FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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

For the quarterly period ended March 31, 1994

OR

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

For the transition period from ________ to ________

Commission File Number 1-7324

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)

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

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

YES X NO

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

Class	Outstanding at May 11, 1994
Common Stock (No par value)	1,000

Registrant meets the conditions of General Instruction H(1)(a) and (b) to Form 10-Q and is therefore filing this form with a reduced disclosure format.

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

	March 31, 1994 (Unaudited)	December 31, 1993
ASSETS		
UTILITY PLANT:		
Electric plant in service	$3,348,737	$3,339,832
Less - Accumulated depreciation	810,242	790,843
	2,538,495	2,548,989
Construction work in progress	33,849	28,436
Nuclear fuel (net)	31,361	29,271
Net utility plant	2,603,705	2,606,696
OTHER PROPERTY AND INVESTMENTS:		
Decommissioning trust	14,273	13,204
Other	11,417	10,941
	25,690	24,145
CURRENT ASSETS:		
Cash and cash equivalents	65	63
Accounts receivable and unbilled revenues (net) . . .	38,068	11,112
Advances to parent company.	130,945	192,792
Fossil fuel, at average cost, ...	12,256	7,594
Materials and supplies, at average cost	30,588	29,933
Prepayments and other current assets.	9,441	14,995
	221,363	256,489
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes.	113,890	113,479
Deferred coal contract settlement costs	20,424	21,247
Phase-in revenues	74,564	78,950
Other deferred plant costs.	31,952	32,008
Corporate-owned life insurance (net)	4,200	45
Other	49,986	54,420
	295,016	300,149
TOTAL ASSETS	$3,145,774	$3,187,479
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (see statement).	$1,958,688	$1,899,221
CURRENT LIABILITIES:		
Short-term debt	31,600	155,800
Long-term debt due within one year.	-	238
Accounts payable.	46,204	51,095
Accrued taxes	41,673	12,185
Accrued interest.	14,412	7,381
Other	9,419	9,427
	143,308	236,126
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	634,857	646,159
Deferred investment tax credits	77,246	78,048
Deferred gain from sale-leaseback	259,571	261,981
Other	72,104	65,944
	1,043,778	1,052,132
COMMITMENTS AND CONTINGENCIES (Notes 3 and 4)		
TOTAL CAPITALIZATION AND LIABILITIES	$3,145,774	$3,187,479

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

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

	Three Months Ended March 31, 1994	Three Months Ended March 31, 1993
OPERATING REVENUES	$ 136,604	$ 138,481
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	20,839	21,229
Nuclear fuel	3,863	2,707
Power purchased	1,252	2,007
Other operations	30,631	27,538
Maintenance	11,340	10,865
Depreciation and amortization	19,119	18,838
Amortization of phase-in revenues	4,386	4,386
Taxes:		
Federal income	6,469	5,217
State income	1,710	1,417
General	12,117	11,503
Total operating expenses	111,726	105,707
OPERATING INCOME	24,878	32,774
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(1,235)	1,469
Miscellaneous (net)	858	6,276
Income taxes (net)	1,787	(1,554)
Total other income and deductions	1,410	6,191
INCOME BEFORE INTEREST CHARGES	26,288	38,965
INTEREST CHARGES:		
Long-term debt	12,093	14,104
Other	1,353	1,557
Allowance for borrowed funds used during construction (credit)	(368)	(427)
Total interest charges	13,078	15,234
NET INCOME	$ 13,210	$ 23,731

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

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

	Twelve Months Ended March 31, 1994	1993
OPERATING REVENUES.	$ 615,120	$ 562,019
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	92,998	74,930
Nuclear fuel.	14,431	12,833
Power purchased	9,109	5,214
Other operations.	122,041	118,974
Maintenance	47,215	46,821
Depreciation and amortization	75,811	74,385
Amortization of phase-in revenues	17,545	17,544
Taxes:		
Federal income.	40,805	22,740
State income.	9,863	6,149
General	45,817	41,658
Total operating expenses.	475,635	421,248
OPERATING INCOME.	139,485	140,771
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net).	5,137	10,777
Miscellaneous (net)	3,853	15,693
Income taxes (net).	5,568	(2,850)
Total other income and deductions	14,558	23,620
INCOME BEFORE INTEREST CHARGES.	154,043	164,391
INTEREST CHARGES:		
Long-term debt.	51,897	56,993
Other	5,871	13,334
Allowance for borrowed funds used during construction (credit)	(1,307)	(1,608)
Total interest charges.	56,461	68,719
NET INCOME.	$ 97,582	$ 95,672

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

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

	Three Months Ended March 31, 1994	Three Months Ended March 31, 1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 13,210	$ 23,731
Depreciation and amortization	19,119	18,838
Other amortization (including nuclear fuel)	2,806	1,876
Deferred income taxes and investment tax credits (net)	1,907	2,364
Amortization of phase-in revenues	4,386	4,386
Corporate-owned life insurance	(4,519)	(4,154)
Amortization of gain from sale-leaseback	(2,410)	(2,410)
Changes in working capital items:		
Accounts receivable and unbilled revenues (net)	(26,956)	(26,819)
Fossil fuel	(4,662)	3,426
Accounts payable	(4,891)	(670)
Interest and taxes accrued	36,519	20,976
Other	4,891	2,919
Changes in other assets and liabilities	(4,998)	(6,710)
Net cash flows from operating activities	34,402	37,753
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant	18,500	15,535
Corporate-owned life insurance policies	281	427
Net cash flows used in investing activities	18,781	15,962
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	(124,200)	28,300
Advances to parent company (net)	61,847	(3,885)
Bonds issued	113,982	-
Other long-term debt (net)	(67,893)	(46,870)
Borrowings against life insurance policies (net)	645	621
Net cash flows used in financing activities	(15,619)	(21,834)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2	(43)
CASH AND CASH EQUIVALENTS:		
BEGINNING OF PERIOD	63	892
END OF PERIOD	$ 65	$ 849
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized)	$ 5,993	$ 10,986
Income taxes	-	-

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

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

	Twelve Months Ended March 31, 1994	Twelve Months Ended March 31, 1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	$ 97,582	$ 95,672
Depreciation and amortization	75,811	74,385
Other amortization (including nuclear fuel)	12,184	10,805
Deferred income taxes and investment tax credits (net). . .	22,115	11,690
Amortization of phase-in revenues	17,545	17,544
Corporate-owned life insurance.	(22,015)	(18,858)
Amortization of gain from sale-leaseback.	(9,640)	(9,641)
Changes in working capital items:		
Accounts receivable and unbilled revenues (net)	(706)	(25,740)
Fossil fuel	419	7,851
Accounts payable.	2,447	(7,886)
Interest and taxes accrued.	6,490	6,631
Other	(16,700)	(5,537)
Changes in other assets and liabilities	(14,818)	(48,111)
Net cash flows from operating activities.	170,714	108,805
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant.	69,851	68,673
Corporate-owned life insurance policies	27,119	20,663
Death proceeds of corporate-owned life insurance policies .	(10,157)	(6,792)
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.	86,813	534,252
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	(90,200)	78,200
Advances to parent company (net).	(52,771)	(78,174)
Bonds issued.	178,982	135,000
Bonds retired	(140,000)	(125,000)
Other long-term debt (net).	(13,980)	(32,372)
Borrowings against life insurance policies (net).	183,284	(5,028)
Revolving credit agreement (net).	(150,000)	-
Issuance of KCA common stock.	-	453,670
Net cash flows (used in) from financing activities . . .	(84,685)	426,296
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.	(784)	849
CASH AND CASH EQUIVALENTS:		
BEGINNING OF PERIOD	849	-
END OF PERIOD	$ 65	$ 849
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized).	$ 72,660	$ 74,437
Income taxes.	24,854	14,225

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

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

				March 31, 1994 (Unaudited)		December 31, 1993	
COMMON STOCK EQUITY:							
(See Statements of Common Stock Equity)							
Common stock, without par value, authorized and issued 1,000 shares				$1,065,634		$1,065,634	
Retained earnings				193,254		180,044	
Total common stock equity				1,258,888	64%	1,245,678	66%
LONG-TERM DEBT:							
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	14,500				
5-7/8%	2007	21,940	21,940				
6%	2007	10,000	10,000				
5.10%	2023	13,982	-				
7.0%	2031	327,500	327,500				
				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)				4,122		4,052	
Long-term debt due within one year				-		238	
Total long-term debt				699,800	36%	653,543	34%
TOTAL CAPITALIZATION				$1,958,688	100%	$1,899,221	100%

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)
(Unaudited)

	Common Stock				Treasury Stock		
	Shares	Amount	Other Paid-in Capital	Retained Earnings	Shares	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-$0.43 per share.				(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)
MARCH 31, 1992 Subtotal-KG&E (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. . (Successor)	1,000	$1,065,634	$ -	$ 180,044	-	$ -	$1,245,678
Net Income				13,210			13,210
BALANCE MARCH 31, 1994 . . . (Successor)	1,000	$1,065,634	$ -	$ 193,254	-	$ -	$1,258,888

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

KANSAS GAS AND ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

1. ACCOUNTING POLICIES AND OTHER INFORMATION

General. On March 31, 1992, Western Resources, Inc. (formerly The Kansas Power and Light Company) (Western Resources, Parent Company) 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).

The Company owns 47% of the Wolf Creek Nuclear Operating Corporation (WCNOC), the operating company for the 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 financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles, have been condensed or omitted pursuant to such rules and regulations. In the opinion of the Company, the accompanying condensed financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of the Company as of March 31, 1994, and December 31, 1993, and the results of its operations for the three and twelve month periods ended March 31, 1994 and 1993. These condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's 1993 Annual Report on Form 10-K.

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) and the Federal Energy Regulatory Commission.

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

	March 31, 1994	December 31, 1993
Cash surrender value of contracts	$273.9	$269.1
Prepaid COLI	4.7	9.5
Borrowings against contracts	(269.7)	(269.0)
COLI (net)	$ 8.9	$ 9.6

Statements of Cash Flows. For purposes of the 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.

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

2. SHORT-TERM DEBT

The Company's short-term financing requirements are satisfied through short-term bank loans and borrowings under unsecured lines of credit maintained with banks. At March 31, 1994, the Company had bank credit arrangements available of $35 million.

3. COMMITMENTS AND CONTINGENCIES

Environmental. The Company and the Kansas Department of Health and Environment entered into a consent agreement to perform preliminary assessments of six former manufactured gas sites. The preliminary assessments of these sites have been completed at minimal cost. Until such time that risk assessments are completed at these sites, it will be impossible to predict the cost of remediation. However, 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. The Company is also aware that the KCC has permitted another Kansas utility to recover a portion of the 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.

Decommissioning. In 1988 the Company estimated that it would expend approximately $725 million for its share of Wolf Creek decommissioning costs primarily during the period from 2025 through 2031. Such costs, estimated to be approximately $97 million in 1988 dollars, are currently authorized in rates. These costs were calculated using an assumed inflation rate of 5.15% over the remaining service life, in 1988, of 37 years.

Decommissioning costs, calculated in the 1988 estimate, are being charged to operating expenses. Amounts so expensed ($3.5 million in 1993 increasing annually to $5.5 million in 2024) and earnings on trust fund assets are deposited in an external trust fund which, when fully funded (assuming a return on trust assets of 7%) will be used solely for the physical decommissioning of Wolf Creek (immediate dismantlement method). Electric rates charged to customers provide for recovery of these decommissioning costs over the life of Wolf Creek.

The Company's investment in the decommissioning fund, including reinvested earnings was $14.3 and $13.2 million at March 31, 1994, and December 31, 1993, respectively. These amounts are reflected in other property and investments, decommissioning trust, and the related liability is included in deferred credits and other liabilities, other, on the consolidated balance sheets.

On September 1, 1993, WCNOC filed an application with the KCC for an order approving a 1993 Wolf Creek Decommissioning Cost Study which estimates the Company's share of Wolf Creek decommissioning costs at approximately $174 million in 1993 dollars. If approved by the KCC, management expects substantially all such cost increases to be recovered through the ratemaking process.

The Company carries $164 million in premature decommissioning insurance in the event of a shortfall in the trust fund. 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 $9.3 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 nuclear incident involving any of the nation's licensed reactors. This assessment is subject to an inflation adjustment based on the Consumer Price Index. 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" ($1.3 billion) and Nuclear Electric Insurance Limited (NEIL) ($1.5 billion). In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination. The remaining proceeds from the $2.8 billion insurance coverage ($1.3 billion, Company's share), if any, can be used for property damage up to $1.1 billion (Company's share) and premature decommissioning costs up to $117.5 million (Company's share) in excess of funds previously collected for decommissioning (as discussed under "Decommissioning"), with the remaining $47 million (Company's share) available for either property damage or premature decommissioning costs.

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 $9 million per year.

There can be no assurance that all potential losses or liabilities will be insured or that the amount of insurance will be sufficient to cover them. Any substantial losses not covered by insurance, to the extent not recoverable through rates, could 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 is installing continuous emission monitoring and reporting equipment at a total cost of approximately $2.3 million. At December 31, 1993, the Company had completed approximately $850 thousand of these capital expenditures with the remaining $1.4 million of capital expenditures to be completed in 1994 and 1995. The Company does not expect additional equipment to reduce sulfur emissions to be necessary under Phase II. The Company currently has no Phase I affected units.

The NOx and toxic limits, which were not set in the law, will be specified in future EPA regulations. The EPA has issued for public comment preliminary NOx regulations for Phase I group 1 units. Regulations for Phase II units and Phase I group 2 units are mandated in the Act to be promulgated by January 1, 1997. Although the Company has no Phase I units, the final regulations for Phase I group 1 may allow for early compliance for Phase II group 1 units. Until such time as the Phase I group 1 NOx regulations are final, the Company will be unable to determine its compliance options or related compliance costs.

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, 1993, WCNOC's nuclear fuel commitments (Company's share) were approximately $18.0 million for uranium concentrates expiring at various times through 1997, $123.6 million for enrichment expiring at various times through 2014 and $45.5 million for fabrication through 2012. At December 31, 1993, the Company's coal and natural gas contract commitments in 1993 dollars under the remaining term of the contracts were $666 million and $20.4 million, respectively. The largest coal contract was renegotiated early in 1993 and expires in 2020 and 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 purchase will be made to obtain adequate fuel supplies.

For additional information with respect to Commitments and Contingencies see Note 3, COMMITMENTS AND CONTINGENCIES in the Company's 1993 Annual Report on Form 10-K.

4. LEGAL PROCEEDINGS

For information with respect to Legal Proceedings see Note 10, LEGAL PROCEEDINGS in the Company's 1993 Annual Report on Form 10-K.

5. RATE MATTERS AND REGULATION

For information with respect to Rate Matters and Regulation see Note 4 RATE MATTERS AND REGULATION in the Company's 1993 Annual Report on Form 10-K.

6. INCOME TAXES

Total income tax expense included in the Statements of Income reflects the Federal statutory rate of 35% since January 1, 1993 and 34% for all prior periods. The Federal statutory rate produces effective income tax rates of 32.6% and 25.7% for the three month periods, and 31.6% and 24.9% for the twelve month periods ended March 31, 1994 and 1993, respectively. The effective income tax rates vary from the Federal statutory rate due to the permanent differences, including the amortization of investment tax credits.

For additional information with respect to Income Taxes see Note 9, INCOME TAXES in the Company's 1993 Annual Report on Form 10-K.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with Item 7 of the Company's Annual Report on Form 10-K for 1993.

The following updates the information provided in the 1993 Form 10-K, and analyzes the changes in the results of operations between the three month periods ended March 31, 1994 and comparable periods of 1993.

FINANCIAL CONDITION

General. The Company had net income for the first quarter of 1994 of $13.2 million compared to $23.7 million for the same period of 1993. The decrease in income is primarily the result of the loss of the accelerated amortization of certain deferred income tax reserves and decreased retail electric sales as a result of milder winter temperatures in 1994 compared to 1993. Effective December 31, 1993, the Company had fully amortized its deferred income tax reserves related to the allowance for borrowed funds used during construction capitalized for Wolf Creek. The loss of the amortization of these deferred income tax reserves reduced net income by approximately $3 million in the first quarter of 1994.

Net income for the twelve months ending March 31, 1994, of $97.6 million, increased from net income of $95.7 million for the comparable period of 1993. The increase in net income is primarily due to increased sales and lower interest charges.

Liquidity and Capital Resources. 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 short-term debt balance at March 31, 1994, decreased approximately $124 million from December 31, 1993, primarily as a result of the issuance, on January 20, 1994, of $100 million of First Mortgage Bonds, 6.20% Series due January 15, 2006.

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.

On April 28, 1994, three series of Market-Adjusted Tax Exempt Bonds totalling $46.4 million were sold on behalf of the Company at a rate of 2.95% for the initial auction period. 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%.

OPERATING RESULTS

The following discussion explains variances for the three and twelve months ended March 31, 1994, to the comparable periods of 1993.

Revenues. The Company's revenues vary with levels of usage as a result of changing weather conditions during comparable periods and are sensitive to seasonal fluctuations between consecutive periods.

Changes in electric sales volumes (decrease):

	3 Months Ended	12 Months Ended
Residential	(8.9)%	6.5%
Commercial	2.6%	4.5%
Industrial	(6.0)%	0.6%
Total Retail	(4.8)%	3.3%
Wholesale	140.1%	86.7%
Total electric sales	13.1%	15.5%

Revenues for the first quarter of 1994, of $136.6 million, were slightly lower than the first quarter of 1993, of $138.5 million, due to the milder winter temperatures experienced in the Company's service territory compared to last year. Retail electric kilowatt hour sales for the quarter decreased due primarily to the decrease in demand from residential customers for space heating.

Partially offsetting these decreases was an increase in wholesale revenues of $5.7 million as a result of an increase in interchange sales to other utilities.

Revenues for the twelve months ended March 31, 1994, of $615.1 million, increased approximately nine percent from revenues of $562.0 million for the comparable period of 1993. The increase in revenues is primarily a result of the $22.1 million increase in wholesale revenues as a result of other utilities' need for power to meet peak demand periods while those utilities' units were out of service due to the 1993 summer flooding. All customer classes experienced increased sales volumes as summer temperatures returned to near normal levels during 1993. Residential, commercial, and industrial revenues increased $14.8, $7.3, and $3.6 million, respectively, as a result of the increase in sales volume.

Operating Expenses. Total operating expenses increased approximately six percent for the first quarter compared the same period of 1993. The increase can be attributed primarily to a 23 percent increase in federal and state income taxes, an 11 percent increase in other operations expense, and a five percent increase in general taxes.

The increase in federal income taxes is due to the absence of the accelerated amortization of deferred income tax reserves relating to the allowance for borrowed funds used during construction capitalized for Wolf Creek. This amortization was completed on December 31, 1993. The loss of the amortization of these deferred income tax reserves reduced net income by approximately $3 million in the first quarter of 1994. Other operations expense increased primarily due to increases in power supply expenses other than fuel.

Total operating expenses increased approximately 13 percent for the twelve months ended March 31, 1994, compared to the comparable period of 1993. The increase is primarily the result of a $23.6 million increase in fuel expense and purchased power due to increased electric generation caused by the increase in customer demand, a $21.8 million increase in federal and state income taxes, and higher general taxes of $4.2 million. The increase in income taxes is a result of higher net income and the loss of the amortization of the deferred income tax reserves related to Wolf Creek.

Other Income and Deductions. Other income and deductions, net of taxes, decreased significantly for the three months ended March 31, 1994, compared to the same period in 1993 primarily due to increased interest expense on COLI borrowings.

Other income and deductions, net of taxes, decreased to $14.6 million for the twelve months ended March 31, 1994 compared to $23.6 million for the twelve months ended March 31, 1993. The decrease is primarily as a result of increased interest expense on COLI borrowings. The decrease for 1994 also reflects the positive impact, for the twelve months ended March 31, 1993, of the recovery of $4.3 million of a previously written-off investment recorded in the second quarter of 1992.

Interest Expense. Interest expense decreased approximately 14 percent for the quarter and approximately 19 percent for the twelve months ended March 31, 1994, compared to the same periods of 1993. The decrease resulted primarily from lower interest rates on variable-rate debt and the refinancing of higher cost fixed-rate debt. Also accounting for the decrease in interest expense was the impact of increased COLI borrowings during 1993, which reduce the need for other long-term debt and thereby reduced interest expense.

KANSAS GAS AND ELECTRIC COMPANY
Part II Other Information

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

Information required by Item 4 is omitted pursuant to General Instruction H(2)(b) to Form 10-Q.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

None

(b) Reports on Form 8-K:

None

SIGNATURES

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

Kansas Gas and Electric Company

Date	May 11, 1994	By	Richard D. Terrill
			Richard D. Terrill,
			Secretary, Treasurer and
			General Counsel