

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1994-03-18** | Period of Report: **1993-12-31**
SEC Accession No. **0000054496-94-000005**

([HTML Version](#) on secdatabase.com)

FILER

KANSAS GAS & ELECTRIC CO /KS/

CIK: **54496** | IRS No.: **480289340** | State of Incorporation: **KS** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **001-07324** | Film No.: **94516846**
SIC: **4911** Electric services

Business Address
*120 EAST FIRST ST
P.O. BOX 208
WICHITA KS 67201
3162616611*

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

FORM 10-K

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

For the fiscal year ended December 31, 1993

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 (I.R.S. Employer
incorporation or organization) 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 18, 1994)

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 No

Registrant meets the conditions of General Instruction J(2)(c) 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, 1993

TABLE OF CONTENTS

Description	Page
PART I	
Item 1. Business	3
Item 2. Properties	11
Item 3. Legal Proceedings	12
Item 4. Submission of Matters to a Vote of Security Holders	12
PART II	
Item 5. Market for Registrant's Common Equity and Related Stockholder Matters	12
Item 6. Selected Financial Data	12
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	13
Item 8. Financial Statements and Supplementary Data	19
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	44
PART III	
Item 10. Directors and Executive Officers of the Registrant	45
Item 11. Executive Compensation	46
Item 12. Security Ownership of Certain Beneficial Owners and Management	46
Item 13. Certain Relationships and Related Transactions	46
PART IV	
Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K	47
Signatures	56

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, 1993, the Company had no employees. All employees are provided by Western Resources.

As a regulated utility, the Company does not have 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 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.

Electric utilities have been experiencing problems such as controversy over the safety and use of coal and nuclear power plants, compliance with changing environmental requirements, long construction periods required to complete new generating units resulting in high fixed costs for those facilities, difficulties in obtaining timely and adequate rate relief to recover these high fixed costs, uncertainties in predicting future load requirements, competition from independent power producers and cogenerators, and the effects of changing accounting standards.

The problems which most significantly affect the Company are the use, or potential use, of cogeneration and self-generation facilities by large commercial and industrial customers, and compliance with environmental requirements. For additional information see Management's Discussion and Analysis and Notes 3 and 4 of the Notes to Financial Statements.

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 268,000 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:

	1993	1992	1991	1990	1989
	(Thousands of MWH)				
Residential	2,386	2,102	2,341	2,270	2,105
Commercial	1,991	1,892	1,908	1,838	1,748
Industrial	3,323	3,248	3,194	3,093	2,978
Other	2,049	1,313	1,214	1,736	2,113
Total	9,749	8,555	8,657	8,937	8,944

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

	1993	1992	1991	1990 (1)	1989
	(Thousands of Dollars)				

Residential	\$219,069	\$194,142	\$219,907	\$214,544	\$187,657
Commercial	162,858	154,005	155,847	151,098	135,740
Industrial	179,256	174,226	172,953	168,294	153,360
Other	55,814	31,878	46,261	52,705	56,776
Total	\$616,997	\$554,251	\$594,968	\$586,641	\$533,533

(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 2,472 megawatts (MW). The system comprises interests in twelve fossil fueled steam generating units, one nuclear generating unit (47% 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 1993 peak system net load occurred on August 16, 1993 and amounted to 1,811 MW. The Company's net generating capacity together with power available from firm interchange and purchase contracts, provided a capacity margin of approximately 22% 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.

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 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 1,092 MW of the total 2,472 MW of generating capacity and the Company's nuclear unit provides 533 MW of capacity. Of the remaining 847 MW of generating capacity, units that can burn either natural gas or oil account for 844 MW, and the remaining unit which burns only diesel accounts for 3 MW (see Item 2, Properties).

During 1993, low sulfur coal was used to produce 60% of the Company's electricity. Nuclear produced 33% and the remainder was produced from natural gas, oil, or diesel. Based on the Company's estimate of the availability of fuel, coal will continue to be used to produce approximately 61% of the Company's electricity and 33% from nuclear.

The Company anticipates the fuel mix to fluctuate with the operation of the nuclear powered Wolf Creek which operates on an 18-month refueling and maintenance schedule. The 18-month schedule permits uninterrupted operation every third calendar year. Beginning March 5, 1993, Wolf Creek was taken off-line for its sixth refueling and maintenance outage. The refueling outage took approximately 73 days to complete, during which time electric demand was met primarily by the Company's coal-fired generating units.

Nuclear. The owners of Wolf Creek have on hand or under contract 73 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 1993-1996, 70 percent for 1997-1998 and 100 percent for 2003-2014. The balance of the 1997-2002 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 1995 as well as the fabrication of fuel assemblies to meet Wolf Creek's requirements through 2012. During 1994, the Company plans to begin securing additional arrangements, for the post 1995 period.

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.

Coal. Western Resources, the operator of Jeffrey Energy Center (JEC) and KG&E (20% interest in JEC), 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 with deficient mmBTU provisions applicable to deficiencies in the scheduled delivery. 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 \$1.045 per mmBTU or \$17.35 per ton during 1993.

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 770 aluminum rail cars, under a 20 year lease, to transport coal to JEC. During 1994 Western Resources will provide an additional 120 rail cars under a similar lease.

The two coal fired units at La Cygne generating station have an aggregate generating capacity of 677 MW (KG&E's 50 percent share) (see Item 2. Properties). The operator, Kansas City Power & Light Company (KCP&L), maintains coal contracts as discussed in the following paragraphs.

During 1993, La Cygne 1 was converted to use low sulfur Powder River Basin coal which is supplied under the AMAX contract for La Cygne 2, 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. During the third and fourth quarters of 1993, the Company along with the operator secured supplemental Illinois or Kansas/Missouri coal, for blending purposes, on a short-term basis through spot market purchase orders.

La Cygne 2 and additional La Cygne 1 Powder River Basin coal was supplied, through a contract that expired December 31, 1993, by AMAX from its mines in Gillette, Wyoming. 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, the operator has secured Powder River Basin coal, similar to the AMAX 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 KCP&L 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. The WRPI/UP/CNW agreement is a supplemental access contract to handle tonnages not covered by the Omnibus contract.

During 1993, the average delivered cost of all coal procured for La Cygne 1 was approximately \$0.81 per mmBTU or \$14.24 per ton and the average delivered cost of Powder River Basin coal for La Cygne 2 was approximately \$0.84 per mmBTU or \$14.18 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). Short-term economical spot market purchases from the Williams Natural Gas (WNG) system provide the Company flexible natural gas 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, 1993, the Company had approximately 770 thousand gallons of No. 2 oil and 11.5 million gallons of No. 6 oil which is 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 be absorbed by the Company.

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

	1993	1992	1991	1990	1989
Per Million BTU:					
Nuclear	\$0.35	\$0.34	\$0.32	\$0.34	\$0.34
Coal	0.96	1.25	1.32	1.32	1.38
Gas	2.37	1.95	1.74	1.96	1.91
Oil	3.15	4.28	4.13	3.01	3.30
Cents per KWH Generation	0.93	0.98	1.09	1.01	0.96

Environmental Matters. The Company currently holds all Federal and State environmental approvals required for the operation of all 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) 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 nitrogen oxides emission standards applicable to these units prohibit the emission of more than 0.7 pounds of nitrogen oxides 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 nitrogen oxides 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 contracted to purchase low sulfur coal (see Coal) which will allow compliance with such limits at La Cygne. 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 nitrogen oxide 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 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 nitrogen oxide 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 nitrogen oxide regulations for Phase I group 1 units. Nitrogen oxide 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 nitrogen oxide regulations for Phase 1 group 1 may allow for early compliance for Phase II group 1 units. Until such time as the Phase I group 1 nitrogen oxide regulations are final, 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, 1993, approximately \$1 billion principal amount of additional first mortgage bonds could be issued (7.5 percent interest rate assumed).

Additional 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, 1993, 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 \$882 million principal amount of additional bonds. As of December 31, 1993, the Company could also issue up to \$115 million bonds on

the basis of retired 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	48	Chairman of the Board, (since June 1992) President and Chief Executive Officer (since March 1992)	Group Vice President (1982 to 1992)
Richard D. LaGree	63	Vice President, Field Operations (since April 1992)	Vice President, Electric Distribution (1990 to 1992) Western Resources, Inc. Vice President, Western Region Operations (1985 to 1990) Western Resources, Inc.
Richard D. Terrill	39	Secretary, Treasurer and General Counsel (since April 1992)	Secretary and Attorney (1983 to 1992)

The present term of office of each of the executive officers extends to May 3, 1994, or until their respective successors are chosen and appointed by 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 elected 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, 1993, the Company's gross property additions totalled \$330,737,000, and retirements were \$93,737,000.

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	135
	3	1983	Coal	140
La Cygne Station (50%):				
Steam Turbines	1	1973	Coal	342
	2	1977	Coal	335
Murray Gill Energy Center:				
Steam Turbines	1	1952	Gas--Oil	46
	2	1954	Gas--Oil	69
	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	533
Total				2,472

(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 by the New York Stock Exchange and the Pacific Stock Exchange.

<TABLE>

ITEM 6. SELECTED FINANCIAL DATA

<CAPTION>

	1993	1992	1991	1990(1)	1989
	(Dollars in Thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Income Statement Data:					
Operating revenues	\$ 616,997	\$ 554,251	\$ 594,968	\$ 586,641	\$ 533,533

Operating expenses	469,616	424,089	468,885	447,355	405,938
Operating income	147,381	130,162	126,083	139,286	127,595
Net income	108,103	77,981	53,602	64,184	47,493

Balance Sheet Data:

Gross electric plant in service.	\$3,339,832	\$3,293,365	\$2,468,959	\$2,435,090	\$2,388,640
Construction work in progress. .	28,436	29,634	13,612	14,760	13,181
Total assets	3,187,479	3,279,232	2,350,546	2,348,862	2,363,069
Long-term debt	653,543	871,652	850,851	824,424	726,537

Interest coverage ratio (before income taxes, including AFUDC)	3.58	2.35	1.90	2.07	1.71
--	------	------	------	------	------

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

</TABLE>

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

FINANCIAL CONDITION

The results of operations for the year ended December 31, 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. The results of operations for the year ended December 31, 1991, refer to the Company prior to the Merger but are not materially different than if presented on a pro forma basis. Additional information relating to changes between years is provided in the Notes to Financial Statements.

General: The Company had net income of \$108.1 million for 1993 compared to pro forma net income of \$78 million in 1992. The increase in net income is a result of the increase in energy sales due to the return of more normal temperatures compared to unusually mild winter and summer temperatures in 1992, Merger-related cost savings, and reduced interest charges.

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 1993, construction expenditures for the Company's electric system were approximately \$61 million and nuclear fuel expenditures were approximately \$6 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.

First mortgage bond maturities and sinking fund requirements through 1998 are \$18.6 million. This capital as well as capital required for construction will be provided from internal and external sources available under then existing financial conditions. During 1993, the Company issued and retired long-term debt to take advantage of favorable long-term interest rates and increased borrowings against the accumulated cash surrender values of the corporate-owned life insurance policies.

The embedded cost of long-term debt was 7.3% at December 31, 1993, a

decrease from 7.5% at December 31, 1992. The decrease was primarily accomplished through refinancing of higher cost debt.

On November 22, 1993, the Company redeemed three series of first mortgage bonds, \$25 million principal amount of First Mortgage Bonds, 7 3/8% Series due 2002, \$25 million principal of First Mortgage Bonds, 8 3/8% Series due 2006, and \$25 million principal of First Mortgage Bonds, 8 1/2% Series due 2007.

On September 20, 1993, the Company terminated a long-term revolving credit agreement which provided for borrowings of up to \$150 million. The loan agreement, which was effective through October 1994, was repaid without penalty.

At December 31, 1993, the Company had \$150 million of First Mortgage Bonds available to be issued under a shelf registration filed on August 24, 1993. On January 20, 1994, the Company issued \$100 million of First Mortgage Bonds, 6.20% Series due January 15, 2006 under this shelf registration. The net proceeds were used to reduce short-term debt.

On August 12, 1993, the Company issued \$65 million of First Mortgage Bonds, 6 1/2% Series due August 1, 2005. The net proceeds from the new issue, together with available cash, were used to refund \$35 million of First Mortgage Bonds, 8 1/8% Series due 2001, and \$30 million of First Mortgage Bonds, 8 7/8% Series due 2008.

The Company has a long-term agreement that expires in 1995 which contains 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 are accounted for as sales while those related to phase-in revenues are accounted for as collateralized borrowings. At December 31, 1993, the Company had receivables amounting to \$56.8 million which were considered sold.

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 1991 through 1993 was approximately \$27 million. On August 23, 1993, the Company increased its borrowings against the accumulated cash surrender values of the policies by \$164.7 million and received \$6.9 million from increased borrowings on Wolf Creek Nuclear Operating Company (WCNOC) policies. Total 1993 COLI borrowings amounted to \$184.6 million. See Note 2 of the Notes to Financial Statements for additional information on the accumulated cash surrender value. After 1993, 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, 1993, short-term borrowings amounted to \$155.8 million (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.

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 FERC, charged for the sale and delivery of electricity. Rates 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, 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. The first refund was made in April 1992 and amounted to approximately \$4.9 million for the Company. A refund of approximately \$4.9 million was made in December 1993 and an additional refund of approximately \$8.7 million will be 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 be absorbed by the Company.

1993 COMPARED TO 1992: Total operating revenues increased \$62.7 million or 11.3 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.

1992 COMPARED TO 1991: Pro forma operating revenues were \$554 million in 1992, a 6.8 percent decrease from 1991. The decrease is a result of unusually mild temperatures during 1992 compared to 1991. Revenues from residential customers decreased 11.7 percent compared to 1991 primarily due to reduced air conditioning load. The Company experienced only 1,258 cooling degree days in Wichita in 1992, a 38.9 percent decrease from 1991 and a 22.7 percent decrease from normal weather. Commercial, industrial and wholesale revenues also reflected small decreases in 1992. Also decreasing revenues was the amortization of the Merger-related refund discussed previously.

Operating Expenses: 1993 COMPARED TO 1992: Total operating expenses increased \$45.5 million or 10.7 percent in 1993 compared to 1992. Fuel, and purchased power expenses increased \$21.4 million or 22.5 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 (see Note 7) compared to pro forma operating expenses of 1992.

At December 31, 1993, the Company completed the accelerated amortization of deferred income tax reserves related to the allowance for borrowed funds used during construction capitalized for Wolf Creek Generating Station. The amortization of these deferred income tax reserves amounted to approximately \$12 million in 1993. In accordance with the provisions of the Merger order (see Note 1), the Company is precluded from recovering the \$12 million annual amortization in rates until the next rate filing. Therefore the Company's earnings will be impacted negatively until these income taxes are recovered in

future rates.

1992 COMPARED TO 1991: Pro forma operating expenses decreased \$44.8 million or 9.6 percent in 1992 compared to 1991. Fossil fuel expenses decreased \$23.3 million or 24.1 percent primarily due to decreased generation resulting from reduced demand for electricity during the summer peak season and decreased generation by natural gas-fired units with the availability of Wolf Creek. Merger-related cost savings, an early retirement plan, a voluntary separation program and unseasonable mild weather allowed other operating expenses to decrease \$19.2 million. Maintenance expenses decreased \$6.2 million primarily due to the scheduled major overhaul at La Cygne 2 during 1991.

Partially offsetting these decreases were higher nuclear fuel expenses of \$4 million as a result of the increased availability of Wolf Creek in 1992 compared to 1991. Property taxes also increased as a result of increased plant and tax mill levies.

As permitted under the La Cygne 2 generating station lease agreement, in 1992, KG&E 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 the Company's recurring future net lease expense. To accomplish this transaction, a one-time payment of approximately \$27 million was made which will be amortized over the remaining life of the lease and will be included in operating expense as part of the future lower lease expense. On September 29, 1992 the Trustee Lessor refinanced bonds having a coupon rate of approximately 11.7% with bonds having a coupon rate of approximately 7.7%.

Expenses related to the merger with Western Resources were \$1.1 million for the three months ended March 31, 1992. Other operations expense for 1991, included \$3.8 for expenses related to the Company's response to the unsolicited tender offer by Kansas City Power & Light Company (KCPL) and the merger with Western Resources.

Other Income and Deductions: 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.

Pro forma other income and deductions, net of taxes, increased significantly for 1992 compared to 1991 as a result of increased cash surrender values of corporate-owned life insurance policies and the recognition of the recovery of \$4.2 million of the previously written-off investment in Drexel Burnham Lambert Group Inc. (Drexel) commercial paper.

In April 1992, the Company completed the sale of its 80% interest in CIC Systems, Inc. (CIC). The Company had recorded a \$1 million charge in 1991 representing the annual net loss incurred by CIC.

Interest Charges: 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. The Company's embedded cost of long-term debt decreased to 7.3% at December 31, 1993 compared to 7.5% and 7.9% at December 31, 1992 and 1991, respectively.

Pro forma interest charges decreased \$3.3 million in 1992, primarily as a result of the refinancing of higher cost fixed-rate debt and lower interest rates on variable-rate debt.

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

The Company currently has no Phase I affected units under the Clean Air Act of 1990. Until such time that additional regulations become final the Company will be unable to determine its compliance options or related compliance costs. (see Note 3).

Energy Policy Act: The 1992 Energy Policy Act (the Act) requires increased efficiency of energy usage and will potentially change 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 to its transmission system. Another part of the Act requires a special assessment to be 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.

Statement of Financial Accounting Standards No. 106 (SFAS 106) and No. 112 (SFAS 112): For discussion regarding the effect of SFAS 106 and SFAS 112 on the Company see Note 8 of the Notes to Financial Statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

TABLE OF CONTENTS	PAGE
Independent Auditors' Report	20
Financial Statements:	
Balance Sheets, December 31, 1993 and 1992	22
Statements of Income for the year ended December 31, 1993 (Successor), the nine months ended December 31, 1992 (Successor), the three months ended March 31, 1992 (Predecessor), and the year ended December 31, 1991 (Predecessor)	23
Statements of Cash Flows for the year ended December 31, 1993 (Successor), the period March 31 to December 31, 1992 (Successor), the three months ended March 31, 1992 (Predecessor), and the year ended December 31, 1991 (Predecessor)	24
Statements of Taxes for the year ended December 31, 1993 (Successor), the nine months ended December 31, 1992 (Successor), the three months ended March 31, 1992 (Predecessor), and the year ended December 31, 1991 (Predecessor)	25
Statements of Capitalization, December 31, 1993 and 1992	26
Statements of Common Stock Equity for the year ended December 31, 1993 (Successor), the nine months ended December 31, 1992 (Successor), the three months ended March 31, 1992 (Predecessor), and the year ended December 31, 1991 (Predecessor)	27
Notes to Financial Statements	28

Financial Statement Schedules:

V- Utility Plant for the year ended December 31, 1993, (Successor), the nine months ended December 31, 1992 (Successor), the three months ended March 31, 1992 (Predecessor), and the year ended December 31, 1991 (Predecessor)	50
VI- Accumulated Depreciation of Utility Plant for the year ended December 31, 1993 (Successor), the nine months ended December 31, 1992 (Successor) the three months ended March 31, 1992 (Predecessor), and the year ended December 31, 1991 (Predecessor)	53

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, VII, VIII, IX, X, XI, XII and XIII.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying balance sheet and statement of capitalization of Kansas Gas and Electric Company (a wholly-owned subsidiary of Western Resources, inc.) as of December 31, 1993, and the related statements of income, cash flows, taxes, and common stock equity for the year 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 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 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, 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, 1993, and the results of its operations and its cash flows for the year 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.

Our audit was made for the purpose of forming an opinion on the 1993 basic financial statements taken as a whole. The financial statement schedules listed in the table of contents on page 19 are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules for 1993 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Kansas City, Missouri,
CO.

January 28, 1994

ARTHUR ANDERSEN &

Kansas Gas and Electric Company:

We have audited the 1992 and 1991 financial statements of Kansas Gas and Electric Company (a wholly-owned subsidiary of Western Resources, Inc.) listed in the accompanying table of contents. Our audits also included the 1992 and 1991 financial statement schedules listed in the accompanying table of contents. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

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

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 1992 and the results of its operations and its cash flows for the periods indicated in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information shown therein.

DELOITTE & TOUCHE

Kansas City, Missouri
January 29, 1993

<TABLE>

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

<CAPTION>

	December 31,	
	1993	1992
<S>	<C>	<C>
ASSETS		
UTILITY PLANT:		
Electric plant in service (Notes 1, 6, and 12)	\$3,339,832	\$3,293,365
Less - Accumulated depreciation	790,843	724,188
	2,548,989	2,569,177
Construction work in progress	28,436	29,634
Nuclear fuel (net)	29,271	33,312
Net utility plant	2,606,696	2,632,123
OTHER PROPERTY AND INVESTMENTS:		
Decommissioning trust (Note 3)	13,204	9,272
Other	10,941	13,855
	24,145	23,127
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	63	892
Accounts receivable and unbilled revenues (net) (Note 6)	11,112	10,543

Advances to parent company (Note 14)	192,792	74,289
Fossil fuel, at average cost,	7,594	16,101
Materials and supplies, at average cost	29,933	31,453
Prepayments and other current assets.	14,995	7,820
	256,489	141,098
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes (Note 9)	113,479	138,361
Deferred coal contract settlement costs (Note 4)	21,247	24,520
Phase-in revenues (Note 4)	78,950	96,495
Other deferred plant costs.	32,008	32,212
Corporate-owned life insurance (net) (Note 2)	45	144,547
Other	54,420	46,749
	300,149	482,884
TOTAL ASSETS	\$3,187,479	\$3,279,232

CAPITALIZATION AND LIABILITIES

CAPITALIZATION (see statement)	\$1,899,221	\$2,009,227
--	-------------	-------------

CURRENT LIABILITIES:

Short-term debt (Note 5)	155,800	93,500
Long-term debt due within one year (Note 6)	238	228
Accounts payable.	51,095	60,908
Accrued taxes	12,185	17,684
Accrued interest.	7,381	10,935
Other	9,427	5,963
	236,126	189,218

DEFERRED CREDITS AND OTHER LIABILITIES:

Deferred income taxes (Notes 1 and 9)	646,159	671,196
Deferred investment tax credits (Note 9)	78,048	73,939
Deferred gain from sale-leaseback (Note 7)	261,981	271,621
Other	65,944	64,031
	1,052,132	1,080,787

COMMITMENTS AND CONTINGENCIES (Notes 3 and 10)

TOTAL CAPITALIZATION AND LIABILITIES	\$3,187,479	\$3,279,232
--	-------------	-------------

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

</TABLE>

<TABLE>

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

<CAPTION>

	Year Ended December 31,				
	1993	Pro Forma 1992	April 1 to Dec. 31 (Successor)	January 1 to March 31 (Predecessor)	1991
<S>	<C>	<C>	<C>	<C>	<C>
OPERATING REVENUES (Notes 2 and 4)	\$ 616,997	\$ 554,251	\$ 423,538	\$ 130,713	\$ 594,968
OPERATING EXPENSES:					
Fuel used for generation:					
Fossil fuel	93,388	73,785	53,701	20,084	97,159
Nuclear fuel.	13,275	12,558	10,126	2,432	8,593
Power purchased	9,864	8,746	3,207	5,539	7,811
Other operations.	118,948	129,083	91,436	37,647	148,312
Maintenance	46,740	46,702	35,956	10,746	52,934
Depreciation and amortization	75,530	74,696	55,547	19,149	75,115
Amortization of phase-in revenues	17,545	17,544	13,158	4,386	17,545
Taxes (see statement):					
Federal income.	39,553	16,305	17,523	(1,218)	17,569

State income	9,570	4,264	4,732	(468)	5,307
General	45,203	40,406	30,155	10,251	38,540
Total operating expenses	469,616	424,089	315,541	108,548	468,885
OPERATING INCOME	147,381	130,162	107,997	22,165	126,083
OTHER INCOME AND DEDUCTIONS:					
Investment income	629	1,367	953	414	3,147
Corporate-owned life insurance (net)	7,841	10,724	9,308	1,416	4,615
Miscellaneous (net) (Note 3)	8,642	6,506	8,464	(1,958)	(12,844)
Income taxes (net) (see statement)	2,227	191	(1,296)	1,487	6,921
Total other income and deductions	19,339	18,788	17,429	1,359	1,839
INCOME BEFORE INTEREST CHARGES	166,720	148,950	125,426	23,524	127,922
INTEREST CHARGES:					
Long-term debt	53,908	57,862	42,889	14,973	59,668
Other	6,075	15,121	11,777	3,344	17,838
Allowance for borrowed funds used during construction (credit)	(1,366)	(2,014)	(1,181)	(833)	(3,186)
Total interest charges	58,617	70,969	53,485	17,484	74,320
NET INCOME	108,103	77,981	71,941	6,040	53,602
PREFERRED DIVIDENDS	-	-	-	205	821
EARNINGS APPLICABLE TO COMMON STOCK	\$ 108,103	\$ 77,981	\$ 71,941	\$ 5,835	\$ 52,781

The NOTES TO FINANCIAL STATEMENTS are an integral part of these statements.
</TABLE>

<TABLE>

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

<CAPTION>

	Year Ended December 31, 1992			
	March 31		January 1	
	1993	to Dec. 31	to March 31	1991
	(Successor)		(Predecessor)	
<S>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 108,103	\$ 71,941	\$ 6,040	\$ 53,602
Depreciation and amortization	75,530	55,547	19,149	75,115
Other amortization (including nuclear fuel)	11,254	8,929	1,352	6,014
Deferred taxes and investment tax credits (net)	22,572	9,326	(2,851)	3,525
Amortization of phase-in revenues	17,545	13,158	4,386	17,545
Corporate-owned life insurance	(21,650)	(14,704)	(3,295)	(11,986)
Coal contract settlements (Note 4)	-	-	-	(8,500)
Amortization of gain from sale-leaseback	(9,640)	(7,231)	(2,409)	(9,641)
Changes in working capital items:				
Accounts receivable and unbilled revenues (net) (Note 2)	(569)	1,079	1,272	346
Fossil fuel	8,507	4,425	(1,858)	3,631
Accounts payable	(9,813)	(7,216)	(6,100)	15,421
Interest and taxes accrued	(9,053)	(14,345)	10,598	1,296
Other	(2,191)	(8,456)	1,689	(5,832)
Changes in other assets and liabilities	(16,530)	(41,401)	(5,479)	3,947
Net cash flows from operating activities	174,065	71,052	22,494	144,483
CASH FLOWS USED IN INVESTING ACTIVITIES:				
Additions to utility plant	66,886	53,138	11,496	74,348
Corporate-owned life insurance policies	27,268	20,233	6,802	27,349
Death proceeds of corporate-owned life insurance	(10,160)	(6,789)	-	-
Purchase of short-term investments	-	-	-	742
Proceeds from short-term investments	-	-	-	(22,097)
Other investments	-	-	(552)	1,142

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 . . .	83,994	518,290	17,746	81,484
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:				
Short-term debt (net)	62,300	49,900	5,800	7,800
Advances to parent company (net).	(118,503)	(74,289)	-	-
First mortgage bonds issued	65,000	135,000	-	323,406
First mortgage bonds retired.	(140,000)	(125,000)	-	(57,000)
Other long-term debt (net).	7,043	14,498	(3,810)	(377,031)
Borrowings against life insurance policies (net). . .	183,260	(5,649)	6,398	3,590
Revolving credit agreement (net).	(150,000)	-	-	80,000
Special deposits (net).	-	-	-	13,263
Other (net)	-	-	(17)	31
Dividends on preferred and common stock	-	-	(13,535)	(54,143)
Financing expenses.	-	-	-	(8,508)
Issuance of KCA common stock.	-	453,670	-	-
Net cash flows from (used in) financing activities	(90,900)	448,130	(5,164)	(68,592)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS. .	(829)	892	(416)	(5,593)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD. . . .	892	-	2,378	7,971
CASH AND CASH EQUIVALENTS AT END OF PERIOD. \$	63	\$ 892	\$ 1,962	\$ 2,378
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
CASH PAID FOR:				
Interest on financing activities (net of amount capitalized)	\$ 77,653	\$ 63,451	\$ 11,635	\$ 89,901
Income taxes	29,354	14,225	-	11,350

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

</TABLE>

<TABLE>

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

<CAPTION>

	Year Ended December 31, 1992			
	April 1 1993 to Dec. 31 (Successor)		January 1 to March 31 (Predecessor)	
	<C>	<C>	<C>	<C>
FEDERAL INCOME TAXES:				
Payable currently	\$ 19,220	\$ 11,356	\$ (322)	\$ 11,023
Deferred (net).	16,691	8,633	(1,785)	64
Investment tax credit-Deferral.	4,900	946	-	3,622
-Amortization.	(3,114)	(2,400)	(777)	(2,913)
Total Federal income taxes	37,697	18,535	(2,884)	11,796
Income taxes applicable to non-operating items. . . .	1,856	(1,012)	1,666	5,773
Total Federal income taxes charged to operations	39,553	17,523	(1,218)	17,569
STATE INCOME TAXES:				
Payable currently	5,104	2,869	-	1,407
Deferred (net).	4,095	2,147	(289)	2,752
Total state income taxes	9,199	5,016	(289)	4,159
Income taxes applicable to non-operating items. . .	371	(284)	(179)	1,148
Total state income taxes charged to operations .	9,570	4,732	(468)	5,307
GENERAL TAXES:				
Property.	38,432	26,380	8,622	32,755
Payroll and other taxes	6,771	3,775	1,629	5,785
Total general taxes charged to operations. . . .	45,203	30,155	10,251	38,540

TOTAL TAXES CHARGED TO OPERATIONS \$ 94,326 \$ 52,410 | \$ 8,565 \$ 61,416

	Year Ended December 31,		
	1993 (Successor)	Pro Forma 1992	1991 (Predecessor)
EFFECTIVE INCOME TAX RATE	30%	21%	23%
Effect of:			
Additional depreciation	(3)	(4)	(8)
Accelerated amortization of deferred income tax credits	8	11	15
State income taxes, net of Federal benefit	(4)	(2)	(4)
Amortization of investment tax credits	2	2	4
Corporate-owned life insurance	5	6	6
Other items (net)	(3)	-	(2)
STATUTORY FEDERAL INCOME TAX RATE	35%	34%	34%

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

</TABLE>

<TABLE>

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

<CAPTION>

	December 31,			
	1993		1992	
	<C>		<C>	
<S>				
COMMON STOCK EQUITY (Note 1): (see statement)				
Common stock, without par value, authorized and issued 1,000 shares	\$1,065,634	56.1%	\$1,065,634	53.0%
Retained earnings	180,044	9.5	71,941	3.6
Total common stock equity	1,245,678	65.6	1,137,575	56.6

</TABLE>

<TABLE>

LONG-TERM DEBT (Note 6):

First Mortgage Bonds:

<S>	<C>	<C>	<C>	<C>	<C>
Series	Due	1993	1992		
5-5/8%	1996	\$ 16,000	\$ 16,000		
8-1/8%	2001	-	35,000		
7-3/8%	2002	-	25,000		
7.6%	2003	135,000	135,000		
6-1/2%	2005	65,000	-		
8-3/8%	2006	-	25,000		
8-1/2%	2007	-	25,000		
8-7/8%	2008	-	30,000		
				216,000	291,000

Pollution Control Bonds:

6.80%	2004	14,500	14,500		
5-7/8%	2007	21,940	21,940		
6%	2007	10,000	10,000		
7.0%	2031	327,500	327,500		
				373,940	373,940
Total bonds				589,940	664,940

Other Long-Term Debt:

Pollution control obligations:

5-3/4% series	2003	13,980	14,205		
Revolving credit agreement	1993	-	150,000		
Other long-term agreement	1995	53,913	46,640		
Total other long-term debt				67,893	210,845

Unamortized premium and discount (net)	(4,052)		(3,905)
Long-term debt due within one year	(238)		(228)
Total long-term debt	653,543	34.4	871,652 43.4
TOTAL CAPITALIZATION	\$1,899,221	100.0%	\$2,009,227 100.0%

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

</TABLE>

<TABLE>

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

<CAPTION>

	Common Stock Shares	Common Stock Amount	Other Paid-in Capital	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE DECEMBER 31, 1990 (Predecessor)	40,996,185	\$ 636,986	\$ 270	\$171,139	(9,996,426)	(199,255)	\$ 609,140
Net income				53,602			53,602
Cash dividends:							
Common stock				(53,322)			(53,322)
Preferred stock				(821)			(821)
Employee stock plans	1,560	17	14				31
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

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

</TABLE>

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 \$294 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. The pro forma effects on the Company's net income for 1991 presented giving effect to the Merger as if it had occurred at the beginning of the earliest period presented would not be materially different from that shown in the income statements included herein.

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 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. The first refund was made in April 1992 and amounted to approximately \$4.9 million for the Company. A refund of approximately \$4.9 million was made in December 1993 and an additional refund of approximately \$8.7 million will be made in September 1994.

The KCC order approving the Merger requires the legal reorganization of

the Company so that it is no longer held as a separate subsidiary after January 1, 1995, unless good cause is 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 Utilities Holding Company Act until January 1, 1995. In connection with a requested ruling that a merger of the Company into Western Resources would not adversely affect the tax structure of the merger, the Company received a response from the Internal Revenue Service that the IRS would not issue the requested ruling. In light of the IRS response, the Company withdrew its request for a ruling. The Company will consider alternative forms of combination or seek regulatory approvals to waive the requirements for a combination. There is no certainty as to whether a combination will occur or as to the form or timing thereof.

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 4.41% for 1993, 6.51% for the nine months ended December 31, 1992, 6.70% for the three months ended March 31, 1992, and 7.74% for 1991. 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 2.9% during 1993, 2.9% during the nine months ended December 31, 1992, 3.0% during the three months ended March 31, 1992, and 3.0% during 1991 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 are deferred as realized and 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 \$22.3 and \$16.6 million at December 31, 1993 and 1992, respectively, are recorded as a component of accounts receivable on the balance sheets. Certain amounts of unbilled revenues have been sold (see Note 6).

The Company had reserves for doubtful accounts receivable of \$3.0 and \$2.4 million at December 31, 1993 and 1992, 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, 1993 and 1992 was \$17.4 and \$26.0 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 (millions of dollars):

	1993	1992
Cash surrender value of contracts . . .	\$269.1	\$230.3
Prepaid COLI	9.5	4.8
Borrowings against contracts	(269.0)	(85.8)
COLI (net)	\$ 9.6	\$149.3

The decrease in COLI (net) is a result of increased borrowings against the accumulated cash surrender value of the COLI policies. The COLI borrowings will be repaid with proceeds from death benefits. Management expects to realize increases in cash surrender value of contracts resulting from premiums and investment earnings on a tax free basis upon receipt of net proceeds from death benefits under the contracts. Interest expense included in corporate-owned life insurance (net) on the statements of income was \$11.9 million for 1993, \$5.3 million for the nine months ended December 31, 1992, \$1.9 million for the three months ended March 31, 1992, and \$7.3 for 1991.

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

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

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 of net nuclear generation. These fees are included as part of nuclear fuel expense and amounted to \$3.5 million for 1993, \$1.6 million for the nine months ended December 31, 1992, \$.5 million for the three months ended March 31, 1992, and \$2.8 million for 1991.

Decommissioning: The Company's share of Wolf Creek decommissioning costs, currently authorized in rates, was estimated to be approximately \$97 million in 1988 dollars. Decommissioning costs are being charged to operating expenses. Amounts so expensed are deposited in an external trust fund and will be used solely for the physical decommissioning of the plant. Electric rates charged to customers provide for recovery of these decommissioning costs over the estimated life of Wolf Creek. At December 31, 1993 and 1992, \$13.2 and \$9.3 million respectively, were on deposit in the decommissioning fund. On September 1, 1993, WCNOG 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 \$9.4 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 insurable 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 nitrogen oxide 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 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 nitrogen oxide 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 nitrogen oxide regulations for Phase I group 1 units. Nitrogen oxide 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 nitrogen oxide 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 nitrogen oxide regulations are final, 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.

Other Investments: In prior years, the Company routinely purchased short-term investment grade commercial paper for special deposit interest accounts associated with tax-exempt pollution control bonds. On February 1, 1990, the Company purchased \$6.6 million of Drexel Burnham Lambert Group Inc. (Drexel) commercial paper. On February 13, 1990, Drexel filed for bankruptcy. In 1990, additional claims being filed and potential lengthy litigation indicated full recovery would be unlikely; accordingly, the investment was written off in 1990. The Company recognized the recovery of approximately \$4.2 million during the nine months ended December 31, 1992, of the investment, which is included in miscellaneous income.

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 are \$666 million and \$20.4 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 be absorbed by the Company.

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.

Cost of Service Audit Appeal: In September 1991, the KCC ordered the Company to refund (which the Company has done) \$5.6 million of revenues plus \$0.6 million in interest, for the period July 2, 1990 through January 31, 1991. This order concluded the appeal of the February 1990 KCC order to reduce rates by \$8.7 million. The Company had previously recorded reserves totalling \$10.8 million; however, as the order also made rates permanent, the excess reserves of \$3.3 million were reversed in September 1991.

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 Pittsburgh 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. In June 1991, 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.

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).

Storm Damage Recovery: In October 1990, the Company asked the KCC for approval of a plan to recover the cost of damage primarily from the March 13 and June 19, 1990 storms. Approximately \$15 million of capital expenditures were incurred. These costs have been included in the Company's electric plant accounts. In May 1991, the Company amended this request to include the estimated \$5 million of capital expenditures associated with an April 1991 storm. In November 1991 and January 1992, the KCC approved the deferral and recovery of the capital expenditures of the 1990 and 1991 storms, respectively, as well as carrying charges thereon.

5. SHORT-TERM BORROWINGS

At December 31, 1993, the Company had bank credit arrangements available of \$35 million. In addition, the Company has uncommitted loan participation agreements. Maximum short-term borrowings outstanding during 1993 and 1992 were \$175.8 million on December 14, 1993 and \$128 million on October 6, 1992. The weighted average interest rates, including fees, were 3.5% for 1993, 6.4% for the nine months ended December 31, 1992, 7.1% for the three months ended March 31, 1992, and 7.8% for 1991.

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. During 1993, the Company refinanced \$65 million of first mortgage bonds by issuing \$65 million of First Mortgage Bonds, 6 1/2% Series due 2005. In 1992, the Company refinanced \$125 million of first mortgage bonds by issuing \$135 million of First Mortgage Bonds, 7.6% Series due 2003.

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.

The 6.80% series, due 2004, the 6% and 5 7/8% series due 2007 and the 7% series due 2031 are pledged as collateral for pollution control revenue bonds issued by Kansas municipalities.

On September 20, 1993, the Company terminated a long-term revolving credit agreement which provided for borrowings of up to \$150 million. The loan agreement, which was effective through October 1994, was repaid without penalty. The weighted average interest rate, including fees, was 3.7% for 1993, 6.8% for the nine months ended December 31, 1992, 7.7% for the three months ended March 31, 1992, and 8.4% for 1991.

The Company has a long-term agreement, expiring in 1995, which contains 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 are accounted for as sales while those related to phase-in revenues are accounted for as collateralized borrowings. Additional receivables are continually sold to replace those collected. At December 31, 1993 and 1992, outstanding receivables amounting to \$56.8 and \$47.7 million, respectively, were considered sold under the agreement. The credit risk associated with the sale of customer accounts receivable is considered minimal. The weighted average interest rate, including fees, on this agreement was 3.7% for 1993, 6.6% for the nine months ended December 31, 1992, 7.9% for the three months ended March 31, 1992, and 7.8% for 1991. At December 31, 1993, an additional \$16.4 million was available under the agreement.

Bonds maturing and acquisition and retirement of bonds for sinking fund requirements for the five years subsequent to December 31, 1993 are as follows:

Year	Maturing Bonds (Dollars in Thousands)	Retiring Bonds
1994.	\$ -	\$ 238
1995.	-	253
1996.	16,000	270
1997.	-	833
1998.	-	1,050

7. SALE-LEASEBACK OF LA CYGNE 2

In 1987, the Company sold and leased back its 50 percent undivided interest in 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.

Future minimum annual lease payments required under the lease agreement are approximately \$34.6 million for each year through 1998 and \$715 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 1993, \$20.6 million for the nine months ended December 31, 1992, \$7.5 million for the three months ended March 31, 1992, and \$30 million for 1991.

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 (millions of dollars):

	1992			
	1993 (Successor)	April 1 to to Dec.31	Jan.1 to March 31 (Predecessor)	1991
Pension Cost:				
Service cost	\$ 3.2	\$ 2.5	\$.8	\$ 3.1
Interest cost on projected benefit obligation	9.5	6.7	2.1	7.4
Return on plan assets	(14.1)	(5.8)	(9.0)	(14.0)
Net amortization & deferral	4.9	(1.0)	6.7	5.4
Net pension cost	\$ 3.5	\$ 2.4	\$.6	\$ 1.9

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

	1993	1992
Funded Status:		
Actuarial present value of benefit obligations:		
Vested	\$ 95.2	\$ 82.9
Non-vested	6.1	3.6
Total	\$101.3	\$ 86.5
Plan assets at November 30 (principally debt and equity securities) at fair value	\$119.9	\$113.7
Projected benefit obligation at November 30	(125.5)	(110.8)
Plan assets in excess of projected benefit obligation at November 30	(5.6)	2.9
Unrecognized transition asset	(1.7)	(2.0)
Unrecognized prior service costs	12.4	12.1
Unrecognized net gain	(20.6)	(26.1)
Accrued pension costs at December 31	\$ (15.5)	\$ (13.1)

Year Ended December 31,

1993

1992

Actuarial Assumptions:

Discount rate	7.0-7.75%	8.0-8.5%
Annual salary increase rate	5.0 %	6.0%
Long-term rate of return.	8.0-8.5 %	8.0-8.5%

Early 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: 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 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 under SFAS 106 was approximately \$3.4 million in 1993 (as compared to approximately \$1.8 million on a cash basis) and the Company's total obligation was approximately \$23.9 million at December 31, 1993. To mitigate the impact of SFAS 106 expense, the Company has implemented programs to reduce health care costs. In addition, the Company has 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 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.

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, \$0.2 million for the three months ended March 31, 1992, and \$2.1 million for 1991.

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,	1993
	(Dollars in Millions)
Actuarial present value of postretirement benefit obligations:	
Retirees.	\$ 12.4
Active employees fully eligible	2.5
Active employees not fully eligible	9.0
Unrecognized prior service cost	(.1)
Unrecognized transition obligation.	(20.4)

Unrecognized net loss	(1.7)
Balance sheet liability	\$ 1.7

For measurement purposes, an annual health care cost growth rate of 13% was assumed for 1994, decreasing to 6% by 2002 and thereafter. The accumulated post retirement benefit obligation was calculated using a weighted-average discount rate of 7.75%, a weighted-average compensation increase rate of 5.0%, and a weighted-average expected rate of return of 8.5%. 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 \$.6 million and the aggregate of the service and interest cost components by \$.1 million.

Postemployment: The FASB has issued Statement of Financial Accounting Standards No. 112 (SFAS 112), which establishes accounting and reporting standards for postemployment benefits. The new statement will require the Company to recognize the liability to provide postemployment benefits when the liability has been incurred. The Company adopted SFAS 112 effective January 1, 1994. To mitigate the impact adopting SFAS 112 will have on rate increases, the Company will file an application with the KCC for an order permitting the initial deferral of SFAS 112 transition costs and expenses and its inclusion in the future computation of cost of service net of an income stream generated from COLI. At December 31, 1993, the Company estimates SFAS 112 liability to total approximately \$700,000.

Savings Plans: The Company maintains 401(k) savings plans in which substantially all employees participate. The Company matches employees' contributions up to a maximum limit of 3 percent of the employees' salary. Prior to the Merger, the Company's matching contribution was based on the Company's performance during the prior year and the level of employee contributions. 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 Western Resources common stock fund. The Company's contributions were \$1.3 for 1993, \$1.7 million for the nine months ended December 31, 1992, \$0.2 million for the three months ended March 31, 1992, and \$2.0 million for 1991.

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, 1993, the Company had unused investment tax credits of approximately \$7.1 million available for carryforward which, if not utilized, will expire in the years 2000 through 2002 (see Note 3). In addition, the Company has alternative minimum tax credits generated prior to April 1, 1992, which carryforward without expiration, of \$53.9 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, 1993.

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,	1993		Total
	Debits	Credits	
	(Dollars in Thousands)		
Sources of Deferred Income Taxes:			
Accelerated depreciation and other property items	\$ -	\$ (350,105)	\$ (350,105)
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 . . .	-	(109,178)	(109,178)
Other	-	(12,873)	(12,873)
Total Deferred Income Taxes	\$ 170,181	\$ (816,340)	\$ (646,159)

December 31,	1992		Total
	Debits	Credits	
	(Dollars in Thousands)		
Sources of Deferred Income Taxes:			
Accelerated depreciation and other property items	\$ -	\$ (324,972)	\$ (324,972)
Energy and purchased gas adjustment clauses	2,691	-	2,691
Phase-in revenues	-	(37,564)	(37,564)
Deferred gain on sale-leaseback . .	104,573	-	104,573
Alternative minimum tax credits . .	39,882	-	39,882
Deferred coal contract settlements	-	(9,263)	(9,263)
Deferred compensation/pension liability	11,002	-	11,002
Acquisition premium	-	(313,721)	(313,721)
Deferred future income taxes . . .	-	(146,962)	(146,962)
Other	3,138	-	3,138
Total Deferred Income Taxes	\$ 161,286	\$ (832,482)	\$ (671,196)

10. LEGAL PROCEEDINGS

The Company is involved in various other 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.

A provision of \$12 million was recorded in miscellaneous expenses on the 1991 statement of income with respect to various legal matters.

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

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, 1993 and 1992.

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		Fair Value	
	1993	1992	1993	1992
	(Dollars in Thousands)			
Cash and cash equivalents.	\$ 63	\$ 892	\$ 63	\$ 892
Decommissioning trust. . .	13,204	9,272	13,929	9,500
Variable-rate debt	478,743	375,909	478,743	375,909
Fixed-rate debt.	603,920	679,145	660,750	705,970

12. JOINT OWNERSHIP OF UTILITY PLANTS

	Company's Ownership at December 31, 1993				
	In-Service Dates	Invest-ment	Accumulated Depreciation	Net (MW)	Per-cent
	(Dollars in Thousands)				
La Cygne 1 (a)	Jun 1973	\$ 150,265	\$ 91,175	342	50
Jeffrey 1 (b)	Jul 1978	65,803	28,717	140	20
Jeffrey 2 (b)	May 1980	64,375	25,552	135	20
Jeffrey 3 (b)	May 1983	95,336	31,084	140	20
Wolf Creek (c)	Sep 1985	1,366,387	281,819	533	47

- (a) Jointly owned with Kansas City Power & Light Company (KCP&L)
 (b) Jointly owned with Western Resources, UtiliCorp United Inc., and a third party
 (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.

	1993			
	4th Qtr.	3rd Qtr. (Successor)	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
Earnings applicable to common stock	13,692	46,406	24,274	23,731

	1992			
	4th Qtr.	3rd Qtr. (Successor)	2nd Qtr.	1st. Qtr. (Predecessor)
Operating revenues.	\$127,058	\$167,825	\$128,655	\$130,713
Operating income.	29,282	49,541	29,174	22,165
Net income.	15,528	35,987	20,426	6,040
Earnings applicable to common stock	15,528	35,987	20,426	5,835

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, 1993, resulted in a net advance by KG&E to Western Resources of \$192.8 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.

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	48	Chairman of the Board, President and Chief Executive Officer since June 1992, and prior to that President and Chief Executive Officer since March 1992, and prior to that Group Vice President Directorships Bank IV Wichita	1992
Robert T. Crain (a)	68	Owner, Crain Realty, Co., Fort Scott, Kansas Directorships	1992 (b)

Citizens National Bank

Anderson E. Jackson	60	President, Jackson Mortuary, Wichita, Kansas	1994
Donald A. Johnston (a)	60	President, Maupintour, Inc., Lawrence, Kansas (Escorted Tours and Travel) Directorships Commerce Bank, Lawrence Maupintour, Inc.	1992 (b)
Steven L. Kitchen	48	Executive Vice President and Chief Financial Officer, Western Resources, Inc., (since March 1990) and prior to that Senior Vice President, Finance and Accounting (October 1987 to March 1990)	1992
Glenn L. Koester	68	Retired Vice President - Nuclear of the Company	1992 (b)
James J. Noone (a)	73	Attorney and retired Administrative Judge for the District Court of Sedgwick County, Kansas	1992 (b)
Marilyn B. Pauly	44	President, Bank IV Wichita, Wichita, Kansas Directorships St. Francis Regional Medical Center 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	72	Physician and Surgeon, Arkansas City, Kansas	1992 (b)
Richard Smith	60	President, Range Oil Company Directorships Bank IV Kansas Wichita HCA Wesley Medical Center	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 all Directors are paid an attendance fee of \$600 for Directors' meetings (\$300 if attending by phone) and \$500 for committee meetings. An additional committee meeting 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.

The Board of Directors held 5 meetings during the year and the Audit Committee held 2 meetings. All Directors attended 75% or more of their applicable 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, 1993 and 1992
Statements of Income for the year ended December 31, 1993 (Successor), the nine months ended December 31, 1992 (Successor), the three months ended March 31, 1992 (Predecessor), and the year ended December 31, 1991 (Predecessor)
Statements of Cash Flows for the year ended December 31, 1993 (Successor), the period March 31 to December 31, 1992 (Successor), the three months ended March 31, 1992 (Predecessor), and the year ended December 31, 1991 (Predecessor)
Statements of Taxes for the year ended December 31, 1993 (Successor), the nine months ended December 31, 1992 (Successor), the three months ended March 31, 1992 (Predecessor), and the year ended December 31, 1991 (Predecessor)
Statements of Capitalization, December 31, 1993 and 1992
Statements of Common Stock Equity for the year ended December 31, 1993 (Successor), the nine months ended December 31, 1992 (Successor), the three months ended March 31, 1992 (Predecessor), and the year ended December 31, 1991 (Predecessor)
Notes to Financial Statements

The following supplemental schedules are included herein.

SCHEDULES

Schedule V - Utility Plant for the year ended December 31, 1993, (Successor), the nine months ended December 31, 1992 (Successor), the three months ended March 31, 1992 (Predecessor), and the year ended December 31, 1991 (Predecessor)
Schedule VI - Accumulated Depreciation of Utility Plant for the year ended December 31, 1993 (Successor), the nine months ended December 31, 1992 (Successor) the three months ended March 31, 1992 (Predecessor), and the year ended December 31, 1991 (Predecessor)

REPORTS ON FORM 8-K

Form 8-K dated January 31, 1994

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-six 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, and August 24, 1993, (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 Description December 31, 1992, File No. 1-7324; Exhibit 4(b) to Form S-3, File No. 33-50075)	I
4(c)2	Thirty-seventh Supplemental Indenture dated as of January 15, 1994, to the Company's Mortgage and Deed of Trust (Filed electronically)	
4(c)3	Thirty-eighth Supplemental Indenture dated as of March 1, 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	I

year ended December 31, 1990, File No. 1-7324).

- 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
- 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 & Co. (Filed electronically)
- 23(b) Consent of Independent Public Accountants, Deloitte & Touche (Filed electronically)

<TABLE>

KANSAS GAS AND ELECTRIC COMPANY

Schedule V - Utility Plant

(Successor)

<CAPTION>

Classification	Balance at Beginning of Period	Additions at Cost	Retire- ments	Transfers, Reclassi- fications	Balance at End of Period
	(Thousands of Dollars)				
For the Year Ended December 31, 1993					
<S>	<C>	<C>	<C>	<C>	<C>
Electric Plant:					
Steam Production.	\$ 469,258	\$ 26,648	\$ 2,710	\$ -	\$ 493,196
Nuclear Production.	1,355,678	11,324	614	-	1,366,388
Transmission.	215,898	1,422	141	-	217,179
Distribution.	371,714	19,630	1,872	-	389,472
General	62,110	6,839	1,846	-	67,103
Electric Plant Leased to Others .	6,984	-	-	-	6,984
Construction Work in Progress . .	29,634	(1,198)	-	-	28,436
Electric Plant Held for Future					
Use	15,458	5	129	-	15,334
Nuclear Fuel.	59,305	6,764	19,381	-	46,688
Plant Acquisition Adjustment. . .	796,265	-	-	(12,089)	784,176
	\$3,382,304	\$ 71,434	\$ 26,693	\$ (12,089)	\$3,414,956

</TABLE>

<TABLE>

KANSAS GAS AND ELECTRIC COMPANY

Schedule V - Utility Plant

<CAPTION>

Classification	Balance at Beginning of Period	Additions at Cost	Retire- ments	Transfers, Reclassi- fications	Balance at End of Period
	(Thousands of Dollars)				

(Pro Forma) (2)

For the Year Ended December 31, 1992

<S>	<C>	<C>	<C>	<C>	<C>
Electric Plant:					
Steam Production	\$ 463,198	\$ 8,420	\$ 2,354	\$ (6)	\$ 469,258
Nuclear Production	1,358,428	4,283	7,033	-	1,355,678
Transmission	213,928	2,328	358	-	215,898
Distribution	357,486	15,764	1,536	-	371,714
General	62,295	1,933	762	(1,356)	62,110
Electric Plant Leased to Others .	6,984	-	-	-	6,984
Construction Work in Progress . .	13,612	16,024	-	(2)	29,634
Electric Plant Held for Future					
Use	15,433	-	-	25	15,458
Nuclear Fuel	42,731	16,661	-	(87)	59,305
Plant Acquisition Adjustment . . .	-	796,265 (1)	-	-	796,265
	\$2,534,095	\$861,678	\$12,043	\$ (1,426)	\$3,382,304

(Successor)

For the Nine Months Ended December 31, 1992

Electric Plant:					
Steam Production	\$ 468,032	\$ 3,034	\$ 1,808	\$ -	\$ 469,258
Nuclear Production	1,358,833	3,505	6,660	-	1,355,678
Transmission	213,898	2,220	220	-	215,898
Distribution	359,223	13,531	1,040	-	371,714
General	61,007	1,799	696	-	62,110
Electric Plant Leased to Others .	6,984	-	-	-	6,984
Construction Work in Progress . .	15,744	13,892	-	(2)	29,634
Electric Plant Held for Future					
Use	15,458	-	-	-	15,458
Nuclear Fuel	43,456	15,936	-	(87)	59,305
Plant Acquisition Adjustment . . .	-	796,265 (1)	-	-	796,265
	\$2,542,635	\$850,182	\$10,424	\$ (89)	\$3,382,304

(Predecessor)

For the Three Months Ended March 31, 1992

Electric Plant:					
Steam Production	\$ 463,198	\$ 5,386	\$ 546	\$ (6)	\$ 468,032
Nuclear Production	1,358,428	778	373	-	1,358,833
Transmission	213,928	108	138	-	213,898
Distribution	357,486	2,233	496	-	359,223
General	62,295	134	66	(1,356)	61,007
Electric Plant Leased to Others .	6,984	-	-	-	6,984
Construction Work in Progress . .	13,612	2,132	-	-	15,744
Electric Plant Held for Future					
Use	15,433	-	-	25	15,458
Nuclear Fuel	42,731	725	-	-	43,456
	\$2,534,095	\$11,496	\$ 1,619	\$ (1,337)	\$2,542,635

- (1) See Note 1 of Notes to the Financial Statements for explanation of plant acquisition adjustment.
 (2) The pro forma information for the year ended December 31, 1992 was derived by combining the historical information of the three month period ended March 31, 1992 (Predecessor) and the nine month period ended December 31, 1992 (Successor). No purchase accounting adjustments were made for periods prior to the Merger in determining pro forma amounts because such adjustments would be immaterial.

</TABLE>

<TABLE>

KANSAS GAS AND ELECTRIC COMPANY

Schedule V - Utility Plant

(Predecessor)

<CAPTION>

Classification	Balance at Beginning of Period	Additions at Cost	Retire-ments	Transfers, Reclassi-fications	Balance at End of Period
----------------	--------------------------------	-------------------	--------------	-------------------------------	--------------------------

For the Year Ended December 31, 1991

<S>	<C>	<C>	<C>	<C>	<C>
Electric Plant:					
Steam Production.	\$ 450,753	\$13,746	\$ 1,300	\$ (1)	\$ 463,198
Nuclear Production.	1,363,312	11,032	15,916	-	1,358,428
Transmission.	208,705	6,356	1,129	(4)	213,928
Distribution.	340,458	19,206	2,178	-	357,486
General	58,353	5,286	1,342	(2)	62,295
Electric Plant Leased to Others .	6,980	-	-	4	6,984
Construction Work in Progress . .	14,760	(1,148)	-	-	13,612
Electric Plant Held for Future					
Use	15,370	88	28	3	15,433
Nuclear Fuel.	28,152	19,782	5,203	-	42,731
	\$2,486,843	\$74,348	\$27,096	\$ -	\$2,534,095

</TABLE>

<TABLE>

KANSAS GAS AND ELECTRIC COMPANY

Schedule VI - Accumulated Depreciation of Utility Plant

(Successor)

<CAPTION>

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Retire- ments	Other Charges	Balance at End of Period
-------------	--------------------------------------	--	------------------	------------------	--------------------------------

(Thousands of Dollars)

For the Year Ended December 31, 1993

<S>	<C>	<C>	<C>	<C>	<C>
Electric Plant:					
Steam Production.	\$242,596	\$16,486	\$ 3,159	\$ -	\$255,923
Nuclear Production.	247,370	35,465	832	31	282,034
Transmission.	74,167	5,244	20	-	79,391
Distribution.	120,897	11,324	2,449	-	129,772
General	29,100	4,576	1,359	1,260	33,577
Electric Plant Leased to Others .	1,239	174	-	-	1,413
Electric Plant Held for Future					
Use	8,819	-	86	-	8,733
Nuclear Fuel.	25,993	10,805	19,381	-	17,417
	\$750,181	\$84,074	\$27,286	\$1,291	\$808,260

</TABLE>

<TABLE>

KANSAS GAS AND ELECTRIC COMPANY

Schedule VI - Accumulated Depreciation of Utility Plant

<CAPTION>

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Retire- ments	Other Charges	Balance at End of Period
-------------	--------------------------------------	--	------------------	------------------	--------------------------------

(Thousands of Dollars)

(Pro Forma) (1)

For the Year Ended December 31, 1992

<S>	<C>	<C>	<C>	<C>	<C>
Electric Plant:					
Steam Production.	\$228,538	\$16,433	\$ 2,374	\$ (1)	\$242,596
Nuclear Production.	219,311	35,361	7,302	-	247,370
Transmission.	69,355	5,199	387	-	74,167
Distribution.	111,961	10,835	1,899	-	120,897
General	25,003	4,369	745	473	29,100

Electric Plant Leased to Others	1,065	174	-	-	1,239
Electric Plant Held for Future Use	8,793	-	-	26	8,819
Nuclear Fuel	16,132	9,850	-	11	25,993
	\$680,158	\$82,221	\$12,707	\$ 509	\$750,181

(Successor)
For the Nine Months Ended December 31, 1992

Electric Plant:					
Steam Production	\$232,589	\$11,942	\$ 1,935	\$ -	\$242,596
Nuclear Production	227,819	26,438	6,887	-	247,370
Transmission	70,547	3,960	340	-	74,167
Distribution	114,153	8,113	1,369	-	120,897
General	26,211	3,147	695	437	29,100
Electric Plant Leased to Others	1,109	130	-	-	1,239
Electric Plant Held for Future Use	8,819	-	-	-	8,819
Nuclear Fuel	17,377	8,605	-	11	25,993
	\$698,624	\$62,335	\$11,226	\$ 448	\$750,181

(Predecessor)
For the Three Months Ended March 31, 1992

Electric Plant:					
Steam Production	\$228,538	\$ 4,491	\$ 439	\$ (1)	\$232,589
Nuclear Production	219,311	8,923	415	-	227,819
Transmission	69,355	1,239	47	-	70,547
Distribution	111,961	2,722	530	-	114,153
General	25,003	1,222	50	36	26,211
Electric Plant Leased to Others	1,065	44	-	-	1,109
Electric Plant Held for Future Use	8,793	-	-	26	8,819
Nuclear Fuel	16,132	1,245	-	-	17,377
	\$680,158	\$19,886	\$ 1,481	\$ 61	\$698,624

(1) The pro forma information for the year ended December 31, 1992 was derived by combining the historical information of the three month period ended March 31, 1992 (Predecessor) and the nine month period ended December 31, 1992 (Successor). No purchase accounting adjustments were made for periods prior to the Merger in determining pro forma amounts because such adjustments would be immaterial.

</TABLE>

<TABLE>

KANSAS GAS AND ELECTRIC COMPANY

Schedule VI - Accumulated Depreciation of Utility Plant

(Predecessor)

<CAPTION>

Description	Balance at Beginning of Period	Additions			Balance at End of Period
		Charged to Costs and Expenses	Retire-ments	Other Charges	
(Thousands of Dollars)					
For the Year Ended December 31, 1991					
<S>	<C>	<C>	<C>	<C>	<C>
Electric Plant:					
Steam Production	\$212,421	\$17,305	\$ 1,207	\$ 19	\$228,538
Nuclear Production	199,938	35,460	16,087	-	219,311
Transmission	65,463	5,107	1,215	-	69,355
Distribution	104,043	10,396	2,478	-	111,961
General	21,582	4,127	1,278	572	25,003
Electric Plant Leased to Others	891	174	-	-	1,065
Electric Plant Held for Future					

Use	8,841	-	29	(19)	8,793
Nuclear Fuel.	15,607	5,728	5,203	-	16,132
	\$628,786	\$78,297	\$27,497	\$ 572	\$680,158

</TABLE>

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 18, 1994

By KENT R. BROWN
(Kent R. Brown, 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
KENT R. BROWN 1994 (Kent R. Brown)	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	March 18,
RICHARD D. TERRILL 1994 (Richard D. Terrill)	Secretary, Treasurer and General Counsel (Principal Financial and Accounting Officer)	March 18,
ROBERT T. CRAIN (Robert T. Crain)		
(Anderson E. Jackson)		
DONALD A. JOHNSTON (Donald A. Johnston)		
S. L. KITCHEN 1994 (S. L. Kitchen)	Directors	March 18,
GLENN L. KOESTER (Glenn L. Koester)		
JAMES J. NOONE (James J. Noone)		
(Marilyn B. Pauly)		
NEWTON C. SMITH, M.D. (Newton C. Smith, M. D.)		
RICHARD SMITH (Richard Smith)		

KANSAS GAS AND ELECTRIC COMPANY

TO

MORGAN GUARANTY TRUST COMPANY

OF NEW YORK

(formerly Guaranty Trust Company of New York)

AND

W. A. SPOONER

(successor to Henry A. Theis, Oliver R. Brooks,
Wesley L. Baker, Edwin F. McMichael and R. Amundsen)

as Trustees under Kansas Gas and Electric Company's
Mortgage and Deed of Trust, Dated as of April 1, 1940

THIRTY-SEVENTH SUPPLEMENTAL INDENTURE

Providing, among other things, for
First Mortgage Bonds, 6.20% Series Due 2006

Dated as of January 15, 1994

THIRTY-SEVENTH SUPPLEMENTAL INDENTURE

INDENTURE, dated as of January 15, 1994, between KANSAS
GAS AND ELECTRIC COMPANY, a corporation of the State of Kansas
(formerly named KCA Corporation and successor by merger to
Kansas Gas and Electric Company, a corporation of the State of
Kansas, hereinafter sometimes called the ``Company-Kansas''),
whose post office address is 120 East First Street, Wichita,

Kansas 67202 (hereinafter sometimes called the ``Company''), and MORGAN GUARANTY TRUST COMPANY OF NEW YORK (formerly Guaranty Trust Company of New York), a corporation of the State of New York, whose post office address is 60 Wall Street, New York, New York 10260-0060 (hereinafter sometimes called the ``Corporate Trustee''), and W. A. SPOONER (successor to Henry A. Theis, Oliver R. Brooks, Wesley L. Baker, Edwin F. McMichael and R. Amundsen, and being hereinafter sometimes called the ``Individual Trustee''), whose post office address is 1 Juliet Court, Old Bridge, New Jersey 08857 (the Corporate Trustee and the Individual Trustee being hereinafter together sometimes called the ``Trustees''), as Trustees under the Mortgage and Deed of Trust, dated as of April 1, 1940 (hereinafter called the ``Mortgage''), which Mortgage was executed and delivered by Kansas Gas and Electric Company, a corporation of the State of West Virginia to which the Company-Kansas was successor by merger (hereinafter sometimes called the ``Company-West Virginia''), to secure the payment of bonds issued or to be issued under and in accordance with the provisions of the Mortgage, reference to which Mortgage is hereby made, this Indenture (hereinafter sometimes called the ``Thirty-seventh Supplemental Indenture'') being supplemental thereto;

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

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

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

Whereas, an instrument, dated March 3, 1958, was executed

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

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

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

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

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

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

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

Designation	Dated as of
Second Supplemental Indenture	March 1, 1948

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

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

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

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

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

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

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

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

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

Designation	Dated as of
Fourteenth Supplemental Indenture	July 1, 1975
Fifteenth Supplemental Indenture	December 1, 1975
Sixteenth Supplemental Indenture	September 1, 1976
Seventeenth Supplemental Indenture	March 1, 1977
Eighteenth Supplemental Indenture	May 1, 1977
Nineteenth Supplemental Indenture	August 1, 1977
Twentieth Supplemental Indenture	March 15, 1978
Twenty-first Supplemental Indenture	January 1, 1979
Twenty-second Supplemental Indenture	April 1, 1980
Twenty-third Supplemental Indenture	July 1, 1980
Twenty-fourth Supplemental Indenture	August 1, 1980
Twenty-fifth Supplemental Indenture	June 1, 1981
Twenty-sixth Supplemental Indenture	December 1, 1981
Twenty-seventh Supplemental Indenture	May 1, 1982

Designation	Dated as of
Twenty-eighth Supplemental Indenture	March 15, 1984
Twenty-ninth Supplemental Indenture	September 1, 1984
Thirtieth Supplemental Indenture	September 1, 1984
Thirty-first Supplemental Indenture	February 1, 1985
Thirty-second Supplemental Indenture	April 15, 1986
Thirty-third Supplemental Indenture	June 1, 1991

Thirty-fourth Supplemental Indenture March 31, 1992
Thirty-fifth Supplemental Indenture December 17, 1992
Thirty-sixth Supplemental Indenture August 12, 1993

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

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

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

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

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

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

Whereas, the Company-Kansas caused the Nineteenth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on August 31, 1977, Film 263, page 882), and as a chattel mortgage in the Office of the

Secretary of State of Kansas (filed on September 1, 1977 and indexed as No. 406,577); and

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

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

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

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

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

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

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

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

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

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

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

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

Whereas, the Company on the following dates paid to the Register of Deeds of Sedgwick County, Kansas, that being the County in which the Fourteenth through Thirtieth Supplemental

Indentures and the Thirty-third Supplemental Indenture were first filed for record as a mortgage of real property, the following amounts:

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

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

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

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

connection with such recordation; and

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

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

Whereas, the Company caused the Thirty-fifth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on December 16, 1992, Film 301, page 0104), and as a security agreement in the Office of Secretary of State of Kansas (filed on December 16, 1992 and indexed as No. 1,861,886), but paid no mortgage registration tax in connection with the recordation of the Thirty-fifth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

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

Whereas, the Company-West Virginia, the Company-Kansas or the Company has from time to time caused to be filed in the respective offices of the above-mentioned Registers of Deeds and Secretary of State affidavits executed by the Trustees under the Mortgage, preserving and continuing the lien thereof

either as a chattel mortgage in accordance with the provisions of K.S.A. 58-303 (Section 58-303 of the General Statutes of Kansas 1935) or as a security agreement under the provisions of K.S.A. 84-9-401 et seq.; and

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

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

Series	Principal Amount Issued	Principal Amount Outstanding
3-3/8% Series due 1970 . .	\$16,000,000	None
3-1/8% Series due 1978 . .	5,000,000	None
2-3/4% Series due 1979 . .	3,000,000	None
3-3/8% Series due 1982 . .	12,000,000	None
3-5/8% Series due 1983 . .	10,000,000	None
3-3/8% Series due 1985 . .	10,000,000	None
3-3/8% Series due 1986 . .	7,000,000	None
4-5/8% Series due 1991 . .	7,000,000	None
5-5/8% Series due 1996 . .	16,000,000	\$16,000,000
8-1/2% Series due 2000 . .	35,000,000	None
8-1/8% Series due 2001 . .	35,000,000	None
7-3/8% Series due 2002 . .	25,000,000	None
9-5/8% Series due 2005 . .	40,000,000	None
6% Series due 1985 . .	7,000,000	None
7-3/4% Series due 2005 . .	12,500,000	None
8-3/8% Series due 2006 . .	25,000,000	None
8-1/2% Series due 2007 . .	25,000,000	None
6% Series due 2007 . .	10,000,000	10,000,000
5-7/8% Series due 2007 . .	21,940,000	21,940,000
8-7/8% Series due 2008 . .	30,000,000	None
6.80% Series due 2004 . .	\$14,500,000	\$14,500,000
16-1/4% Series due 1987 . .	30,000,000	None
6-1/2% Series due 1983 . .	15,000,000	None
7-1/4% Series due 1983 . .	25,500,000	None
14-7/8% Series due 1987-1991		30,000,000
None		
16% Series due 1996 . .	25,000,000	None
15-3/4% Series due 1989 . .	40,000,000	None
13-1/2% Series due 1989 . .	100,000,000	None
14.05% Series due 1991 . .	30,000,000	None

14-1/8% Series due 1991 . .	20,000,000	None
10-7/8% Series due 1987 . .	30,000,000	None
9-3/4% Series due 2016 . .	50,000,000	None
7.00% Series A due 2031 .	18,900,000	18,900,000
7.00% Series B due 2031 .	308,600,000	308,600,000
7.60% Series due 2003 . .	135,000,000	135,000,000
6-1/2% Series due 2005 . .	65,000,000	65,000,000

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

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

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

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

Whereas, the execution and delivery by the Company of this Thirty-seventh Supplemental Indenture, and the terms of the bonds of the Thirty-seventh Series, hereinafter referred to, have been duly authorized by the Board of Directors of the

Company by appropriate Resolutions of said Board of Directors;

Now, Therefore, This Indenture Witnesseth:

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

for any purpose, including poles, wires, cables, pipes, conduits, ducts and all apparatus for use in connection therewith; all real estate, lands, easements, servitudes, licenses, permits, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of the same and (except as herein or in the Mortgage, as heretofore supplemented, expressly excepted), all the right, title and interest of the Company in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or enjoyed in connection with any property hereinbefore or in the Mortgage, as heretofore supplemented, described.

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

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

Provided that the following are not and are not intended to be now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed hereunder and are hereby expressly excepted from the lien and operation of this Thirty-seventh Supplemental Indenture and from the lien and operation of the Mortgage, viz.: (1) cash, shares of stock and obligations (including bonds, notes and other securities) not hereafter specifically pledged, paid, deposited or delivered under the Mortgage or covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business and fuel, oil and similar materials and supplies consumable in the operation of any properties of the Company; vehicles and automobiles; (3) bills, notes and accounts receivable, and all contracts, leases and operating agreements not specifically pledged under the Mortgage or covenanted so to be; and (4) electric energy, and other materials or products

generated, manufactured, produced or purchased by the Company for sale, distribution or use in the ordinary course of its business; provided, however, that the property and rights expressly excepted from the lien and operation of the Mortgage and this Thirty-seventh Supplemental Indenture in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event that either or both of the Trustees or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XII of the Mortgage by reason of the occurrence of a Default as defined in said Article XII.

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

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

In Trust Nevertheless, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as are set forth in the Mortgage, as supplemented, this Thirty-seventh Supplemental Indenture being supplemental thereto.

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

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

ARTICLE I

THIRTY-SEVENTH SERIES OF BONDS

Section 1. (I) There shall be a series of bonds designated ``6.20% Series due 2006'' (herein sometimes referred to as the ``Thirty-seventh Series''), each of which shall also bear the descriptive title, First Mortgage Bond, and the form thereof, which is established by Resolution of the Board of Directors of the Company, shall contain suitable provisions with respect to the matters hereinafter in this Article I specified. Bonds of the Thirty-seventh Series shall mature on January 15, 2006, and shall be issued as fully registered bonds in denominations of One Thousand Dollars and in any multiple or multiples of One Thousand Dollars. Bonds of the Thirty-seventh Series shall bear interest at the rate of 6.20% per annum, payable semi-annually each year, the first interest payment to be made on July 15, 1994 for the period from January 20, 1994 to July 15, 1994, with subsequent interest payments to be made semi-annually on January 15 and July 15 of each year. The principal of and interest on bonds of the Thirty-seventh Series shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts. Bonds of the Thirty-seventh Series shall be dated as in Section 10 of the Mortgage provided.

(II) Bonds of the Thirty-seventh Series shall not be redeemable at the option of the Company at any time prior to maturity.

(III) At the option of the registered owner, any Bonds of the Thirty-seventh Series, upon surrender thereof, for cancellation, at the office or agency of the Company in the Borough of Manhattan, The City of New York, shall be exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations. The Bonds of the Thirty-seventh Series may bear such legends as may be necessary to comply with any law or with any rules or regulations made pursuant thereto or with the rules or regulations of any stock exchange or to conform to usage with respect thereto.

(IV) Bonds of the Thirty-seventh Series shall be transferable upon the surrender thereof, for cancellation together with a written instrument of transfer in form approved by the registrar duly executed by the registered owner or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York.

(V) Upon any exchange or transfer of Bonds of the Thirty-

seventh Series, the Company may make a charge therefor sufficient to reimburse it for any tax or taxes or other governmental charge required to be paid by the Company, as provided in Section 12 of the Mortgage, but the Company hereby waives any right to make a charge in addition thereto for any exchange or transfer of Bonds of the Thirty-seventh Series.

Section 2. The Company reserves the right, subject to appropriate corporate action, but without any consent or other action by holders of Bonds of the Thirty-seventh Series or of any subsequent series of Bonds, to make such amendments to the Mortgage, as supplemented, as shall be necessary in order to (A) permit the issuance of additional Prior Lien Bonds other than to the Corporate Trustee (i) in a principal amount not to exceed the principal amount of Bonds which could then be issued on the basis of Property Additions under the Mortgage or (ii) upon the redemption or retirement of Prior Lien Bonds secured by such Prior Lien, (B) to remove the requirement that Prior Lien Bonds be issued to the Corporate Trustee, (C) remove the provisions of Article V which eliminate from the calculation of unfunded net Property Additions available for issuance of Bonds the amount of any Property Additions subject to a Prior Lien if the aggregate amount of Outstanding Prior Lien Bonds is 15% or more of the sum of the Outstanding Bonds and Prior Lien Bonds, and (D) and make such other amendments to the Mortgage as may be necessary or desirable in the opinion of the Company to effect the foregoing.

ARTICLE II

MISCELLANEOUS PROVISIONS

Section 1. Subject to the amendments provided for in this Thirty-seventh Supplemental Indenture, the terms defined in the Mortgage, as heretofore supplemented, shall, for all purposes of this Thirty-seventh Supplemental Indenture, have the meanings specified in the Mortgage, as heretofore supplemented.

Section 2. The Trustees hereby accept the trusts herein declared, provided, created or supplemented and agree to perform the same upon the terms and conditions set forth herein and in the Mortgage, as heretofore amended and supplemented, and upon the following terms and conditions:

The Trustees shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Thirty-seventh Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general, each and every term and condition contained in Article XVI of the Mortgage, as

heretofore amended and supplemented, shall apply to and form part of this Thirty-seventh 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 Thirty-seventh Supplemental Indenture.

Section 3. Subject to the provisions of Article XV and Article XVI of the Mortgage, as heretofore amended and supplemented, whenever in this Thirty-seventh Supplemental Indenture any of the parties hereto is named or referred to, this shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Thirty-seventh Supplemental Indenture contained by or on behalf of the Company or by or on behalf of the Trustees shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 4. Nothing in this Thirty-seventh Supplemental Indenture, expressed or implied, is intended, or shall be construed, to confer upon, or to give to, any person, firm or corporation, other than the parties hereto and the holders of the bonds and coupons Outstanding under the Mortgage, any right, remedy or claim under or by reason of this Thirty-seventh Supplemental Indenture or any covenant, condition, stipulation, promise or agreement hereof, and all the covenants, conditions, stipulations, promises and agreements in this Thirty-seventh Supplemental Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto, and of the holders of the bonds and of the coupons Outstanding under the Mortgage.

Section 5. This Thirty-seventh Supplemental Indenture shall be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

In Witness Whereof, KANSAS GAS AND ELECTRIC COMPANY has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its Vice Presidents, and its corporate seal to be attested by its Secretary or one of its Assistant Secretaries for and in its behalf, MORGAN GUARANTY TRUST COMPANY OF NEW YORK has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by one of its Vice Presidents and its corporate seal to be attested by one of its Assistant Secretaries, and has hereunto set his hand and affixed his seal, all as of the day and year first above written.

KANSAS GAS AND ELECTRIC COMPANY

By /s/ Kent R. Brown
Kent R. Brown
President

Attest:

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

Executed, sealed and delivered by
KANSAS GAS AND ELECTRIC COMPANY,
in the presence of:

/s/ Stacy Kramer

/s/ Robert J. Knott

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Trustee

By /s/ Norma Pane
Norma Pane
Vice President

Attest:

/s/ Karen Jule
Assistant Secretary

/s/ W.A. Spooner
(W.A. Spooner)

Executed, sealed and delivered by
MORGAN GUARANTY TRUST COMPANY
OF NEW YORK and W.A. SPOONER, in
the presence of:

/s/ Dennis Karoly

/s/ Madeline Schneider

STATE OF KANSAS)
 : ss.:
COUNTY OF SEDGWICK)

Be It Remembered, that on this 17th day of January, A.D. 1994, before me, the undersigned, a Notary Public within and for the County and State aforesaid, came Kent R. Brown, the President of KANSAS GAS AND ELECTRIC COMPANY, a corporation duly organized, incorporated and existing under the laws of the State of Kansas, who is personally known to me to be such officer, and who is personally known to me to be the same person who executed, as such officer, the within instrument of writing, and such person duly acknowledged the execution of the same to be the act and deed of said corporation and that said instrument of writing was so executed by order of the Board of Directors of said corporation.

On this 17th day of January, 1994, before me appeared Kent R. Brown, to me personally known, who being by me duly sworn did say that he is the President of KANSAS GAS AND ELECTRIC COMPANY, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Kent R. Brown acknowledged said instrument to be the free act and deed of said corporation.

On the 17th day of January in the year 1994, before me personally came Kent R. Brown to me known, who, being by me duly sworn, did depose and say that he resides at 4907 Portwest Circle, Wichita, Kansas; that he is the President of KANSAS GAS AND ELECTRIC COMPANY, one of the corporations described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

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

/s/ Regina I. Degarmo
REGINA I. DEGARMO
NOTARY PUBLIC - STATE OF KANSAS

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On this 14th day of January in the year 1994, before me, the undersigned, a Notary Public in and for the State of New York, in the County of New York, personally appeared and came W. A. Spooner, to me known and known to me to be the person described in and who executed the within and foregoing instrument and whose name is subscribed thereto and acknowledged to me that he executed the same.

In Witness Whereof, I have hereunto subscribed my name and affixed my official seal the day and year in this certificate first above written.

/s/ Alison M. Levchuck
ALISON M. LEVCHUCK
NOTARY PUBLIC, STATE OF NEW YORK
No. 4997425
QUALIFIED IN NASSAU COUNTY
COMMISSION EXPIRES JUNE 8, 1994

CONFORMED

KANSAS GAS AND ELECTRIC COMPANY

TO

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK
(formerly Guaranty Trust Company of New York)

AND

W. A. SPOONER
(successor to Henry A. Theis, Oliver R. Brooks,
Wesley L. Baker, Edwin F. McMichael and R. Amundsen)

as Trustees under Kansas Gas and Electric Company's
Mortgage and Deed of Trust, Dated as of April 1, 1940

THIRTY-EIGHTH SUPPLEMENTAL INDENTURE

Providing, among other things, for
First Mortgage Bonds, 5.10% Series Due 2023

Dated as of March 1, 1994

THIRTY-EIGHTH SUPPLEMENTAL INDENTURE

INDENTURE, dated as of March 1, 1994, between KANSAS GAS AND
ELECTRIC COMPANY, a corporation of the State of Kansas (formerly
named KCA Corporation and successor by merger to Kansas Gas and
Electric Company, a corporation of the State of Kansas,

hereinafter sometimes called the ``Company-Kansas''), whose post office address is 120 East First Street, Wichita, Kansas 67202 (hereinafter sometimes called the ``Company''), and MORGAN GUARANTY TRUST COMPANY OF NEW YORK (formerly Guaranty Trust Company of New York), a corporation of the State of New York, whose post office address is 60 Wall Street, New York, New York 10260-0060 (hereinafter sometimes called the ``Corporate Trustee''), and W. A. SPOONER (successor to Henry A. Theis, Oliver R. Brooks, Wesley L. Baker, Edwin F. McMichael and R. Amundsen, and being hereinafter sometimes called the ``Individual Trustee''), whose post office address is 1 Juliet Court, Old Bridge, New Jersey 08857 (the Corporate Trustee and the Individual Trustee being hereinafter together sometimes called the ``Trustees''), as Trustees under the Mortgage and Deed of Trust, dated as of April 1, 1940 (hereinafter called the ``Mortgage''), which Mortgage was executed and delivered by Kansas Gas and Electric Company, a corporation of the State of West Virginia to which the Company-Kansas was successor by merger (hereinafter sometimes called the ``Company-West Virginia''), to secure the payment of bonds issued or to be issued under and in accordance with the provisions of the Mortgage, reference to which Mortgage is hereby made, this Indenture (hereinafter sometimes called the ``Thirty-eighth Supplemental Indenture'') being supplemental thereto;

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

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

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

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

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

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

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

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

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

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

Designation

Dated as of

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

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

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

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

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

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

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

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

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

Designation	Dated as of
Fourteenth Supplemental Indenture	July 1, 1975
Fifteenth Supplemental Indenture	December 1, 1975
Sixteenth Supplemental Indenture	September 1, 1976
Seventeenth Supplemental Indenture	March 1, 1977
Eighteenth Supplemental Indenture	May 1, 1977
Nineteenth Supplemental Indenture	August 1, 1977
Twentieth Supplemental Indenture	March 15, 1978
Twenty-first Supplemental Indenture	January 1, 1979
Twenty-second Supplemental Indenture	April 1, 1980
Twenty-third Supplemental Indenture	July 1, 1980
Twenty-fourth Supplemental Indenture	August 1, 1980
Twenty-fifth Supplemental Indenture	June 1, 1981
Twenty-sixth Supplemental Indenture	December 1, 1981
Twenty-seventh Supplemental Indenture	May 1, 1982

Designation	Dated as of
Twenty-eighth Supplemental Indenture	March 15, 1984
Twenty-ninth Supplemental Indenture	September 1, 1984
Thirtieth Supplemental Indenture	September 1, 1984
Thirty-first Supplemental Indenture	February 1, 1985
Thirty-second Supplemental Indenture	April 15, 1986
Thirty-third Supplemental Indenture	June 1, 1991
Thirty-fourth Supplemental Indenture	March 31, 1992
Thirty-fifth Supplemental Indenture	December 17, 1992

Thirty-sixth Supplemental Indenture August 12, 1993
Thirty-seventh Supplemental Indenture January 15, 1994

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

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

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

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

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

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

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

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

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

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

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

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

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

Whereas, the Company-Kansas caused the Twenty-sixth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on December 30, 1981, Film 510, page 300),

and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on December 31, 1981 and indexed as No. 628,293); and

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

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

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

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

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

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

Date

Amount

July 2, 1975\$100,000
December 10, 1975.	48,750
September 29, 1976	62,500
March 16, 1977	62,500
May 26, 1977	25,000
August 31, 1977.	6,100
March 29, 1978	62,500
January 9, 1979.	36,250
April 2, 1980.	67,500
July 1, 1980	37,500
August 28, 1980.	63,750
June 30, 1981.	75,000
December 30, 1981.	62,500
May 6, 1982.100,000
March 22, 1984	93,750
September 5, 1984.	75,000
September 12, 1984	50,000
June 18, 1991.334,100

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

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

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

Whereas, in order to evidence the succession of the Company to the Company-Kansas and the assumption by the Company of the covenants and conditions of the Company-Kansas in the bonds and in the Mortgage contained, and to enable the Company to have and exercise the powers and rights of the Company-Kansas under the Mortgage in accordance with the terms thereof, the Company

executed and delivered to the Trustees a Thirty-fourth Supplemental Indenture, dated as of March 31, 1992 (which supplemental indenture is hereinafter sometimes called the ``Thirty-fourth Supplemental Indenture''); and

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

Whereas, the Company caused the Thirty-fifth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on December 16, 1992, Film 301, page 0104), and as a security agreement in the Office of Secretary of State of Kansas (filed on December 16, 1992 and indexed as No. 1,861,886), but paid no mortgage registration tax in connection with the recordation of the Thirty-fifth Supplemental Indenture, no such tax having been payable in connection with such recordation; and

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

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

Whereas, the Company-West Virginia, the Company-Kansas or the Company has from time to time caused to be filed in the respective offices of the above-mentioned Registers of Deeds and Secretary of State affidavits executed by the Trustees under the

Mortgage, preserving and continuing the lien thereof either as a chattel mortgage in accordance with the provisions of K.S.A. 58-303 (Section 58-303 of the General Statutes of Kansas 1935) or as a security agreement under the provisions of K.S.A. 84-9-401 et seq.; and

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

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

Series	Principal Amount Issued	Principal Amount Outstanding
3-3/8% Series due 1970. . .	\$16,000,000	None
3-1/8% Series due 1978. . .	5,000,000	None
2-3/4% Series due 1979. . .	3,000,000	None
3-3/8% Series due 1982. . .	12,000,000	None
3-5/8% Series due 1983. . .	10,000,000	None
3-3/8% Series due 1985. . .	10,000,000	None
3-3/8% Series due 1986. . .	7,000,000	None
4-5/8% Series due 1991. . .	7,000,000	None
5-5/8% Series due 1996. . .	16,000,000	\$16,000,000
8-1/2% Series due 2000. . .	35,000,000	None
8-1/8% Series due 2001. . .	35,000,000	None
7-3/8% Series due 2002. . .	25,000,000	None
9-5/8% Series due 2005. . .	40,000,000	None
6% Series due 1985.	7,000,000	None
7-3/4% Series due 2005. . .	12,500,000	None
8-3/8% Series due 2006. . .	25,000,000	None
8-1/2% Series due 2007. . .	25,000,000	None
6% Series due 2007.	10,000,000	10,000,000
5-7/8% Series due 2007. . .	21,940,000	21,940,000
8-7/8% Series due 2008. . .	30,000,000	None
6.80% Series due 2004 . . .	14,500,000	14,500,000
16-1/4% Series due 1987 . .	30,000,000	None
6-1/2% Series due 1983. . .	15,000,000	None
7-1/4% Series due 1983. . .	25,500,000	None
14-7/8% Series due 1987-1991	30,000,000	None
16% Series due 1996	25,000,000	None
15-3/4% Series due 1989 . .	40,000,000	None
13-1/2% Series due 1989 . .	100,000,000	None
14.05% Series due 1991. . .	30,000,000	None

14-1/8% Series due 1991 . . .	20,000,000	None
10-7/8% Series due 1987 . . .	30,000,000	None
9-3/4% Series due 2016. . .	50,000,000	None
7.00% Series A due 2031 . . .	18,900,000	18,900,000
7.00% Series B due 2031 . . .	308,600,000	308,600,000
7.60% Series due 2003 . . .	135,000,000	135,000,000
6-1/2% Series due 2005. . .	65,000,000	65,000,000
6.20% Series due 2006 . . .	100,000,000	100,000,000

hereinafter sometimes called Bonds of the First through Thirty-seventh Series; and

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

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

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

Whereas, the execution and delivery by the Company of this Thirty-eighth Supplemental Indenture, and the terms of the bonds of the Thirty-eighth Series, hereinafter referred to, have been duly authorized by the Board of Directors of the Company by appropriate Resolutions of said Board of Directors;

Now, Therefore, This Indenture Witnesseth:

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

therewith; all real estate, lands, easements, servitudes, licenses, permits, franchises, privileges, rights of way and other rights in or relating to real estate or the occupancy of the same and (except as herein or in the Mortgage, as heretofore supplemented, expressly excepted), all the right, title and interest of the Company in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or enjoyed in connection with any property hereinbefore or in the Mortgage, as heretofore supplemented, described.

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

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

Provided that the following are not and are not intended to be now or hereafter granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed hereunder and are hereby expressly excepted from the lien and operation of this Thirty-eighth Supplemental Indenture and from the lien and operation of the Mortgage, viz.: (1) cash, shares of stock and obligations (including bonds, notes and other securities) not hereafter specifically pledged, paid, deposited or delivered under the Mortgage or covenanted so to be; (2) merchandise, equipment, materials or supplies held for the purpose of sale in the usual course of business and fuel, oil and similar materials and supplies consumable in the operation of any properties of the Company; vehicles and automobiles; (3) bills, notes and accounts receivable, and all contracts, leases and operating agreements not specifically pledged under the Mortgage or covenanted so to be; and (4) electric energy, and other materials or products generated, manufactured, produced or purchased by the Company for sale, distribution or use in the ordinary course of its business; provided, however, that the property and rights expressly excepted from the lien and operation of the Mortgage and this Thirty-eighth Supplemental

Indenture in the above subdivisions (2) and (3) shall (to the extent permitted by law) cease to be so excepted in the event that either or both of the Trustees or a receiver or trustee shall enter upon and take possession of the Mortgaged and Pledged Property in the manner provided in Article XII of the Mortgage by reason of the occurrence of a Default as defined in said Article XII.

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

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

In Trust Nevertheless, for the same purposes and upon the same terms, trusts and conditions and subject to and with the same provisos and covenants as are set forth in the Mortgage, as supplemented, this Thirty-eighth Supplemental Indenture being supplemental thereto.

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

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

ARTICLE I.

THIRTY-EIGHTH SERIES OF BONDS

Section A. 1. There shall be a series of bonds designated ``5.10% Series due 2023'' (herein sometimes referred to as the

``Thirty-eighth Series''), each of which shall also bear the descriptive title, First Mortgage Bond, and the form thereof, which is established by Resolution of the Board of Directors of the Company, shall contain suitable provisions with respect to the matters hereinafter in this Article I specified. Bonds of the Thirty-eighth Series shall be limited to \$13,982,500 in aggregate principal amount, except as provided in Section 16 of the Mortgage, shall mature on March 1, 2023, and shall be issued as fully registered bonds in denominations of Five Thousand Dollars and in any multiple or multiples of Five Thousand Dollars (except for one Bond of the Thirty-eighth Series, which shall be in the denomination of \$2,500 or any integral multiple thereof). Bonds of the Thirty-eighth Series shall bear interest at the rate of 5.10% per annum, payable semi-annually on March 1 and September 1 of each year, the first payment to be made on September 1, 1994 for the period from March 1, 1994 to September 1, 1994. The principal of and interest on bonds of the Thirty-eighth Series shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts. Bonds of the Thirty-eighth Series shall be dated as in Section 10 of the Mortgage provided.

2. Upon the redemption, in whole or in part, of the City of La Cygne, Kansas, Pollution Control Revenue Refunding Bonds (Kansas Gas and Electric Company Project) Series 1994 (hereinafter referred to as the ``1994 La Cygne Bonds''), issued under the Indenture of Trust, dated as of March 1, 1994 (hereinafter referred to as the ``La Cygne Indenture''), of the City of La Cygne, Kansas, bonds of the Thirty-eighth Series shall be redeemed in whole or in like part. To effect the redemption of bonds of the Thirty-eighth Series, the trustee under the La Cygne Indenture (hereinafter referred to as the ``La Cygne Trustee'') shall deliver to the Corporate Trustee (and mail a copy thereof to the Company) a written demand (hereinafter referred to as a ``La Cygne Redemption Demand'') for the redemption of bonds of the Thirty-eighth Series equal in principal amount to the principal amount of the 1994 La Cygne Bonds to be redeemed. The La Cygne Redemption Demand shall be signed by the President, a Vice President, an Assistant Vice President or a Trust Officer of the La Cygne Trustee and shall state: (1) the aggregate principal amount of the 1994 La Cygne Bonds then outstanding under the La Cygne Indenture; (2) the principal amount of the 1994 La Cygne 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 La Cygne Indenture; (5) in the case of an optional redemption of the 1994 La Cygne Bonds, that there are sufficient available funds in the Bond Fund established pursuant to the La Cygne Indenture to effect such redemption; and (6) that

the Corporate Trustee is thereby instructed to call for redemption bonds of the Thirty-eighth Series equal in principal amount to the principal amount of the 1994 La Cygne Bonds specified in (2) above. The La Cygne Redemption Demand shall also contain a waiver of notice of such redemption by the La Cygne Trustee, as holder of all bonds of the Thirty-eighth Series then outstanding. The Corporate Trustee may conclusively presume the statements contained in the La Cygne Redemption Demand to be correct. Redemption of bonds of the Thirty-eighth 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. The Company hereby covenants that, if a La Cygne Redemption Demand shall be delivered to the Corporate Trustee, the Company, subject to subdivision (III) of this Article I, will deposit, on or before the redemption date, with the Corporate Trustee, in accordance with Article X of the Mortgage, an amount in cash sufficient to redeem the bonds of the Thirty-eighth Series so called for redemption.

3. All bonds of the Thirty-eighth Series shall be pledged by the Company with the La Cygne Trustee to secure the payment of the principal of, and interest on, the 1994 La Cygne Bonds. The obligation of the Company to make payments with respect to the principal of and interest on bonds of the Thirty-eighth Series 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 1994 La Cygne Bonds shall have been fully or partially paid, or there shall be in the Bond Fund established pursuant to the La Cygne Indenture sufficient available funds to fully or partially pay the then due principal of and interest on the 1994 La Cygne Bonds. The Corporate 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-eighth Series shall have been fully satisfied and discharged unless and until the Corporate Trustee shall have received a written notice from the La Cygne 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 1994 La Cygne Bonds required to be made by the Company has not been made, (ii) that there are not sufficient available funds in the Bond Fund to make such payment, and (iii) the amount of funds, in addition to available funds in the Bond Fund, required to make such payment.

4. At the option of the registered owner, any bonds of the Thirty-eighth Series, upon surrender thereof, for cancellation, at the office or agency of the Company in the Borough of Manhattan, The City of New York, shall be exchangeable for a like aggregate principal amount of bonds of the same series of other authorized denominations. The bonds of the Thirty-eighth Series

may bear such legends as may be necessary to comply with any law or with any rules or regulations made pursuant thereto or with the rules or regulations of any stock exchange or to conform to usage with respect thereto.

5. Bonds of the Thirty-eighth Series shall be transferable upon the surrender thereof, for cancellation together with a written instrument of transfer in form approved by the registrar duly executed by the registered owner or by his duly authorized attorney, at the office or agency of the Company in the Borough of Manhattan, The City of New York.

ARTICLE II.

MISCELLANEOUS PROVISIONS

Section A. All bonds of the Thirty-eighth Series acquired by the Company shall forthwith be delivered to the Corporate Trustee for cancellation.

Section B. Section 64 of the Mortgage is hereby deleted in its entirety.

Section C. Subject to the amendments provided for in this Thirty-eighth Supplemental Indenture, the terms defined in the Mortgage, as heretofore supplemented, shall, for all purposes of this Thirty-eighth Supplemental Indenture, have the meanings specified in the Mortgage, as heretofore supplemented.

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

The Trustees shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Thirty-eighth Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general, each and every term and condition contained in Article XVI of the Mortgage, as heretofore amended and supplemented, shall apply to and form part of this Thirty-eighth 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 Thirty-eighth Supplemental Indenture.

Section E. Subject to the provisions of Article XV and Article XVI of the Mortgage, as heretofore amended and

supplemented, whenever in this Thirty-eighth Supplemental Indenture any of the parties hereto is named or referred to, this shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Thirty-eighth Supplemental Indenture contained by or on behalf of the Company or by or on behalf of the Trustees shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

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

Section G. The Company reserves the right, subject to appropriate corporate action, but without any consent or other action by holders of bonds of the Thirty-eighth Series or of any subsequent series of bonds, to make such amendments to the Mortgage, as supplemented, as shall be necessary in order to (A) permit the issuance of additional Prior Lien Bonds other than to the Corporate Trustee (i) in a principal amount not to exceed the principal amount of Bonds which could then be issued on the basis of Property Additions under the Mortgage or (ii) upon the redemption or retirement of Prior Lien Bonds secured by such Prior Lien, (B) to remove the requirement that Prior Lien Bonds be issued to the Corporate Trustee, (C) remove the provisions of Article V which eliminate from the calculation of unfunded net Property Additions available for issuance of Bonds the amount of any Property Additions subject to a Prior Lien if the aggregate amount of Outstanding Prior Lien Bonds is 15% or more of the sum of the Outstanding Bonds and Prior Lien Bonds, and (D) make such other amendments to the Mortgage as may be necessary or desirable in the opinion of the Company to effect the foregoing.

Section H. This Thirty-eighth Supplemental Indenture shall be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

In Witness Whereof, KANSAS GAS AND ELECTRIC COMPANY has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by its President or one of its

Vice Presidents, and its corporate seal to be attested by its Secretary or one of its Assistant Secretaries for and in its behalf, MORGAN GUARANTY TRUST COMPANY OF NEW YORK has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by one of its Vice Presidents and its corporate seal to be attested by one of its Assistant Secretaries, and has hereunto set his hand and affixed his seal, all as of the day and year first above written.

KANSAS GAS AND ELECTRIC COMPANY

By /s/ Kent R. Brown
Kent R. Brown
President

Attest:

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

Executed, sealed and delivered by
KANSAS GAS AND ELECTRIC COMPANY,
in the presence of:

/s/ Stacy F. Kramer

/s/ Robert J. Knott

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Trustee

By /s/ Norma Pane
Norma Pane
Vice President

Attest:

/s/ Lorraine Eugenio
Assistant Secretary

/s/ W.A. Spooner
(W.A. Spooner)

Executed, sealed and delivered by
MORGAN GUARANTY TRUST COMPANY
OF NEW YORK and W.A. SPOONER, in
the presence of:

/s/ Susan Donnelly

/s/ Evelyn Visocky

STATE OF KANSAS)
 : ss.:
COUNTY OF SEDGWICK)

Be It Remembered, that on this 28th day of February, A.D. 1994, before me, the undersigned, a Notary Public within and for the County and State aforesaid, came Kent R. Brown, the President of KANSAS GAS AND ELECTRIC COMPANY, a corporation duly organized, incorporated and existing under the laws of the State of Kansas, who is personally known to me to be such officer, and who is personally known to me to be the same person who executed, as such officer, the within instrument of writing, and such person duly acknowledged the execution of the same to be the act and deed of said corporation and that said instrument of writing was so executed by order of the Board of Directors of said corporation.

On this 28th day of February, 1994, before me appeared Kent R. Brown, to me personally known, who being by me duly sworn did say that he is the President of KANSAS GAS AND ELECTRIC COMPANY, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Kent R. Brown acknowledged said instrument to be the free act and deed of said corporation.

On the 28th day of February in the year 1994, before me personally came Kent R. Brown to me known, who, being by me duly sworn, did depose and say that he resides at 4907 Portwest Circle, Wichita, Kansas; that he is the President of KANSAS GAS AND ELECTRIC COMPANY, one of the corporations described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of

KANSAS GAS AND ELECTRIC COMPANY

OUTSIDE DIRECTORS' DEFERRED COMPENSATION PLAN

I. PURPOSE

The purpose of the Plan is to improve the Company's ability to attract and retain Outside Directors who will contribute to the overall success of the Company.

II. DEFINITIONS

BENEFICIARY shall mean any person designated by the Participant on a form supplied by the Plan Administrator and if no beneficiary is designated, then the Participant's estate.

BOARD shall mean the Board of Directors of the Company.

COMPANY shall mean Kansas Gas and Electric Company, a Kansas corporation, or any successor thereto.

OUTSIDE DIRECTOR shall mean any director of the Company who is not also an employee of the Company.

PARTICIPANT shall mean any Outside Director of the Company who elects to defer fees hereunder.

PLAN shall mean Kansas Gas and Electric Company Outside Directors' Deferred Compensation Plan as set forth in its entirety in this document as it may be amended from time to time.

PLAN ADMINISTRATOR shall mean such committee appointed by the Board of Directors to act in said capacity.

PLAN YEAR shall mean the calendar year.

PRONOUNS Masculine pronouns used herein shall refer to men or women or both and nouns and pronouns when stated in the singular shall include the plural and when stated in the plural shall include the singular, wherever appropriate.

III. EFFECTIVE DATE

The Plan will become effective on January 1, 1993.

IV. HISTORY

The Outside Directors of the Company are paid an annual retainer and a per meeting fee. The Plan allows the Outside Directors to elect to defer all, part, or none of their retainer and/or meeting fees. The Outside Directors have two investment alternatives from which to choose: Cash Deferral and Phantom Stock.

V. ADMINISTRATION OF THE PLAN

The Plan shall be administered by such Committee as may be appointed by the Board from time to time. Each designated Plan Participant shall enter into a written agreement (including the execution of the appropriate exhibits thereto) with the Company which contains the detailed provisions of the Plan.

VI. ELIGIBILITY

All Outside Directors of the Company shall be eligible to participate.

VII. ELECTION TO DEFER

The Plan is a voluntary participation plan. The Outside Director must irrevocably elect to defer the designated portion of his annual retainer and/or meeting fees. Such election is made by entering into a written agreement with the Company prior to the Director providing service to the Company as Director. All deferrals must be for a minimum of six months.

Directors are elected in May of each year. To be eligible to defer amounts during his initial year, the Director must make the election to defer the amounts as soon as elected but no later than May 31. This election is effective until December 31 of the first year of the Director's term.

If during a year, it becomes necessary to replace a Director, the new Director must make the election as soon as possible after his appointment but not later than fourteen

(14) days after appointment.

For subsequent years, the agreement must be entered into on or before December 31 of the year preceding the year for which the deferral is to be effective. In years subsequent to the execution of the above agreement, a new election to defer shall be evidenced by the execution and delivery on or before December 31 immediately prior to the year it is to be effective, of a deferral election form prescribed for that purpose by the Committee.

The Director must elect the amount, if any, to be deferred, the deferral option and timing of payments. All of the above are defined below.

VIII. AMOUNT TO BE DEFERRED

The Director may defer all, a portion or none of the annual retainer, designated as a percentage of the retainer. The Director may also defer all, a portion or none of the per meeting fee, designated as a percentage of the fee.

IX. DEFERRAL PLAN OPTIONS

The Director may choose one of the following deferral options: cash deferral or phantom stock. All amounts deferred are subject to terms of the option elected. The election is made as part of the election process of part VII.

(a) Cash Deferral

Under the cash deferral option, the Director elects to defer the receipt of the cash payment of all or a portion of his annual retainer and/or meeting fee. Interest will accrue at the rate defined in Part X.

(b) Phantom Stock

Under the phantom stock option, the Director elects to defer all or a portion of his annual retainer and/or meeting fee. The Director receives credit for "stock units" that represent shares of Western Resources, Inc.'s common stock equal to the amount deferred.

(1) The number of "stock units" received is dependent on the fair market value of the common stock on the measurement date.

(2) "Fractional stock units" will be accounted for as non-interest bearing cash.

(3) The measurement date is the regular payment date of the retainer and/or meeting fee. The "stock units" will be measured at the closing price on the date the deferred amount would have been paid.

(4) Dividend reinvestment is discussed in Part X.

X. DEFERRED COMPENSATION ACCOUNT

The Company will establish a separate "account" for each Participant and will credit to said account the compensation deferred by the Participant. The amount deferred under the cash deferral option will earn interest at the New York prime rate and will be credited quarterly (March 15, June 15, September 15, and December 15).

The Director's account is deemed to receive "dividends" on the "units" of phantom stock equal to the dividends paid on the common stock. The dividend received will be treated similar to the Western Resources, Inc. Dividend Reinvestment Program and will be used to purchase additional "units" of the common stock at the closing price of the stock on the date the common stock dividend is paid. Any fractional stock units will be accounted for as non-interest bearing cash. The account is also adjusted for any stock dividends, stock splits, etc. In the event the Dividend Reinvestment Program is modified in any way, dividends paid through this Plan will be made in accordance with said modification. If the Dividend Reinvestment Program is terminated, dividends made through this Plan will continue to be reinvested in accordance with the provisions of the terminated Dividend Reinvestment Program.

The amount equal to the balance in the account of the Participant, taking into account all credits, shall be the Participant's deferred compensation benefit available from time to time under the terms hereof.

XI. DISTRIBUTION FROM THE DEFERRED COMPENSATION ACCOUNT

By written irrevocable election made at the time of each deferral election, the Director must select one of the following methods for receipt of the balance in his deferred compensation account:

(a) lump sum at termination; or

(b) paid monthly over a specified number of years determined by the irrevocable election.

The balance in the deferred compensation account becomes measurable at the end of the Director's term.

The balance to be distributed in the deferred compensation account under the cash deferral option is the cash balance of the account. The balance to be distributed in the deferred compensation account under the phantom stock option is an amount equal to the credited "stock units" fair market value at the time the account becomes measurable.

At the time the account balance becomes measurable, the account balance is valued. From that date forward, any remaining balance (i.e., balance during time of installment payments) shall bear interest at the New York prime rate.

Distribution in the form elected by the Director shall commence immediately upon the occurrence of any of the following events: death, retirement, disability, or termination, if such event occurs prior to the distribution date elected by the Director.

The Director shall also designate a beneficiary to receive the unpaid balance of the value of his account in the event of his death prior to complete distribution of such unpaid balance. If no beneficiary is designated, then his estate will be deemed his beneficiary. Distribution after the death of a Participant shall be in the form selected by the Participant.

XII. STATE LAWS GOVERNING PLAN

This Plan shall be governed by the laws of the State of Kansas.

AMENDMENT OR TERMINATION

This Plan shall continue in effect until amended or terminated by the Company's Board of Directors. Any such amendment or termination shall not adversely affect any agreement theretofore entered into with a designated Director.

DEFERRED COMPENSATION AGREEMENT

THIS AGREEMENT, made as of the _____ day of _____, 19____, by and between Kansas Gas and Electric Company with executive and general offices at 120 E. First Street, Wichita, Kansas 66202 (hereinafter called the "Company"), and _____ residing at _____ (hereinafter called "Director").

WITNESSETH in consideration of the premises, and the mutual promises and agreements herein contained, the parties hereto agree as follows, intending to be legally bound hereby:

1. Agreement Incorporates Plan

The terms of Kansas Gas and Electric Company Outside Directors' Deferred Compensation Plan (hereinafter referred to as "Plan"), are hereby incorporated herein and made a part hereof as if set out verbatim. Said Plan and this Agreement set forth the terms which govern and control Director's participation in the Plan.

2. Exhibits A and B are Incorporated Herein

Exhibit A, which is the Election Deferring Compensation described in the Plan, is attached hereto and made a part hereof. Exhibit B, which is Director's Designation of Beneficiary, is attached hereto and made a part hereof.

3. Agreement to Participate

By execution of this Agreement, Director hereby agrees to participate in the Plan pursuant to the terms hereof, elect to defer compensation pursuant to Exhibit A, and designates his Beneficiary pursuant to Exhibit B.

4. Restrictions Against Alienation

Neither the Director nor his Beneficiary shall have any right to commute, sell, assign, transfer, or otherwise convey or encumber the rights to receive any payments hereunder, which payments and all the rights thereto are expressly declared to be nonassignable and nontransferable.

5. Termination of the Agreement by the Company

The Company may terminate this Agreement at any time. If the Company terminates this Agreement, the Company shall pay Director or his Beneficiary an amount equal to the value of his account as described in the Plan in the amount(s) and at the time(s) elected by the Director hereunder.

6. What Constitutes Notice to the Director

Any notice to Director hereunder may be given either by hand delivering it to Director or by depositing it in the United States Mail, postage prepaid, return receipt requested, addressed to his last known address.

7. Advance Disclaimer of Any Waiver on the Part of the Company

Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times.

8. Effect of Invalidity of Any Part of the Agreement Upon the Whole Agreement

The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

9. Agreement Binding on Any Successor Owner

Except as otherwise provided herein, this Agreement shall inure to the benefit of and be binding upon Director, his heirs, executors, and administrators and upon the Company, its successors and assigns, including but not limited to any corporation which may acquire all or substantially all of the Company's assets and business or with or into which the Company may be consolidated or merged.

10. State Laws Governing this Agreement

This Agreement shall be governed by the laws of the State of Kansas.

11. Counterparts of this Agreement and Director's Acknowledgement that he has Read and Understands all parts of this Agreement

This Agreement has been executed in several counterparts, each of which shall be an original, but such counterparts shall together constitute but one (1) instrument. Director acknowledges that he has read all parts of the Plan and this Agreement, including Exhibits A and B annexed hereto and made a part of this Agreement and has sought and obtained satisfactory answer(s) to any question(s) he had as to his rights, obligations, and potential liabilities under this Agreement prior to affixing his signature and initials to

any part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ATTEST:

KANSAS GAS AND ELECTRIC COMPANY

By: _____

Name: _____

WITNESS:

Title: _____

Director

Name: _____

(Please Print)

<TABLE>

KANSAS GAS AND ELECTRIC COMPANY
 Computations of Ratio of Earnings to Fixed Charges
 (Thousands of Dollars)

<CAPTION>

<S>	<C>	<C>	1992	
			<C>	<C>
	1993	Pro Forma 1992 (2)	April 1 to Dec. 31 (Successor)	January 1 to March 31 (Predecessor)
Net Income	\$ 108,103	\$ 77,981	\$ 71,941	\$ 6,040
Taxes on Income	46,896	20,378	23,551	(3,173)
Net Income Plus Taxes	154,999	98,359	95,492	2,867
Fixed Charges:				
Interest on Long-Term Debt	53,908	57,862	42,889	14,973
Interest on Other Indebtedness . .	6,075	15,121	11,777	3,344
Interest on Corporate-owned Life Insurance Borrowings	11,865	7,155	5,294	1,861
Interest Applicable to Rentals . .	24,967	30,212	22,133	8,079
Total Fixed Charges	96,815	110,350	82,093	28,257
Earnings (1)	\$251,814	\$208,709	\$177,585	\$ 31,124
Ratio of Earnings to Fixed Charges.	2.60	1.89	2.16	1.10

<CAPTION>

<S>	<C>	Year Ended December 31, (Predecessor)		
		<C>	<C>	<C>
	1991	1990	1989	
Net Income	\$ 53,602	\$ 64,184	\$ 47,493	
Taxes on Income	15,955	17,916	12,266	
Net Income Plus Taxes	69,557	82,100	59,759	
Fixed Charges:				
Interest on Long-Term Debt	59,668	59,263	65,772	
Interest on Other Indebtedness . .	17,838	17,432	18,446	
Interest on Corporate-owned Life Insurance Borrowings	7,304	7,134	6,923	
Interest Applicable to Rentals . .	32,193	32,119	32,150	
Total Fixed Charges	117,003	115,948	123,291	
Earnings (1)	\$186,560	\$198,048	\$183,050	
Ratio of Earnings to Fixed Charges.	1.59	1.71	1.48	

(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.

(2) The pro forma information for the year ended December 31, 1992 was derived by combining the historical information of the three month period ended March 31, 1992 (Predecessor) and the nine month period ended December 31, 1992 (Successor). No purchase accounting adjustments were made for periods prior to the Merger in determining pro forma amounts because such

adjustments would be immaterial. (See Note 1 of Notes to Financial Statements)
</TABLE>

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 Statement File No. 33-50075 of Kansas Gas and Electric Company on Form S-3., Nos. 33-23021, 33-23022, 33-23023, and 33-47344 of Western Resources, Inc. on Form S-8 and Nos. 33-49467, 33-49505, 33-49553, and 33-50069 of Western Resources, Inc. on Form S-3.

ARTHUR ANDERSEN & CO.

Kansas City, Missouri,
March 18, 1994

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 33-50075 of Kansas Gas and Electric Company on Form S-3, Nos. 33-23021, 33-23022, 33-23023 and 33-47344 of Western Resources, Inc. on Form S-8 and Nos. 33-49467, 33-49505, 33-49553, and 33-50069 of Western Resources, Inc. on Form S-3 of our report dated January 29, 1993 appearing in this Annual Report on Form 10-K of Kansas Gas and Electric Company for the year ended December 31, 1993.

DELOITTE & TOUCHE

Kansas City, Missouri
March 18, 1994