a long-term coal contract. The KCC permitted the Company to recover this settlement as follows: 76% of the settlement plus a return over the remaining term of the terminated contract (through 2002) and 24% to be amortized to expense with a deferred return equivalent to the carrying cost of the asset. Approximately $18 million of this deferral remains on the balance sheet at December 31, 1994.

In February 1991, the Company paid $8.5 million to settle a coal contract lawsuit with AMAX Coal Company and recorded the payment as a deferred charge on the Company's Balance Sheet. In July 1991, the KCC approved the recovery of the settlement plus a return equivalent to the carrying cost of the asset, over the remaining term of the terminated contract (through 1996).

5. SHORT-TERM BORROWINGS

The Company's short-term financing requirements are satisfied through short-term bank loans and uncommitted loan participation agreements. Maximum short-term borrowings outstanding during 1994 and 1993 were $172.3 million on January 4, 1994 and $175.8 million on December 14, 1993. The weighted average interest rates, including fees, were 4.5% for 1994, 3.5% for 1993, 6.4% for the nine months ended December 31, 1992, and 7.1% for the three months ended March 31, 1992.

6. LONG-TERM DEBT

The amount of first mortgage bonds authorized by the KG&E Mortgage and Deed of Trust (Mortgage) dated April 1, 1940, as supplemented, is limited to a maximum of $2 billion. Amounts of additional bonds which may be issued are subject to property, earnings, and certain restrictive provisions of the Mortgage. Electric plant is subject to the lien of the Mortgage except for transportation equipment.

Debt discount and expenses are being amortized over the remaining lives of each issue. The improvement and maintenance fund requirements for certain first mortgage bond series can be met by bonding additional property. The sinking fund requirements for certain pollution control series bonds can be met only through the acquisition and retirement of outstanding bonds.

On November 1, 1994, the Company terminated a long-term agreement which contained provisions for the sale of accounts receivable and unbilled revenues (receivables) and phase-in revenues up to a total of $180 million. Amounts related to receivables were accounted for as sales while those related to phase-in revenues were accounted for as collateralized borrowings. At December 31, 1993, outstanding receivables amounting to $56.8 million, were considered sold under the agreement. The weighted average interest rate, including fees, on this agreement was 4.6% for 1994, 3.7% for 1993, 6.6% for the nine months ended December 31, 1992, and 7.9% for the three months ended March 31, 1992.

7. SALE-LEASEBACK OF LA CYGNE 2

In 1987, the Company sold and leased back its 50 percent undivided interest in the La Cygne 2 generating unit. The lease has an initial term of 29 years, with various options to renew the lease or repurchase the 50 percent undivided interest. The Company remains responsible for its share of operation and maintenance costs and other related operating costs of La Cygne 2. The lease is an operating lease for financial reporting purposes.

As permitted under the lease agreement, the Company in 1992 requested the Trustee Lessor to refinance $341.1 million of secured facility bonds of the Trustee and owner of La Cygne 2. The transaction was requested to reduce recurring future net lease expense. In connection with the refinancing on September 29, 1992, a one-time payment of approximately $27 million was made by the Company which has been deferred and is being amortized over the remaining life of the lease and included in operating expense as part of the future lease expense. At December 31, 1994, approximately $24.8 million of this deferral remained on the Balance Sheet.

Future minimum annual lease payments required under the lease agreement are approximately $34.6 million for each year through 1999 and $680 million over the remainder of the lease.

The gain of approximately $322 million realized at the date of the sale has been deferred for financial reporting purposes, and is being amortized over the initial lease term in proportion to the related lease expense. The Company's lease expense, net of amortization of the deferred gain and a one-time payment, was approximately $22.5 million for 1994 and 1993, $20.6 million for the nine months ended December 31, 1992, and $7.5 million for the three months ended March 31, 1992.

8. EMPLOYEE BENEFIT PLANS

Pension: The Company maintains noncontributory defined benefit pension plans covering substantially all employees of the Company prior to the Merger. Pension benefits are based on years of service and the employee's compensation during the five highest paid consecutive years out of ten before retirement. The Company's policy is to fund pension costs accrued, subject to limitations set by the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code.

The following table provides information on the components of pension cost for the Company's pension plans (dollars in millions):

	1994	1993	1992 April 1 to Dec.31 (Successor)	1992 Jan.1 to March 31 (Predecessor)
Pension Cost:				
Service cost	$ 3.7	$ 3.2	$ 2.5	$ .8
Interest cost on projected benefit obligation	9.7	9.5	6.7	2.1
(Gain) loss on plan assets . . .	2.1	(14.1)	(5.8)	(9.0)
Net amortization & deferral. . .	(11.4)	4.9	(1.0)	6.7
Net pension cost	$ 4.1	$ 3.5	$ 2.4	$ .6

The following table sets forth the plans' actuarial present value and funded status at November 30, 1994 and 1993 (the plan years) and a reconciliation of such status to the December 31, 1994, 1993, and 1992 financial statements (dollars in millions):

	1994	1993	1992
Reconciliation of Funded Status:			
Actuarial present value of benefit obligations:			
Vested.	$ 94.0	$ 95.2	$ 82.9
Non-vested.	6.3	6.1	3.6
Total	$100.3	$101.3	$ 86.5

Plan assets at November 30 (principally debt and equity securities) at fair value	$115.4	$119.9	$113.7
Projected benefit obligation at November 30	(125.4)	(125.5)	(110.8)
Funded status at November 30.	(10.0)	(5.6)	2.9
Unrecognized transition asset	(1.5)	(1.7)	(2.0)
Unrecognized prior service costs.	9.6	12.4	12.1
Unrecognized net gain	(11.1)	(20.6)	(26.1)
Accrued pension costs at December 31. . .	$(13.0)	$(15.5)	$(13.1)

Year Ended December 31,	1994	1993	1992
Actuarial Assumptions:			
Discount rate	8.0-8.5 %	7.0-7.75%	8.0-8.5 %
Annual salary increase rate . . .	5.0 %	5.0 %	6.0 %
Long-term rate of return.	8.0-8.5 %	8.0-8.5 %	8.0-8.5 %

Retirement and Voluntary Separation Plans: In January 1992, the Board of Directors approved an early retirement plan and a voluntary separation program. The voluntary early retirement plan was offered to all vested participants of the Company's defined benefit pension plan who reached the age of 55 with 10 or more years of service on or before May 1, 1992. Certain pension plan improvements were made including a waiver of the actuarial reduction factors for early retirement and a cash incentive payable as a monthly supplement up to 60 months or a lump sum payment. Of the 111 employees eligible for the early retirement option, 71, representing 6% of the Company's work force, elected to retire on or before the May 1, 1992, deadline. Another 29 employees, with 10 or more years of service, elected to participate in the voluntary separation program. In addition, 61 employees received Merger-related severance benefits. The actuarial cost, based on plan provisions for early retirement and voluntary separation programs, and Merger-related severance benefits, was approximately $3.9 million of which $1.8 million was included in the pension liability at December 31, 1992. The actuarial cost was considered in purchase accounting for the Merger (See Note 1).

Postretirement: Western Resources adopted the provisions of Statement of Financial Accounting Standards No. 106 (SFAS 106) in the first quarter of 1993. This statement requires the accrual of postretirement benefits other than pensions, primarily medical benefits costs, during the years an employee provides service.

Based on actuarial projections and adoption of the transition method of implementation which allows a 20-year amortization of the accumulated benefit obligation, the annual expense to be allocated to the Company under SFAS 106 was approximately $3.8 million in 1994 and $3.4 million in 1993. The Company's total obligation to be allocated from Western Resources was approximately $25.3 million and $23.9 million at December 31, 1994 and 1993, respectively. To mitigate the impact of SFAS 106 expense, Western Resources implemented programs to reduce health care costs. In addition, the KCC issued an order permitting the initial deferral of SFAS 106 expense. To mitigate the impact SFAS 106 expense will have on rate increases, Western Resources will include in the future computation of SFAS 106 expense allocated to the Company for computation of cost of service and expense recognition, the actual SFAS 106 expense and an income stream generated from corporate-owned life insurance policies (COLI) purchased in 1993 and 1992. To the extent SFAS 106 expense exceeds income from the COLI program, this excess will be deferred (as allowed by FASB Emerging Issues Task Force Issue No. 92-12) and offset by income generated through the deferral period by the COLI program. Should the income stream generated by the COLI program not be sufficient to offset the deferred SFAS 106 expense, the KCC order allows recovery of such deficit through the ratemaking process by the Company.

Prior to the adoption of SFAS 106 the Company's policy was to recognize expenses as claims were paid. The costs of benefits were $0.8 million for the nine months ended December 31, 1992 and $0.2 million for the three months ended March 31, 1992.

The following table summarizes the status of the Company's postretirement plans for financial statement purposes and the related amount included in the balance sheet:

December 31,	1994	1993
	(Dollars in Millions)	
Reconciliation of Funded Status:		
Actuarial present value of postretirement benefit obligations:		
Retirees	$ 12.9	$ 12.4
Active employees fully eligible	3.0	2.5
Active employees not fully eligible	9.4	9.0
Unrecognized prior service cost	(3.2)	(.1)
Unrecognized transition obligation	(19.3)	(20.4)
Unrecognized net gain (loss)	.9	(1.7)
Balance sheet liability	$ 3.7	$ 1.7

Year Ended December 31,	1994	1993
Assumptions:		
Discount rate	8.0-8.5 %	7.75%
Annual compensation increase rate	5.0 %	5.0 %
Expected rate of return	8.5 %	8.5 %

For measurement purposes, an annual health care cost growth rate of 12% was assumed for 1994, decreasing 1% per year to 5% by 2001 and thereafter. The health care cost trend rate has a significant effect on the projected benefit obligation. Increasing the trend rate by 1% each year would increase the present value of the accumulated projected benefit obligation by $.3 million and the aggregate of the service and interest cost components by $26,000.

Savings Plans: Effective January 1, 1995, the Company's 401(k) savings plans were merged with Western Resources savings plans. Prior to the merger of the savings plans, funds of the plans were deposited with a trustee and invested at each employee's option in one or more investment funds, including a Western Resources common stock fund. The Company's contributions were $1.8 million for 1994, $2.0 million for 1993, $1.7 million for the nine months ended December 31, 1992, and $0.2 million for the three months ended March 31, 1992.

9. INCOME TAXES

The Company adopted Statement of Financial Accounting Standards No. 96 (SFAS 96) in 1987. This statement required the Company to establish deferred tax assets and liabilities, as appropriate, for all temporary differences, and to adjust deferred tax balances to reflect changes in tax rates expected to be in effect during the periods the temporary differences reverse. SFAS 96 was superseded by SFAS 109 issued in February 1992 and the Company adopted the provisions of that standard prospectively in the first quarter of 1992. The accounting for SFAS 109 is substantially the same as SFAS 96.

In accordance with various rate orders received from the KCC, the Company has not yet collected through rates the amounts necessary to pay a significant portion of the net deferred income tax liabilities. As management believes it is probable that the net future increases in income taxes payable will be recovered from customers through future rates, it has recorded a deferred asset for these amounts. These assets are also a temporary difference for which deferred income tax liabilities have been provided. Accordingly, the adoption of SFAS 109 did not have a material effect on the Company's results of operations.

At December 31, 1994, the Company has alternative minimum tax credits generated prior to April 1, 1992, which carryforward without expiration, of $41.2 million which may be used to offset future regular tax to the extent the regular tax exceeds the alternative minimum tax. These credits have been applied in determining the Company's net deferred income tax liability and corresponding deferred future income taxes at December 31, 1994.

Beginning April 1, 1992, the Company is part of the consolidated income tax return of Western Resources. However, the Company determines its income tax provisions on a separate company basis.

Deferred income taxes result from temporary differences between the financial statement and tax basis of the Company's assets and liabilities. The sources of these differences and their cumulative tax effects are as follows:

December 31,	1994		
	Debits	Credits	Total
	(Dollars in Thousands)		
Sources of Deferred Income Taxes:			
Accelerated depreciation and other property items	$ -	$ (381,800)	$ (381,800)
Energy and purchased gas adjustment clauses	2,245	-	2,245
Phase-in revenues	-	(27,677)	(27,677)
Deferred gain on sale-leaseback	110,556	-	110,556
Alternative minimum tax credits	41,163	-	41,163
Deferred coal contract settlements	-	(6,703)	(6,703)
Deferred compensation/pension liability	9,676	-	9,676
Acquisition premium	-	(317,610)	(317,610)
Deferred future income taxes	-	(102,789)	(102,789)
Loss on reacquisition of debt	-	(4,103)	(4,103)
Prepaid power sale	1,577		1,577
Other	-	(13,704)	(13,704)
Total Deferred Income Taxes	$ 165,217	$ (854,386)	$ (689,169)

December 31,	1993		
	Debits	Credits	Total
	(Dollars in Thousands)		
Sources of Deferred Income Taxes:			
Accelerated depreciation and other property items	$ -	$ (356,494)	$ (356,494)
Energy and purchased gas adjustment clauses	3,257	-	3,257
Phase-in revenues.	-	(35,573)	(35,573)
Deferred gain on sale-leaseback. .	116,186	-	116,186
Alternative minimum tax credits. .	39,882	-	39,882
Deferred coal contract settlements.	-	(7,797)	(7,797)
Deferred compensation/pension liability.	10,856	-	10,856
Acquisition premium.	-	(300,814)	(300,814)
Deferred future income taxes . . .	-	(102,789)	(102,789)
Loss on reacquisition of debt. . .	-	(4,508)	(4,508)
Other.	-	(8,365)	(8,365)
Total Deferred Income Taxes.	$ 170,181	$ (816,340)	$ (646,159)

10. LEGAL PROCEEDINGS

The Company is involved in various legal and environmental proceedings. Management believes that adequate provision has been made within the financial statements for these matters and accordingly believes their ultimate dispositions will not have a material adverse effect upon the financial position or results of operations of the Company.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value as set forth in Statement of Financial Accounting Standards No. 107:

Cash and Cash Equivalents-
The carrying amount approximates the fair value because of the short-term maturity of these investments.

Decommissioning Trust-
The fair value of the decommissioning trust is based on quoted market prices at December 31, 1994 and 1993.

Variable-rate Debt-
The carrying amount approximates the fair value because of the short-term variable rates of these debt instruments.

Fixed-rate Debt-
The fair value of the fixed-rate debt is based on the sum of the estimated value of each issue taking into consideration the coupon rate, maturity, and redemption provisions of each issue.

The estimated fair values of the Company's financial instruments are as follows:

December 31,	Carrying Value 1994	1993	Fair Value 1994	1993
	(Dollars in Thousands)			
Cash and cash equivalents.	$ 47	$ 63	$ 47	$ 63
Decommissioning trust. . .	16,944	13,204	16,633	13,929
Variable-rate debt	407,645	478,743	407,645	478,743
Fixed-rate debt.	657,482	603,920	623,331	660,750

12. JOINT OWNERSHIP OF UTILITY PLANTS

	Company's Ownership at December 31, 1994				
	In-Service Dates	Invest- ment	Accumulated Depreciation	Net (MW)	Per- cent
		(Dollars in Thousands)			
La Cygne 1 (a)	Jun 1973	$ 152,816	$ 98,124	343	50
Jeffrey 1 (b)	Jul 1978	65,467	30,333	140	20
Jeffrey 2 (b)	May 1980	66,475	26,921	143	20
Jeffrey 3 (b)	May 1983	95,421	33,491	140	20
Wolf Creek (c)	Sep 1985	1,376,335	317,311	545	47

(a) Jointly owned with Kansas City Power & Light Company (KCPL)
(b) Jointly owned with Western Resources and UtiliCorp United Inc.
(c) Jointly owned with KCPL and Kansas Electric Power Cooperative, Inc.

Amounts and capacity represent the Company's share. The Company's share of operating expenses of the plants in service above, as well as such expenses for a 50 percent undivided interest in La Cygne 2 (representing 335 MW capacity) sold and leased back to the Company in 1987, are included in operating expenses in the Statements of Income. The Company's share of other transactions associated with the plants is included in the appropriate classification in the Company's financial statements.

13. QUARTERLY FINANCIAL STATISTICS (Unaudited)
(Dollars in Thousands)

The amounts in the table are unaudited but, in the opinion of management, contain all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results of such periods. The business of the Company is seasonal in nature and, in the opinion of management, comparisons between the quarters of a year do not give a true indication of overall trends and changes in operations.

	1994			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Operating revenues.	$139,087	$189,202	$154,987	$136,604
Operating income.	33,607	56,978	33,548	24,878
Net income.	22,212	45,481	23,623	13,210

	1993			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Operating revenues.	$136,097	$191,941	$150,478	$138,481
Operating income.	26,188	52,874	35,545	32,774
Net income.	13,692	46,406	24,274	23,731

14. RELATED PARTY TRANSACTIONS

Subsequent to the Merger, the cash management function, including cash receipts and disbursements, for KG&E has been assumed by Western Resources. As a result, the proceeds of cash collections, including short-term borrowings, less disbursements related to KG&E transactions have been recorded by the Companies through an intercompany account which, at December 31, 1994, resulted in a net advance by KG&E to Western Resources of $64.4 million. Certain of the Company's operating expenses have been allocated from Western Resources. These expenses are allocated, depending on the nature of the expense, based on allocation studies, net investment, number of customers, and/or other appropriate allocators. Management believes such allocation procedures are reasonable. During 1994, the Company declared a dividend to Western Resources of $125 million.

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

There were no disagreements with accountants on accounting and financial disclosure. Information relating to a change in accountants is incorporated by reference from the Company's Current Report on Form 8-K dated March 8, 1993.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Western Resources, Inc. owns 100 percent of the Company's outstanding common stock.

Name	Age	Business Experience Since 1988 and Other Directorships Other Than The Company	A Director Continuously Since
Kent R. Brown	49	Chairman of the Board (since June 1992), President and Chief Executive Officer (since March 1992), and prior to that Group Vice President Directorships Bank IV Wichita	1992
Robert T. Crain (a)	69	Owner, Crain Realty, Co., Fort Scott, Kansas Directorships Citizens National Bank Ft. Scott Industries, Inc.	1992(b)
Anderson E. Jackson	61	President, Jackson Mortuary, Wichita, Kansas	1994
Donald A. Johnston (a)	61	President, Maupintour, Inc., Lawrence, Kansas (Escorted Tours and Travel) Directorships Commerce Bank, Lawrence Maupintour, Inc.	1992(b)
Steven L. Kitchen	49	Executive Vice President and Chief Financial Officer, Western Resources, Inc.	1992
Glenn L. Koester	69	Retired Vice President - Nuclear of the Company	1992(b)
James J. Noone (a)	74	Attorney and retired Administrative Judge for the District Court of Sedgwick County, Kansas	1992(b)
Marilyn B. Pauly	45	President (since October 1993) and prior to that Executive Vice President, Bank IV Wichita, Wichita, Kansas Directorships Farmers Mutual Alliance Insurance Company	1994

Name	Age	Business Experience Since 1988 and Other Directorships Other Than The Company	A Director Continuously Since
Newton C. Smith	73	Physician and Surgeon, Arkansas City, Kansas	1992(b)
Richard D. Smith	61	President, Range Oil Company Directorships Bank IV Kansas	1993

(a) Member of the Audit Committee of which Mr. Johnston is Chairman. The Audit Committee has responsibility for the investigation and review of the financial affairs of the Company and its relations with independent accountants.
(b) Mr. Crain, Mr. Johnston, Mr. Koester, Mr. Noone, and Mr. Newton Smith were directors of the former Kansas Gas & Electric Company since 1981, 1980, 1986, 1986, and 1985, respectively.

Outside Directors are paid $3,750 per quarter retainer and are paid an attendance fee of $600 for Directors' meetings ($300 if attending by phone). A committee attendance fee of $800 is paid to the outside Director Audit Committee Chairman, and $500 to other outside Committee members. All outside Directors are reimbursed mileage and expenses while attending Directors' and Committee Meetings.

During 1994, the Board of Directors met seven times and the Audit Committee met two times. Each director attended at least 75% of the total number of Board and Committee meetings held while he/she served as a director or a member of the committee, except Mr. Richard D. Smith who attended 71% of such meetings.

Other information required by Item 10 is omitted pursuant to General Instruction J(2)(c) to Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

Information required by Item 11 is omitted pursuant to General Instruction J(2)(c) to Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by Item 12 is omitted pursuant to General Instruction J(2)(c) to Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by Item 13 is omitted pursuant to General Instruction J(2)(c) to Form 10-K.

PART IV

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

The following financial statements are included herein under Item 8.

FINANCIAL STATEMENTS

Balance Sheets, December 31, 1994 and 1993
Statements of Income for the year ended December 31, 1994 and 1993 (Successor), the nine months ended December 31, 1992 (Successor), and the three months ended March 31, 1992 (Predecessor)
Statements of Cash Flows for the year ended December 31, 1994 and 1993 (Successor), the period March 31 to December 31, 1992 (Successor), and the three months ended March 31, 1992 (Predecessor)
Statements of Taxes for the year ended December 31, 1994 and 1993 (Successor), the nine months ended December 31, 1992 (Successor), and the three months ended March 31, 1992 (Predecessor)
Statements of Capitalization, December 31, 1994 and 1993
Statements of Common Stock Equity for the year ended December 31, 1994 and 1993 (Successor), the nine months ended December 31, 1992 (Successor), and the three months ended March 31, 1992 (Predecessor)
Notes to Financial Statements

REPORTS ON FORM 8-K

None

EXHIBIT INDEX

All exhibits marked "I" are incorporated herein by reference.

	Description	
2(a)	Agreement and Plan of Merger (Filed as Exhibit 2 to Form 10-K for the year ended December 31, 1990, File No. 1-7324)	I
2(b)	Amendment No. 1 to Agreement and Plan of Merger (Filed as Exhibit 2 to Form 10-K for the year ended December 31, 1990, File No. 1-7324)	I
3(a)	Articles of Incorporation (Filed as Exhibit 3(a) to Form 10-K for the year ended December 31, 1992, File No. 1-7324)	I
3(b)	Certificate of Merger of Kansas Gas and Electric Company into KCA Corporation (Filed as Exhibit 3(b) to Form 10-K for the year ended December 31, 1992, File No. 1-7324)	I
3(c)	By-laws as amended (Filed as Exhibit 3(c) to Form 10-K for the year ended December 31, 1992, File No. 1-7324)	I
4(c)1	Mortgage and Deed of Trust, dated as of April 1, 1940 to Guaranty Trust Company of New York (now Morgan Guaranty Trust Company of New York) and Henry A. Theis (to whom W. A. Spooner is successor), Trustees, as supplemented by thirty-eight Supplemental Indentures, dated as of June 1, 1942, March 1, 1948, December 1, 1949, June 1, 1952, October 1, 1953, March 1, 1955, February 1, 1956, January 1, 1961, May 1, 1966, March 1, 1970, May 1, 1971, March 1, 1972, May 31, 1973, July 1, 1975, December 1, 1975, September 1, 1976, March 1, 1977, May 1, 1977, August 1, 1977, March 15, 1978, January 1, 1979, April 1, 1980, July 1, 1980, August 1, 1980, June 1, 1981, December 1, 1981, May 1, 1982, March 15, 1984, September 1, 1984 (Twenty-ninth and Thirtieth), February 1, 1985, April 15, 1986, June 1, 1991 March 31, 1992, December 17, 1992, August 24, 1993, January 15, 1994 and March 1, 1994, (Filed, respectively, as Exhibit A-1 to Form U-1, File No. 70-23; Exhibits 7(b) and 7(c), File No. 2-7405; Exhibit 7(d), File No. 2-8242; Exhibit 4(c), File No. 2-9626; Exhibit 4(c), File No. 2-10465; Exhibit 4(c), File No. 2-12228; Exhibit 4(c), File No. 2-15851; Exhibit 2(b)-1, File No. 2-24680; Exhibit 2(c), File No. 2-36170; Exhibits 2(c) and 2(d), File No. 2-39975; Exhibit 2(d), File No. 2-43053; Exhibit 4(c)2 to Form 10-K, for December 31, 1989, File No. 1-7324; Exhibit 2(c), File No. 2-53765; Exhibit 2(e), File No. 2-55488; Exhibit 2(c), File No. 2-57013; Exhibit 2(c), File No. 2-58180; Exhibit 4(c)3 to Form 10-K for December 31, 1989, File No. 1-7324; Exhibit 2(e), File No. 2-60089; Exhibit 2(c), File No. 2-60777; Exhibit 2(g), File No. 2-64521; Exhibit 2(h), File No. 2-66758; Exhibits 2(d) and 2(e), File No. 2-69620; Exhibits 4(d) and 4(e), File No. 2-75634; Exhibit 4(d), File No. 2-78944; Exhibit 4(d), File No. 2-87532; Exhibits 4(c)4, 4(c)5 and 4(c)6 to Form 10-K for December 31, 1989, File No. 1-7324; Exhibits 4(c)2 and 4(c)3 to Form 10-K for	I

	Description	
	December 31, 1992, File No. 1-7324; Exhibit 4(b) to Form S-3, File No. 33-50075; Exhibits 4(c)2 and 4(c)3 to Form 10-K for December 31, 1993, File No. 1-7324)	
4(c)2	Thirty-ninth Supplemental Indenture dated as of April 15, 1994, to the Company's Mortgage and Deed of Trust (Filed electronically)	

Instruments defining the rights of holders of other long-term debt not required to be filed as exhibits will be furnished to the Commission upon request.

10(a)1	Severance Agreement (Filed as Exhibit 10(a)1 to Form 10-K for the year ended December 31, 1990, File No. 1-7324)	I
10(a)2	Severance Agreement (Filed as Exhibit 10(a)2 to Form 10-K for the year ended December 31, 1990, File No. 1-7324)	I
10(a)3	Severance Agreement (Filed as Exhibit 10(a)3 to Form 10-K for the year ended December 31, 1990, File No. 1-7324)	I
10(b)	La Cygne 2 Lease (Filed as Exhibit 10(a) to Form 10-K for the year ended December 31, 1988, File No. 1-7324)	I
10(b)1	Amendment No. 3 to La Cygne 2 Lease Agreement dated as of September 29, 1992 (Filed as Exhibit 10(b)1 to Form 10-K for the year ended December 31, 1992, File No. 1-7324)	I
10(c)	Outside Directors' Deferred Compensation Plan (Filed as Exhibit 10(c) to the Form 10-K for the year ended December 31, 1993, File No. 1-7324)	I
12	Computation of Ratio of Consolidated Earnings to Fixed Charges. (Filed electronically)	
16	Letter re Change in Certifying Accountant (Filed as Exhibit 16 to the Current Report on Form 8-K dated March 8, 1993)	I
23(a)	Consent of Independent Public Accountants, Arthur Andersen LLP (Filed electronically)	
23(b)	Consent of Independent Public Accountants, Deloitte & Touche LLP (Filed electronically)	

SIGNATURE

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KANSAS GAS AND ELECTRIC COMPANY

March 29, 1995

By KENT R. BROWN
Kent R. Brown, Chairman of the Board,
President and Chief Executive Officer