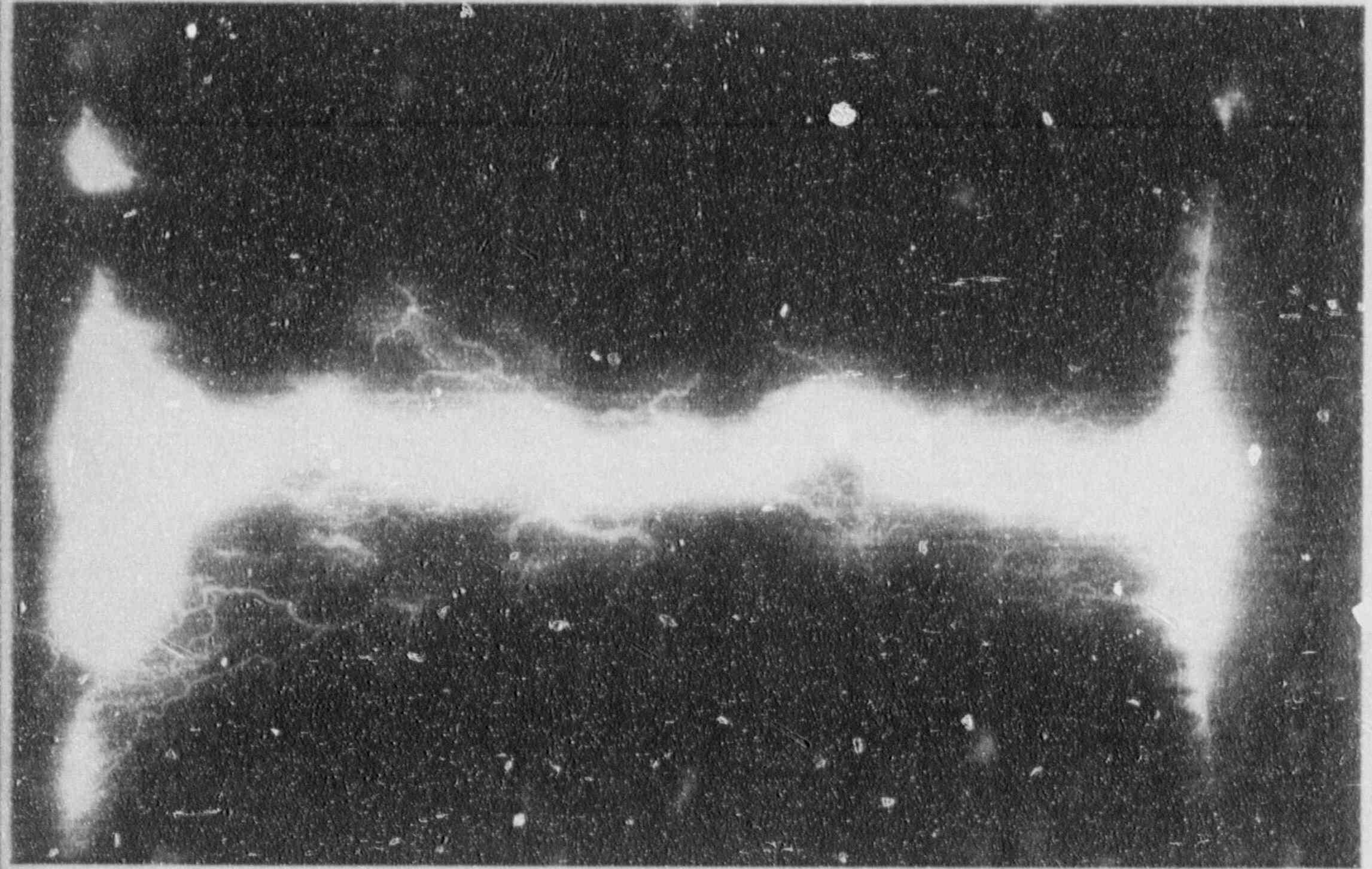
KANSAS CITY POWER & LIGHT COMPANY



ENERGY FOR OUR FUTURE

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ANNUAL REPORT 1991

ON THE COVER:

Electricity is the product we sell. But the *Energy of Kansas City*℠ is a partnership with our marketplace — the inherent vitality and untapped potential of the Kansas City metropolitan area. *The Energy of Kansas City* is the Energy of Our Future.

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1992 ANNUAL MEETING OF SHAREHOLDERS

Date: Tuesday, May 5, 1992

Time: 10:00 a.m.

Location: Hyatt Regency Crown Center
(Atlanta Ballroom)
2345 McGee Street, Kansas City, Missouri

Shareholders of record on March 3, 1992, are eligible to vote at the meeting and will be mailed a notice of meeting, proxy statements and form of proxy.

CORPORATE OFFICES
(until July 1)
1330 Baltimore
Kansas City, Missouri 64105

(after July 1)
1201 Walnut
Kansas City, Missouri 64106-2124

MAILING ADDRESS
P.O. Box 418679
Kansas City, Missouri 64141-9679

YEAR AT A GLANCE

- On August 6, the Board of Directors increased the quarterly common stock dividend to 70 cents per share. That action boosted the indicated annual per-share level of dividends 4.5%, from $2.68 to $2.80.
- Earnings per average common share for 1991 were $3.16.
- On December 31, KCPL common stock closed out the year at 47 3/8, an all-time high close when adjusted for stock splits in 1963 and 1983. Over the last five years, KCPL stock posted a total return of 140.2%, an annual average of about 19.2%. For 1991, total return was 42.2%.
- Prompted by a combination of high temperatures and load growth, on July 22, customers set a new record peak demand of 2,751 megawatts, topping the 2,720 mw peak set three days before. Previously, the peak was 2,711 set in August 1990. July 22 also marked a KCPL system energy use record for a one-day period, 52,446 megawatt-hours.
- In March, Standard & Poor's Corp. increased its rating on KCPL's senior debt to "A" from "A−" and senior unsecured debt and preferred stock to "A−" from "BBB+." All the major rating agencies now have our first mortgage debt at "A," and all our long-term securities are now in the "A" category. These standings enhance our ability to finance at more favorable terms.
- In February, the Company formed a new Environmental and Research Services division, headed by vice president Jim Hogan. The new division will help sharpen our focus on environmental and research and development activities in order to improve performance as well as to better respond proactively to environmental expectations and concerns of our customers.
- On February 4, 1992, the Board of Directors authorized a 2-for-1 common stock split, subject to shareholder approval at the annual meeting of shareholders, May 5, 1992.

Drue Jennings
Chairman of the Board
& President

Owners of the Company's common stock found 1991 to be a very rewarding year. In August the Board of Directors declared a 4.5% increase in the quarterly dividend, to an indicated annual level of $2.80 per share, and by year end the market closing price had appreciated to $47.375, a split-adjusted all-time high. The combined share price appreciation and dividends, when reinvested, yielded a total return for the year of 42.17 percent. Declining interest rates in this recessionary economy certainly contributed to increasing utility share prices in general, but only those companies like KCPL, whose underlying fundamentals remain strong, enjoyed such robust appreciation.

Earnings per share were $3.16, compared with $3.11 in 1990. Last year's earnings reflected a $.26 per share reduction due to the expense of the unsuccessful attempt to acquire and merge with Kansas Gas and Electric Company. For 1991, an unexpected delay in the completion of Wolf Creek Generating Station's refueling and maintenance outage had an adverse impact of approximately $.18 per share. Earnings quality and cash flow remained very strong.

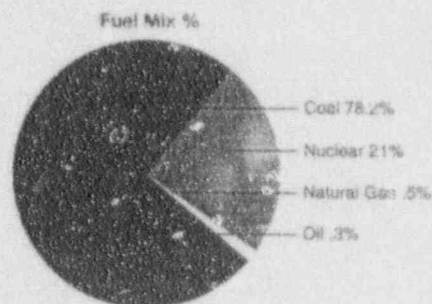
In a year of deepening recession, our Kansas City economy actually fared better than most — a tribute to its underlying strength and diversity. At KCPL our retail electric revenues increased 3.9 percent to

HIGHLIGHTS OF THE YEAR

	Year Ended December 31		
	1991	1990	Percent Increase (Decrease)
*Total operating revenues (000's)**	$ 825,101	$ 815,570	1.2
Net income (000's)	$ 103,893	$ 102,732	1.1
Earnings available for common (000's)	$ 97,870	$ 96,372	1.6
Average number of shares	30,954,363	30,949,7[illegible]3	—
*Per common share:***			
Earnings	$ 3.16	$ 3.11	1.6
Dividends	$ 2.74	$ 2.62	4.6
Book value	$ 27.79	$ 27.50	1.1
Year-end stock price	$ 47.375	$ 35.250	34.4
Return on year-end common equity (%)	11.4	11.3	.9
Dividend payout (%)	87	84	3.6
Construction expenditures (000's)	$ 122,447	$ 92,558	32.3
Electric plant (000's)	$ 3,060,333	$ 2,985,145	2.5
Selected Statistics (000's)			
Retail kilowatt-hour sales	11,052,269	10,491,556	5.3
Peak load—summer (kw)	2,751	2,711	1.5
Peak load—winter (kw)	1,674	1,680	(.4)
Number of retail customers (average)	413,426	409,958	.8
Number of stockholders	30,698	33,294	(7.8)
*Capitalization (% total)****			
Common equity	49.9	50.2	
Preferred stock	2.4	5.6	
Long-term debt	47.7	44.2	

*Reclassification has been made to prior year amount to conform with current year presentation.
**See Note 6 to the Financial Statements.
***Exclusive of long-term debt and preferred stock included in current liabilities.

Fuel Mix %

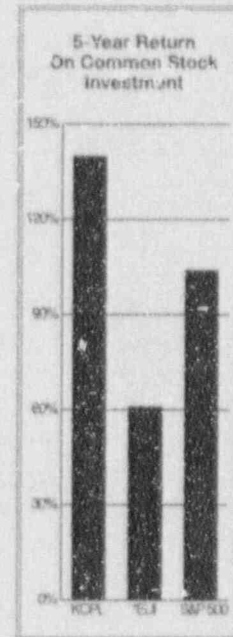


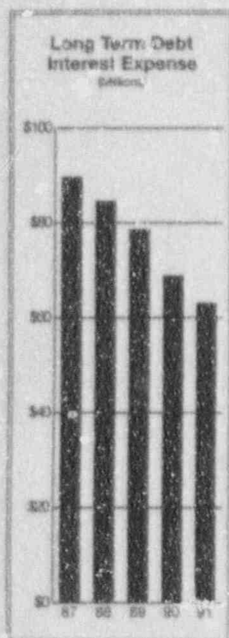
$776.5 million, on retail sales of 11.1 billion kilowatt-hours, up 5.3 percent from last year. Sales to industrial customers were up 3.7 percent. Customer growth lagged historical averages, but still resulted in the addition of 3,527 new retail customers, to a year-end level of 416,100. Commercial and industrial sales achieved firm commitments for over 3.2 million square feet of electrically heated buildings, 57 percent of the square footage of new commercial space in the metropolitan area. On the residential side, Kansas developers committed 30 percent of their new-housing subdivisions to electric heat, compared with 22 percent in Missouri.

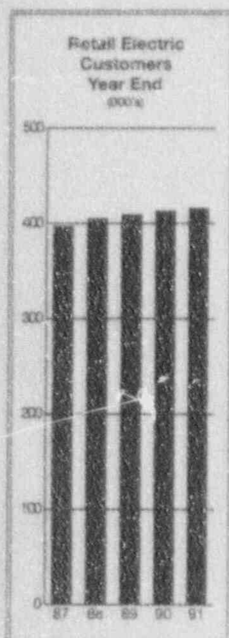
Interest costs were down sharply for the year, as our average interest rate on long-term debt was 7.53 percent, down from 8.00 percent in 1990 and 8.32 percent in 1989. In March, Standard & Poor's Corporation raised the Company's rating on senior debt to "A" from "A-," and our senior unsecured debt and preferred stock to "A-" from "BBB+." In December Duff and Phelps raised our senior debt rating from "A" to "A+."

Our system fuel costs continued to be among the lowest in the region, at 92 cents per million BTU. However, due to Wolf Creek Generating Station's extended outage, and unplanned outages at two fossil-fueled plants, generating station system average availability declined slightly to 78.5 percent. Fossil plant availability was 80.2 percent, compared with the 10-year industry average of 79.4 percent.

The encouraging resilience of our market area reveals its continuing evolution from an agriculture-based river town to a multifaceted economy comprised of diverse business sectors. At the same time, the area has developed an excellent reputation for quality of life — defined simply as an outstanding place to own and operate a business, and to raise a family. In its November 4 issue, *Fortune* magazine reported that executives in search of the ideal home for their businesses cited eight key benchmarks







which must be met favorably. Kansas City ranked fourth overall in comparison with America's 50 largest metropolitan areas. While certainly affected by economic downturn, the local economy's performance is evidence of our strength; unemployment and inflation remained lower than the national averages in the current recession. The most recent index of affordable housing prepared by the National Association of Homebuilders places Kansas City at the top of the list of cities of over one million people. Forecasts of population growth, household formation, new job creation, housing permits and publicly financed construction suggest continued stability for the regional economy.

These basic strengths underpin our performance and our expectations, particularly our resource planning for the foreseeable future. KCPLAN '91, the latest update of our resource and operating framework, envisions the goals of price stability, maximizing the use of existing resources through both life extension of generating equipment and favorable off-system purchases, additions of new peaking capacity, and implementation of customer-focused energy efficiency programs. We anticipate the next major addition of base-load generating capacity will not be necessary until after the year 2000. The flexibility of KCPLAN '91 anticipates changing operating environments which could arise due to new environmental requirements, changes in the federal and state regulation, and the construction and operation of generating capacity by non-utility suppliers. The Company continues to participate in national public policy debate dealing with energy strategy, industry structural change, and concerns for electric service reliability.

KCPLAN '91 demonstrates our commitment to electric energy as our core business and requires of us nothing short of excellence in service quality in the production, transmission and distribution of electric energy, and the highest possible level of customer satisfaction.

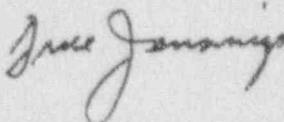
In anticipation of continued customer growth and higher service expectations, we initiated a three-year, $23 million facilities improvement plan in March 1991, which will elevate our level of customer responsiveness and provide our

employees with a much more efficient and cost-effective working environment as they pursue even greater levels of achievement. Not since 1955 has the Company invested so broadly in its customer service and administrative facilities. We will build two new service centers and expand, renovate and modernize existing facilities. The electric system control center, transmission and distribution operations and the customer communications center have been consolidated in one location. We will relocate our headquarters to leased space in downtown Kansas City to provide much more efficient working conditions and to consolidate operations formerly housed in three separate locations. Finally, we will utilize electric energy for heating and cooling in all of the new facilities, and we will demonstrate the use of emerging, state-of-the-art technologies in two of our new facilities. These changes are illustrative of our continuing commitment to improvement, quality and service excellence.

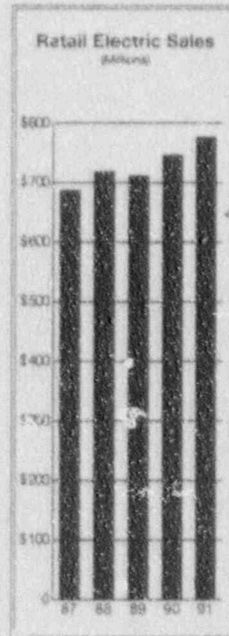
We remain focused on the three fundamental dimensions around which we structure our plans and goals. First, we must strive to constantly improve in the management and operation of our existing resources, requiring no less than the finest performance from our equipment and our people. Second, the systematic growth in our basic business in terms of customers, sales and improved profitability requires that we invest in the growth, economic and qualitative development of our marketplace. Our aggressive promotion of our products and services is tempered only by the condition that they be of lasting Company and customer benefit. Finally, the long-term enhancement of our strengths anticipates change, and the Company's willingness to explore alternatives for strategic growth which complement our core business.

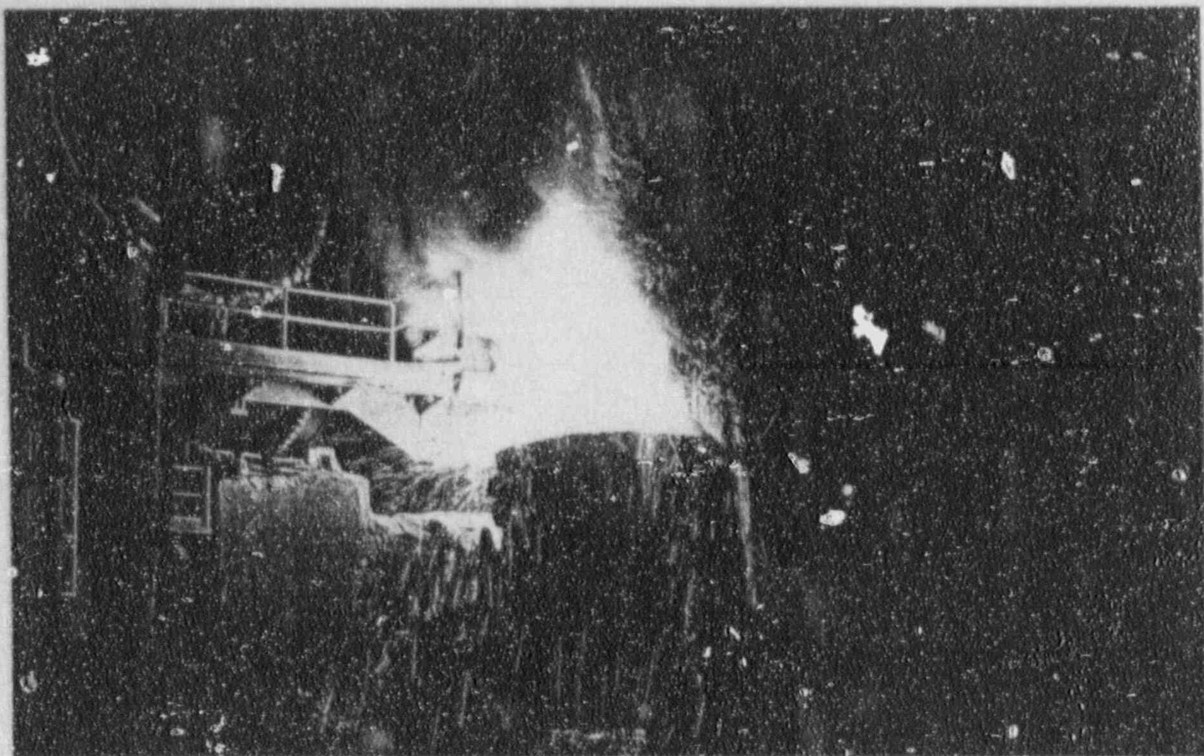
We believe strongly in the strength of our marketplace, and remain committed to nothing short of exceptional performance as an energy supplier, as an investment, and as an employer.

For the Board of Directors,



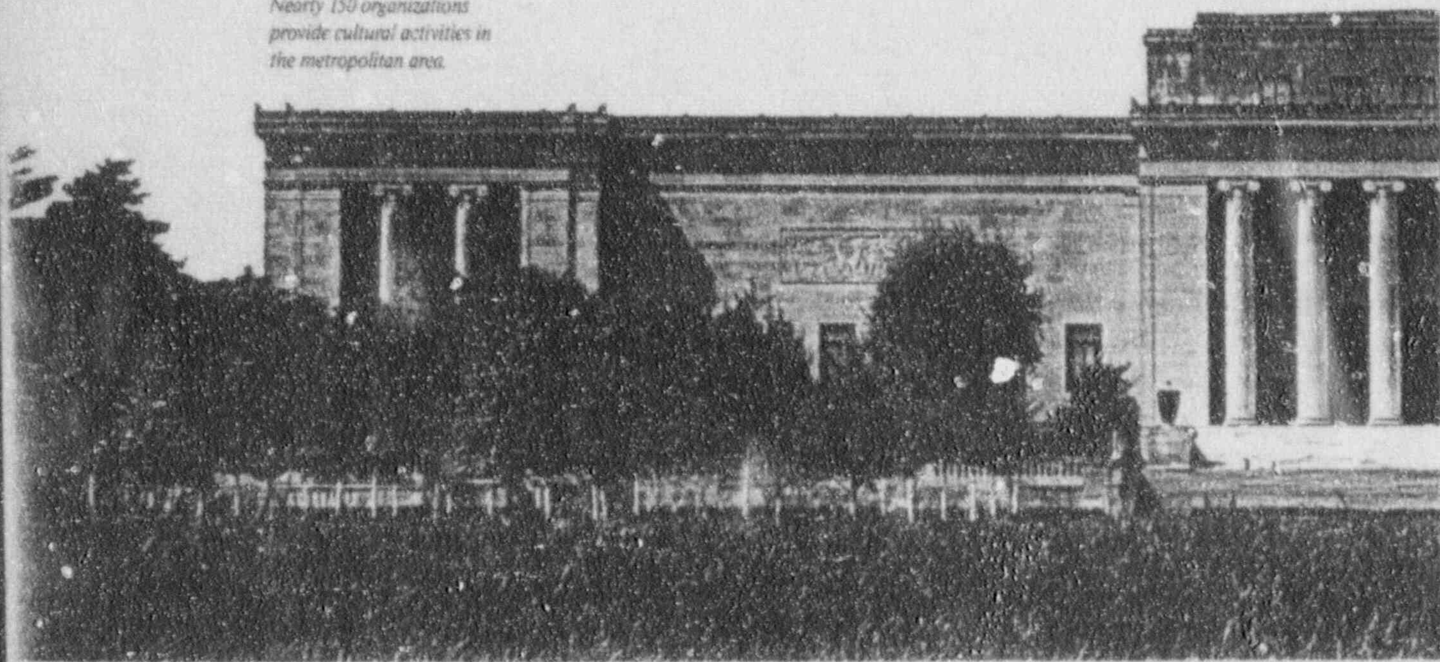
Drue Jennings
Chairman of the Board & President

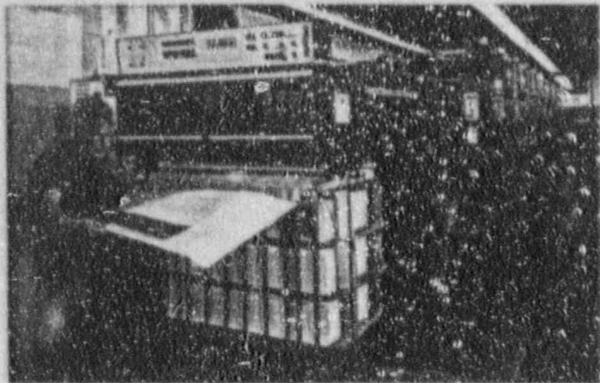




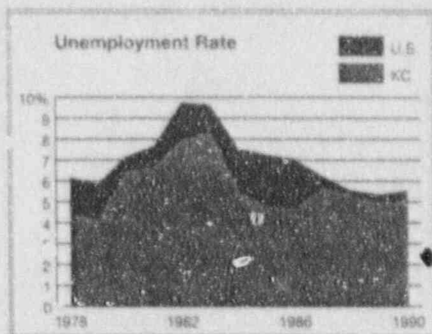
Contributing 13.8% of Kansas City's employment, manufacturing exited the 1980s with improved competitiveness through restructuring and refocusing. For example, in 1991, ARMCO Worldwide Grinding Systems put $8 million into upgrading the mill at its Kansas City Works operations. The mill produces steel bars used in making coiled wire rods and grinding media. High carbon wire rods and the systems approach to grinding media are a key part of the company's long-range strategy to become known as a customer-focused supplier of quality goods and services.

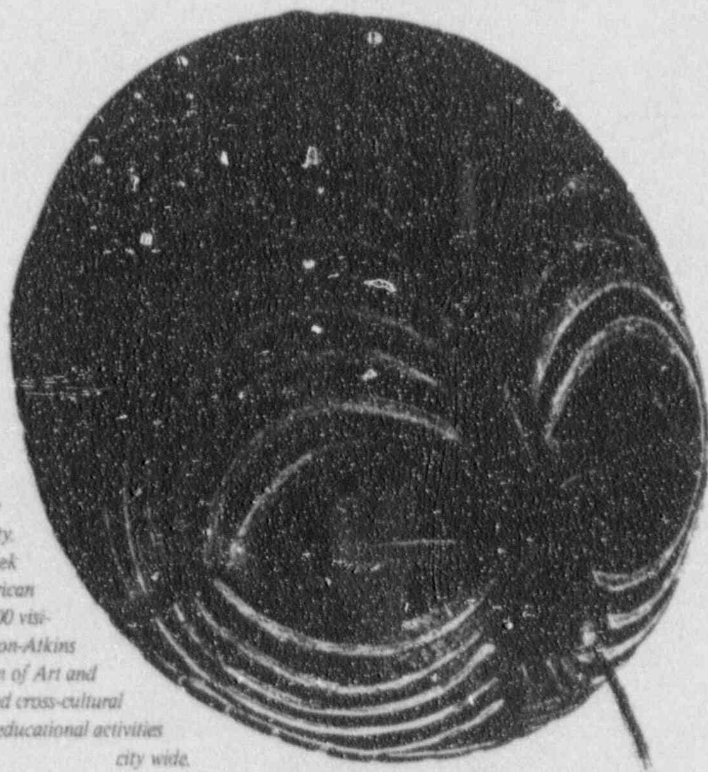
Housing over 27,000 objects in its permanent collection as well as overseeing many special exhibits, the Nelson-Atkins Museum of Art provides the perfect educational and cultural backdrop for the nearby Kansas City Art Institute and area residents. Over 328,000 visitors toured the museum in 1991. Kansas City's artistic diversity includes professional symphony, ballet, theatre, independent artists and a wealth of historical sites. Nearly 150 organizations provide cultural activities in the metropolitan area.



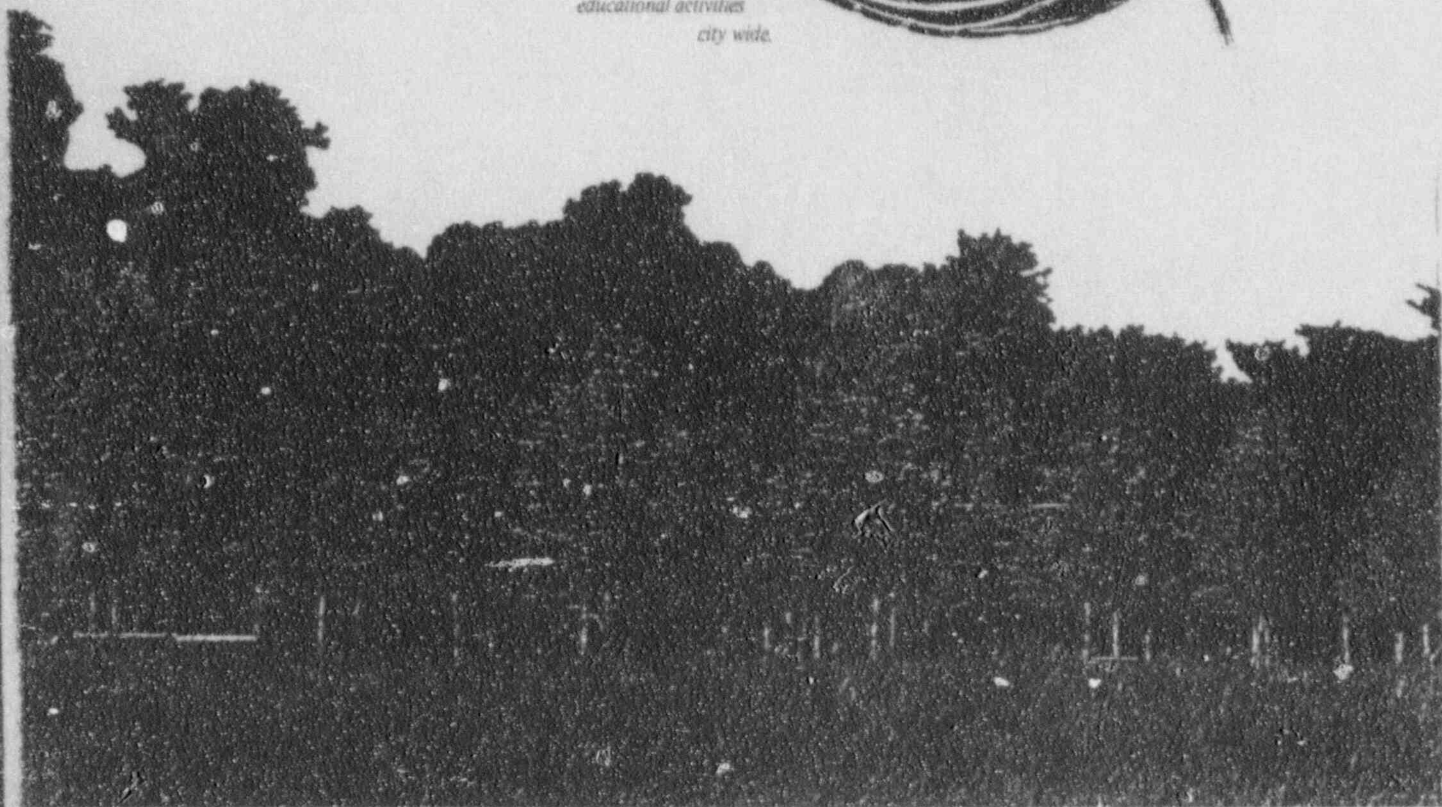


As the world headquarters of Hallmark Cards, Kansas City leads the nation in greeting card publishing. Over 700 printing and publishing businesses in the Kansas City area employ some 21,765 workers.





Along with its economic diversity, Kansas City values its cultural diversity. In 1991, a seven-week exhibit of central African art drew over 44,000 visitors to the Nelson-Atkins Museum of Art and spawned cross-cultural educational activities city wide.



The Energy of Kansas City.℠ We derive 95% of our retail revenues from it. We base our business and our confidence on it. We raise our families in it. But just what is *The Energy of Kansas City?* Why is it important to our company's value?

The Energy of Kansas City is diversity. With a metro-area population of nearly 1.6 million people, Kansas City's economy features a healthy mix of manufacturing, services, retail and agriculture. This diversity translates to a regional economy which remains relatively healthy in troubled times. It means lower cost of living, housing, and lower unemployment.

The Energy of Kansas City is also centrality of location, quality of life. But facts speak louder than words. That's what this special section is all about: the facts behind the value.

The Energy of Kansas City is the energy of our future.

The river market area redevelopment is one of 10 major capital improvements projects, totaling nearly $700 million, currently under way in Kansas City. Projects range from convention center expansion to flood control and beautification to multi-continent zoo exhibits.

The Kansas City Board of Trade, where wheat and other futures contracts are traded, is the world's biggest marketplace for hard red winter wheat. In 1991, the board logged 7 billion in wheat bushels traded for the year, the highest annual total in the board's 135-year history. Since 1983, its share of the wheat futures market has grown from 18 to 27 percent. Kansas City ranks as one of the nation's leaders in frozen food storage and distribution, wheat flour production, grain elevator storage capacity and feeder cattle marketing. Kansas City leads the nation in sales and distribution of farm equipment and supplies.

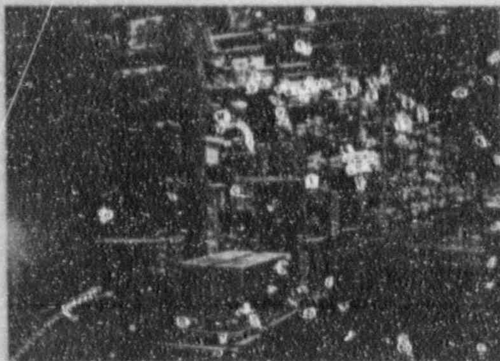
Planned with the environment in mind, Kansas City's parks and boulevard system adds to the area's beauty and quality of life. Out of the 316 square miles comprising Kansas City proper, 10,000 acres are devoted to the city's 137 parks. The city owns and operates 33 fountains, and numerous others are privately owned and operated. Of the 2,200 miles of paved streets within city limits, 130 miles are tree-lined boulevards, more than any other city in the country.

In 1991, KCPL joined with the Missouri Department of Conservation to help preserve the peregrine falcon. KCPL built hack boxes to house baby falcons, as well as built and installed nesting boxes on plant smokestacks to encourage adult falcons to remain in the area to raise their young. Kansas City is one of 20 midwestern cities participating in raptor rehabilitation projects with the University of Minnesota Raptor Center.

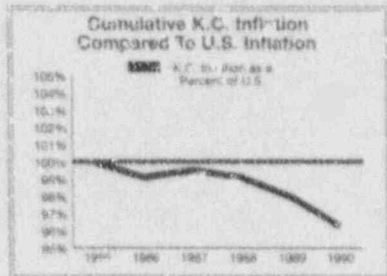
MOST AFFORDABLE HOUSING MARKETS
(Major Metropolitan Areas — Population over 1,000,000)

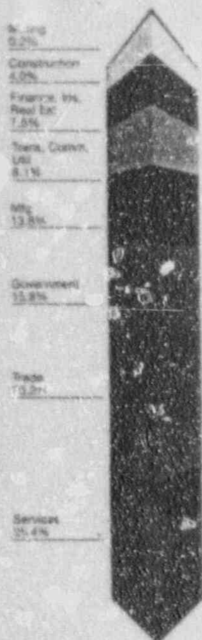
1. Kansas City, MO-KS
2. Milwaukee, WI
3. Detroit, MI
4. Minneapolis-St. Paul, MN-WI
5. Rochester, NY
6. New Orleans, LA
7. Pittsburgh, PA
8. Cincinnati, OH-KY-IN
9. Columbus, OH
10. Denver, CO

For information sources and assistance, see inside back cover.

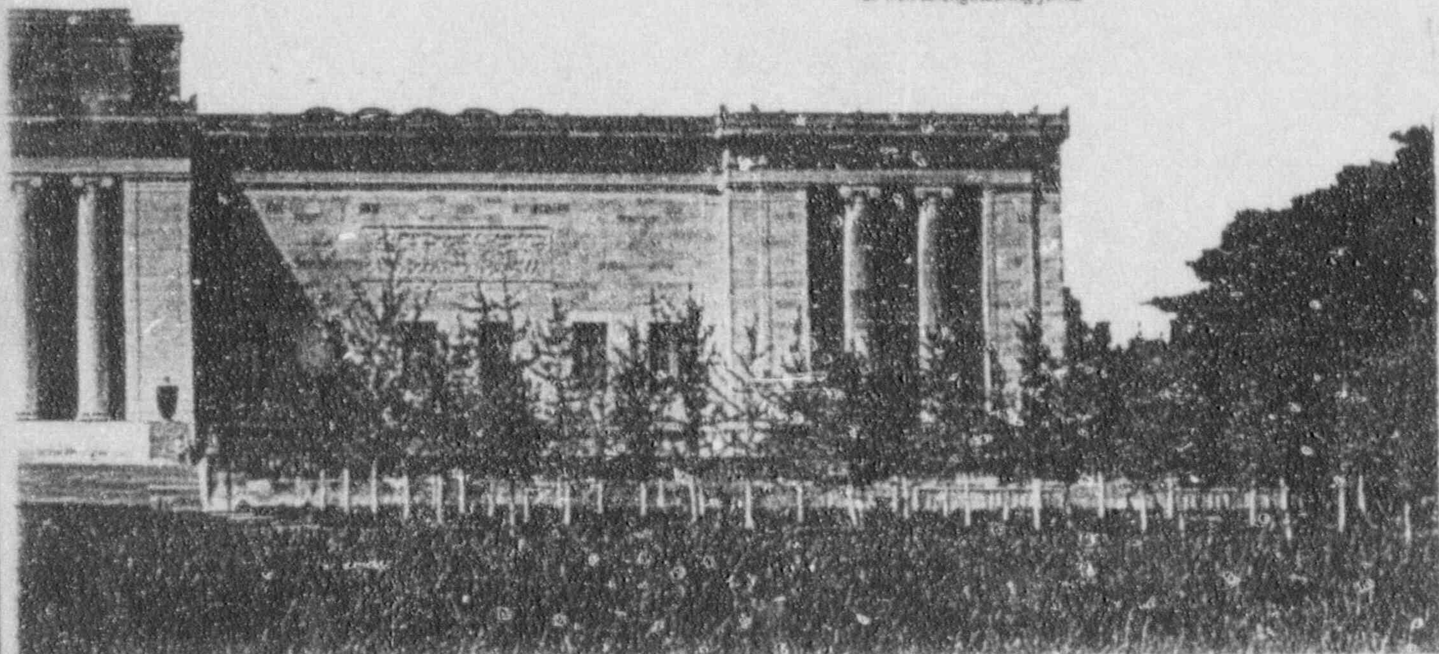


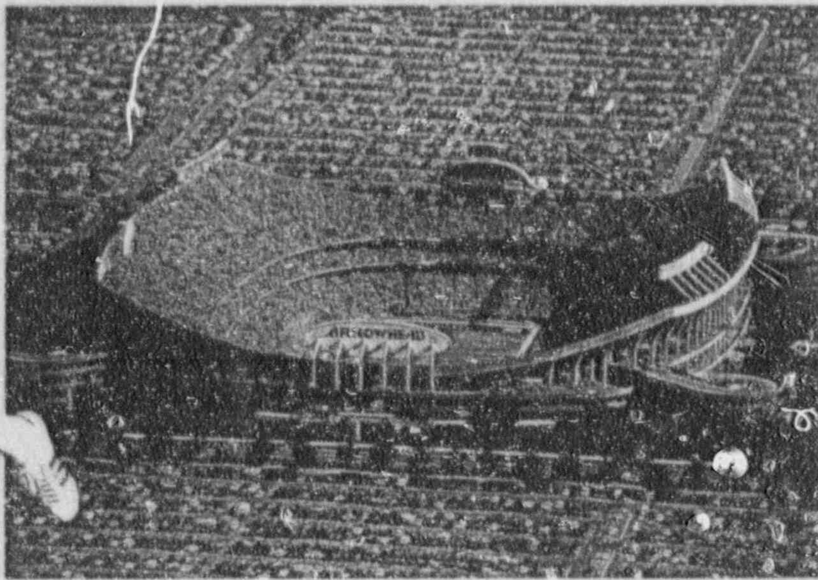
Halfway between U.S. population centers and midway between Houston and the Canadian border, Kansas City is well positioned as a national hub for efficient networks of transportation and distribution. Kansas City is the nation's second largest rail center and has among the largest concentration of over-the-road shippers.



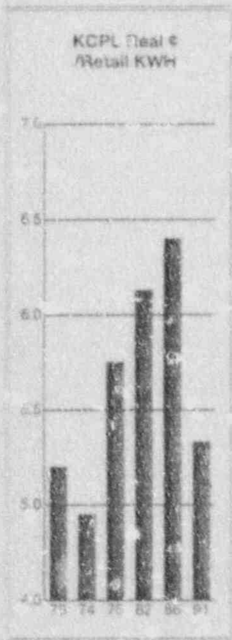


Boasting a strong service sector, Kansas City serves as a regional or national center for numerous financial and insurance services, as well as engineering firms and technical consultants, such as Howard Needles Tammen & Bergendoff, an architectural, engineering and planning firm.

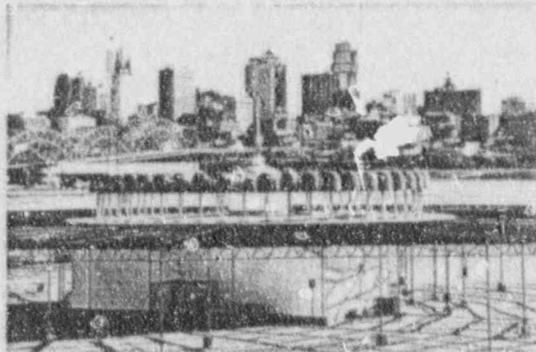


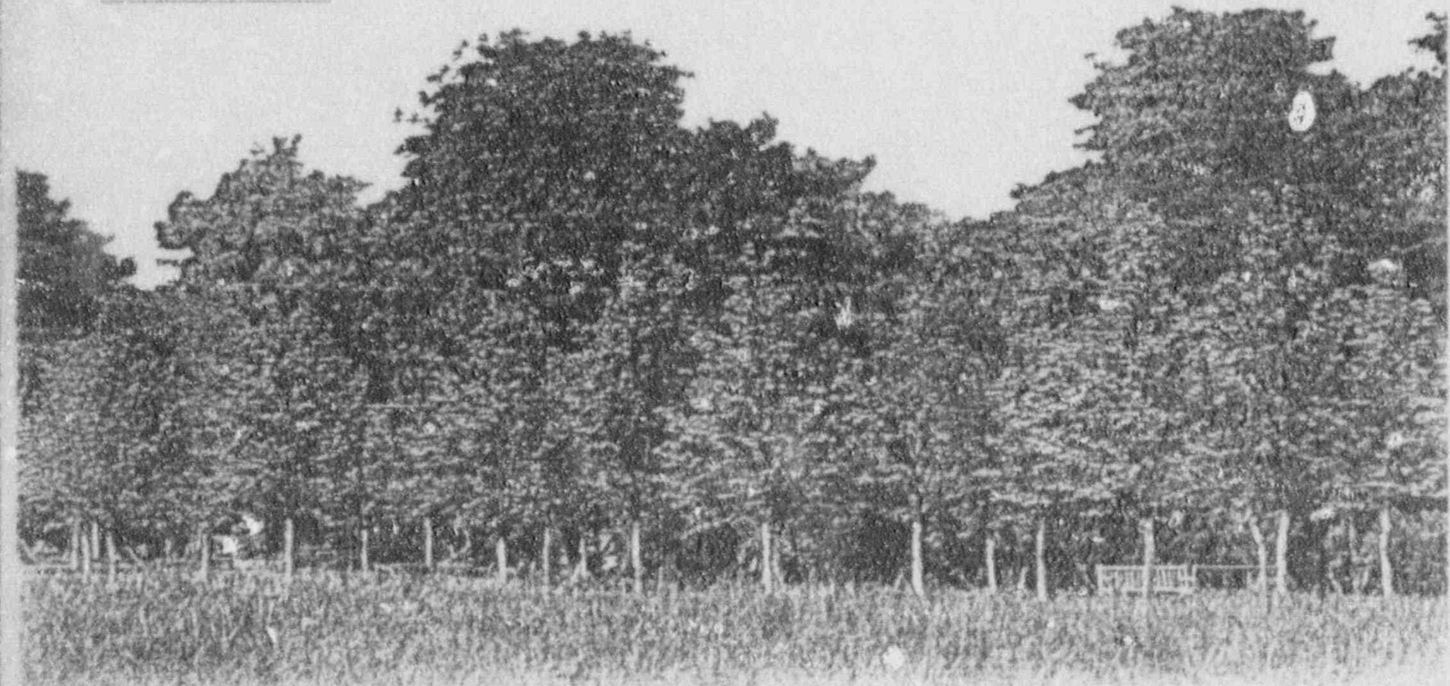


Kansas City's $53-million Truman Sports Complex is home to Kansas City Chiefs football and Kansas City Royals baseball. Though one of the nation's smallest cities to host professional league football and the smallest for baseball, the complex drew nearly 3 million sports fans during the teams' 1991 seasons. Income from the two teams adds an estimated $240 million annually to the economy. Kansas City also hosts the headquarters for several national and regional athletic associations.



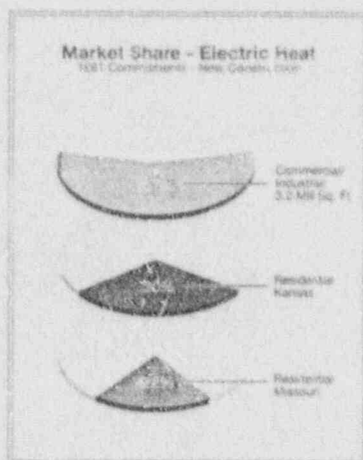
Headquarters of Wilcox Electric, Kansas City leads the world in the manufacturing of navigation aids.

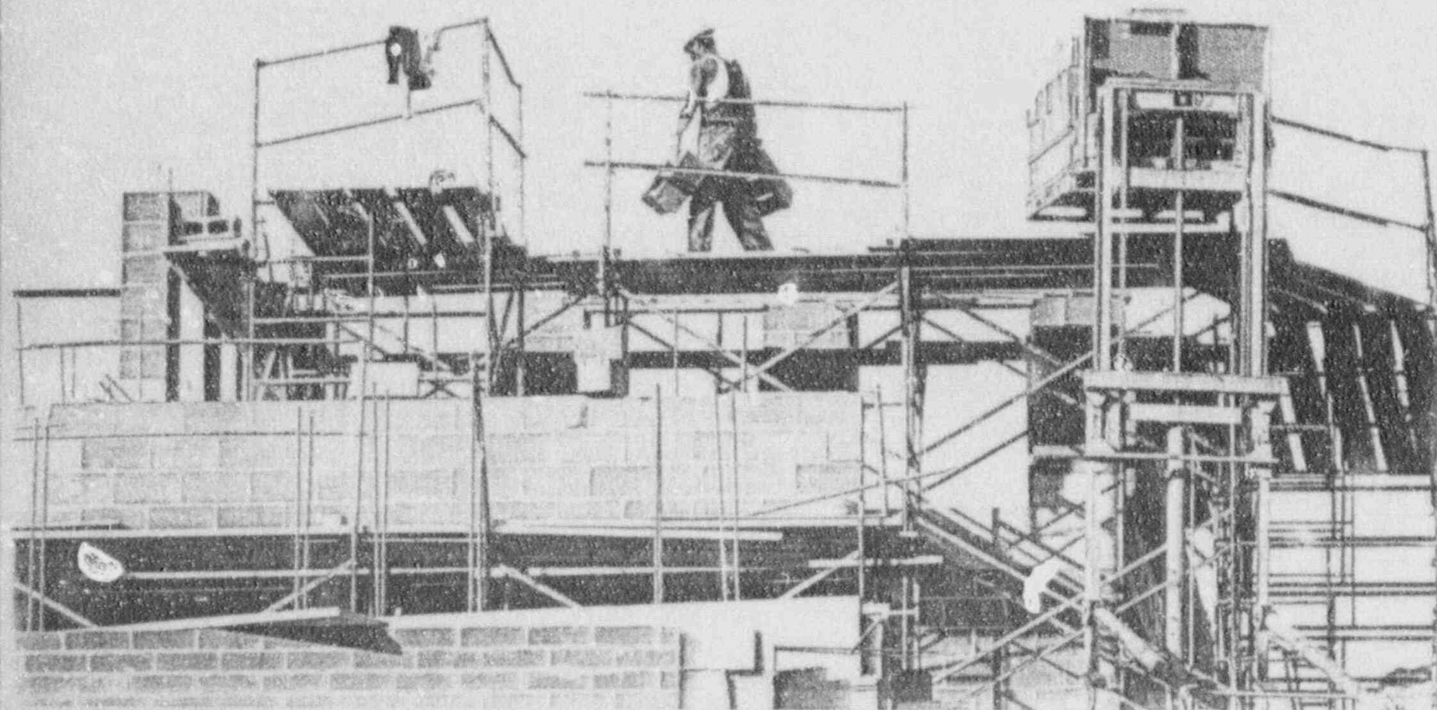




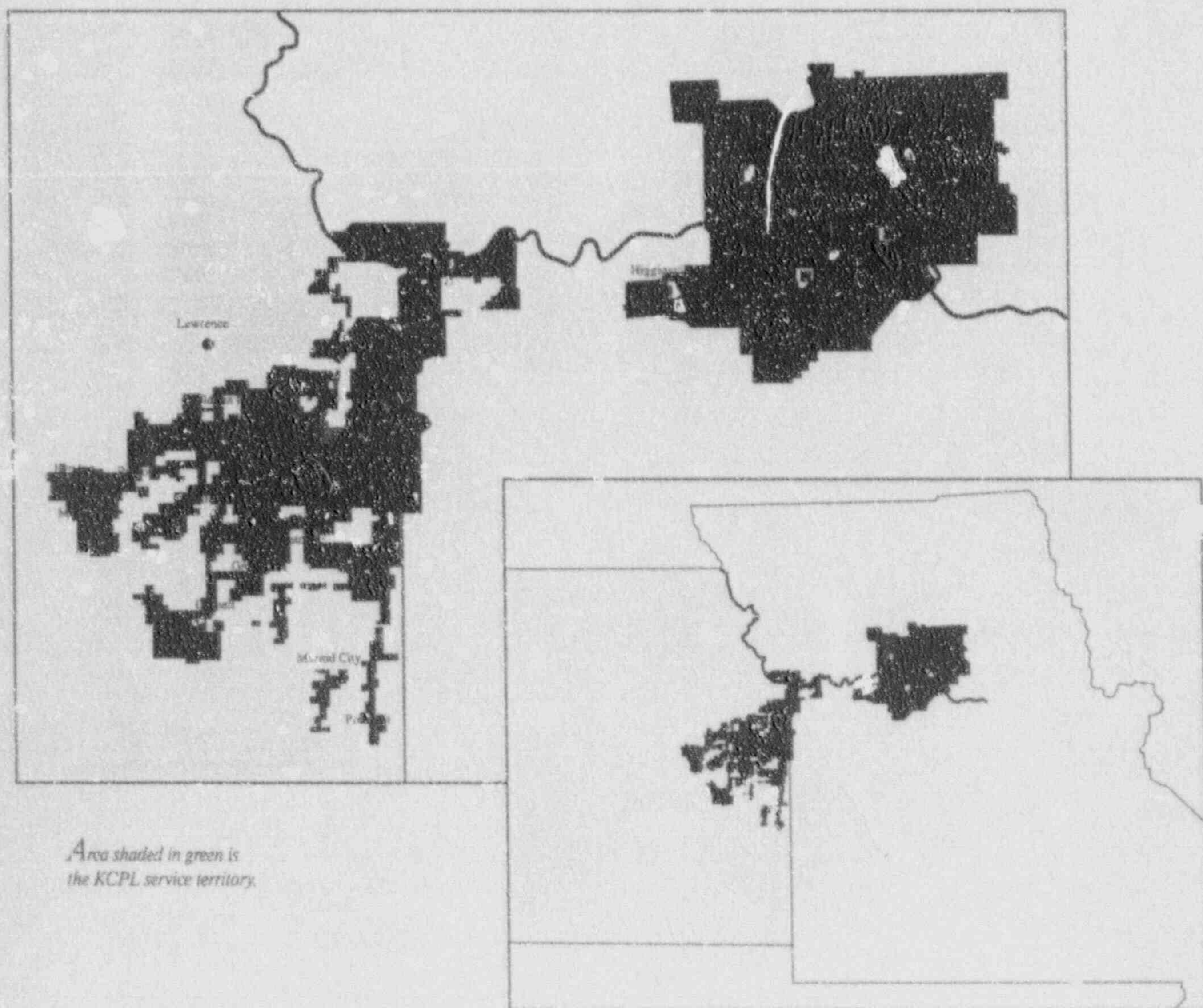
From KCPL's state-of-the-art system control center, operators monitor the company's bulk power system. In 1991, KCPL launched a $23 million facilities improvement program, the first extensive upgrade since 1955. The plan calls for building two new service centers in the company's expanded customer base in the northern and southern reaches of the Kansas City area.

Kansas City's central location makes it a natural hub for telecommunications. It's a major operating base for AT&T and home to United Telecom/Sprint, the nation's third largest telephone long-distance company.





Serving this vibrant metropolitan area is Kansas City Power & Light Company. KCPL is a medium-size electric utility and the corporate successor to one of the world's first electric companies, generating electricity since 1882. Headquartered in downtown Kansas City, Missouri, the Company generates and distributes electricity to over 416,000 customers in a 4,700-square-mile area located in 23 counties in western Missouri and eastern Kansas. Customers include 366,000 residences, 48,000 commercial firms, and over 2,000 industrials, municipalities and other electric utilities. About two-thirds of total retail kilowatt-hour sales and revenue are from Missouri customers and the remainder from Kansas customers.



Area shaded in green is the KCPL service territory.

Balance Sheets

	Assets	December 31 1991	1990
		(thousands)	
Utility Plant, at original cost (Notes 1, 7 and 8)	Electric	$3,060,333	$2,985,145
	Less — Accumulated depreciation	891,782	830,622
	Net utility plant in service	2,168,551	2,154,523
	Construction work in progress	57,706	52,759
	Nuclear fuel, net of amortization of $69,152,000 and $70,624,000	27,060	13,413
	Total	2,253,317	2,220,695
Deferred Wolf Creek Costs (Note 1)		49,850	60,217
Deferred Regulatory Asset (Note 1)		99,000	97,000
Investments and Nonutility Property		17,394	12,824
Current Assets	Cash	128	134
	Special deposits	—	162
	Receivables		
	Customer accounts receivable *(Note 4)*	20,324	33,098
	Other receivables	20,939	21,801
	Fuel inventories, at average cost	19,766	19,903
	Materials and supplies, at average cost	45,917	45,819
	Prepayments	8,165	5,327
	Total	115,239	126,244
Deferred Charges	Settlement of fuel contracts	29,982	25,088
	KCC Wolf Creek carrying costs *(Note 1)*	15,047	15,759
	MPSC rate phase-in plan *(Note 1)*	14,144	21,216
	Deferred income taxes	1,655	1,544
	Other	19,411	18,272
	Total	80,239	81,879
	Total	$2,615,039	$2,598,859

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

	LIABILITIES	December 31 1991	1990
		(thousands)	
Capitalization (Notes 6 and 7) (See Statements)	Common stock—authorized 60,000,000 shares without par value—30,954,363 shares issued and outstanding—stated value	$ 449,697	$ 449,697
	Retained earnings	411,161	399,294
	Capital stock premium and expense	(629)	2,291
	Common Stock Equity	860,229	851,282
	Cumulative preferred stock	39,000	92,000
	Cumulative preferred stock (redeemable)	2,076	2,236
	Long-term debt	822,680	750,409
	Total	1,723,985	1,695,927
Current Liabilities	Notes payable to banks *(Note 5)*	34,000	15,500
	Commercial paper *(Note 5)*	52,000	28,000
	Current maturities of long-term debt	—	100,000
	Preferred stock *(Note 6)*	13,000	—
	Accounts payable	72,324	69,463
	Dividends declared	680	1,589
	Accrued taxes	17,460	14,465
	Accrued interest	12,461	13,705
	Accrued payroll and vacations	15,169	13,814
	Other	7,444	6,893
	Total	224,538	263,429
Deferred Credits and Other Liabilities	Deferred income taxes	553,345	523,306
	Deferred investment tax credits	96,051	103,060
	Other	17,120	13,137
	Total	666,516	639,503
Commitments and Contingencies (Note 3)			
	Total	$2,615,039	$2,598,859

Statements of Income

		1991	1990	1989
		Year Ended December 31	(thousands)	
Operating Revenues	Electric	$ 825,101	$ 812,912	$ 782,766
	Steam heat	—	2,658	7,450
	Total	825,101	815,570	790,216
Operating Expenses	Operation			
	Fuel	132,100	136,849	134,329
	Purchased power	22,226	15,421	12,991
	Other	166,009	152,847	137,895
	Maintenance	80,922	79,467	68,953
	Depreciation	86,795	85,020	85,356
	Taxes (See statements)			
	Income	60,573	63,386	66,105
	General	88,525	83,564	80,381
	Amortization of			
	MPSC rate phase-in plan *(Note 1)*	7,072	7,072	7,072
	Deferred Wolf Creek costs *(Note 1)*	11,734	10,366	10,366
	Total	655,956	633,992	603,448
Operating Income		169,145	181,578	186,768
Other Income and Deductions	Allowance for equity funds used during construction	539	126	235
	Deferred Wolf Creek carrying costs *(Note 1)*	791	1,489	6,037
	Miscellaneous	(368)	(11,549)	748
	Income taxes	295	6,324	220
	Total	1,257	(3,610)	7,240
Income Before Interest Charges		170,402	177,968	194,008
Interest Charges	Long-term debt	63,057	68,853	78,576
	Short-term notes	3,299	6,199	6,531
	Miscellaneous	2,665	2,492	1,985
	Allowance for borrowed funds used during construction	(2,512)	(2,308)	(1,696)
	Total	66,509	75,236	85,390
Yearly Results	Net income	103,893	102,732	108,618
	Preferred stock dividend requirements	6,023	6,360	6,359
	Earnings available for common stock	$ 97,870	$ 96,372	$ 102,259
	Average number of common shares outstanding	30,954,363	30,949,763	30,927,257
	Earnings per common share *(Note 6)*	$ 3.16	$ 3.11	$ 3.31
	Cash dividends per common share	$ 2.74	$ 2.62	$ 2.50

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

Statements of Cash Flows

		Year Ended December 31		
		1991	1990 (thousands)	1989
Cash Flows From Operating Activities	Net income	$103,893	$102,732	$108,618
	Adjustments to reconcile net income to net cash provided by operating activities:			
	Depreciation	86,795	85,020	85,356
	Amortization of nuclear fuel	6,199	8,391	10,739
	Deferred income taxes (net)	28,064	28,255	35,599
	Investment tax credit (net)	(7,009)	(3,276)	7,894
	Deferred Wolf Creek costs and amortization	10,943	8,877	4,329
	MPSC rate phase-in plan amortization	7,072	7,072	7,072
	Other amortizations	5,147	3,631	2,521
	Allowance for equity funds used during construction	(539)	(126)	(235)
	Total	240,565	240,576	261,893
	Cash flows affected by changes in:			
	Receivables	13,636	(6,064)	36,229
	Fuel inventories	137	2,893	3,761
	Materials and supplies	(98)	2,129	(3,502)
	Accounts payable	2,861	2,566	(12,967)
	Accrued taxes	2,995	549	2,179
	Accrued interest	(1,244)	(1,239)	73
	Settlement of fuel contracts	(8,578)	(939)	(22,601)
	Other operating activities	2,175	2,401	8,370
	Net cash provided by operating activities	252,449	242,872	273,435
Cash Flows From Investing Activities	Construction expenditures	(122,447)	(92,558)	(103,169)
	Allowance for borrowed funds used during construction	(2,512)	(2,308)	(1,696)
	Other investing activities	(5,404)	2,290	(3,140)
	Net cash used in investing activities	(130,363)	(92,576)	(108,005)
Cash Flows From Financing Activities	Issuance of long-term debt	135,250	—	566
	Increase (decrease) in borrowings under banker's acceptances	(3,000)	(3,000)	18,000
	Retirement of long-term debt	(160,215)	(65,345)	(92,908)
	Retirement of preferred stock	(40,000)	—	—
	Premium on reacquired stock and long-term debt	(5,516)	—	—
	Increase (decrease) in short-term borrowings	42,500	5,600	(7,300)
	Dividends declared	(90,232)	(87,442)	(83,681)
	Other financing activities	(879)	(113)	(113)
	Net cash used in financing activities	(122,092)	(150,300)	(165,436)
	Net decrease in cash	(6)	(4)	(6)
	Cash at beginning of year	134	138	144
	Cash at end of year	$ 128	$ 134	$ 138
	Cash paid during the year for:			
	Interest (net of amount capitalized)	$ 66,290	$ 74,844	$ 83,658
	Income taxes	$ 37,117	$ 28,600	$ 20,389

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

Statements of Taxes

		1991	1990	1989
			Year Ended December 31	
			(thousands)	
COMPONENTS OF INCOME TAX EXPENSE				
Currently Payable	Federal	$ 33,667	$ 27,324	$ 18,082
	State	5,556	4,759	4,310
	Total	39,223	32,083	22,392
Deferred	Federal (net)	23,696	24,013	31,142
	State (net)	4,368	4,242	4,457
	Total	28,064	28,255	35,599
Investment Tax Credit	Provision	—	1,413	12,080
	Amortization	(7,009)	(4,689)	(4,186)
	Total	(7,009)	(3,276)	7,894
	Total income tax expense	60,278	57,062	65,885
Less:	Income taxes applicable to other income and deductions	(295)	(6,324)	(220)
	Income tax expense applicable to operating income	$ 60,573	$ 63,386	$ 66,105
DEFERRED INCOME TAX EXPENSE				
	Depreciation differences	$ 30,270	$ 30,683	$ 32,718
	Settlement of fuel contracts	1,760	(304)	8,133
	Other	(3,966)	(2,124)	(5,252)
	Total	$ 28,064	$ 28,255	$ 35,599
GENERAL TAX EXPENSE				
	Property and real estate	$ 38,803	$ 35,666	$ 34,188
	Gross receipts	41,223	39,637	38,571
	Other	8,499	8,261	7,622
	Total	$ 88,525	$ 83,564	$ 80,381

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

Statements of Cumulative Preferred Stock & Long-Term Debt

			December 31 1991	1990
			(thousands)	
Cumulative Preferred Stock *(excluding current portion) (Note 6)*				
$100 Par Value	3.80%	— 100,000 shares issued	$ 10,000	$ 10,000
	4.50%	— 100,000 shares issued	10,000	10,000
	4.20%	— 70,000 shares issued	7,000	7,000
	4.35%	— 120,000 shares issued	12,000	12,000
	7.72%	— 0 and 130,000 shares issued	—	13,000
No Par	$ 2.33	— 0 and 800,000 shares issued	—	20,000
	$ 2.20	— 0 and 800,000 shares issued	—	20,000
	Total		$ 39,000	$ 92,000
Cumulative Preferred Stock (Redeemable) *(Note 6)*				
$100 Par Value	4%	— 20,757 and 22,357 shares issued	$ 2,076	$ 2,236
Long-Term Debt *(excluding current maturities) (Note 7)*				
First Mortgage Bonds	10¾%	series due 1993*	$ 7,50_	$ 7,500
	9.46%	series due 1994*	60,000	60,000
	4¾%	series due 1995	15,000	15,000
	5¼%	series due 1997	30,000	30,000
	6¾%	series due 1998	25,000	25,000
	7⅛%	series due 1999	26,000	26,000
	9⅛%	series due 2000	35,000	35,000
	7¼%	series due 2001	27,000	27,000
	7⅛%	series due 2002	30,000	30,000
	8⅛%	series due 2006	40,000	40,000
	8¼%	series due 2006	30,000	30,000
	5¾%	series due 2007*	21,940	21,940
	5⅝%	series due 2007*	20,000	20,000
	8½%	series due 2007	30,000	30,000
	9¼%	series due 2008	25,000	25,000
	6⅞%	series "A" due 2008*	9,200	9,200
	6⅞%	series "B" due 2008*	21,800	21,800
	12%	series due 2013*	11,980	11,980
Mortgage Bonds	8⅜%	series due 1994	—	60,000
	7.34%	Medium-Term Notes**	135,250	—
Guaranty of Pollution Control Bonds	5¾%	series due 2003	14,210	14,425
	Variable rate series**			
	4.82%	series "A" due 2015	56,500	56,500
	4.93%	series "B" due 2015	50,000	50,000
	4.85%	series "A" due 2017	50,000	50,000
	4.92%	series "B" due 2017	40,000	40,000
Banker's Acceptances			12,000	15,000
Unamortized Premium and Discount (net)			(700)	(936)
	Total		$822,680	$750,409

*Pledged in support of pollution control bonds or other agreements.
**Weighted average rate at December 31, 1991.

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

Statements of Retained Earnings

		Year Ended December 31		
		1991	1990 (thousands)	1989
Beginning Balance		$399,294	$384,004	$359,067
Net Income		103,893	102,732	108,618
		503,187	486,736	467,6?5
Premium on Reacquired Preferred Stock		1,794	—	—
Dividends Declared	Preferred stock (at required annual rates)	5,417	6,359	6,357
	Common stock —			
	$2.50 per share			77,324
	$2.62 per share		81,083	
	$2.74 per share	84,815		
		90,232	87,442	83,681
Ending Balance (Note 6)		$411,161	$399,294	$384,004

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

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

System of Accounts

The accounting records of the Company are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) and generally accepted accounting principles.

Utility Plant

Utility plant is stated at historical costs of construction. These costs include taxes, payroll-related costs including pensions and other fringe benefits and an allowance for funds used during construction. The Company sold the steam heat system in March 1990.

Allowance for Funds Used During Construction (AFDC)

AFDC includes the cost of borrowed funds used for construction purposes and a reasonable rate upon other (equity) funds. The allowance for borrowed funds represents an allocation of interest costs to construction, while the allowance for equity funds is a non-cash item of income. AFDC is charged to construction work in progress during the period of construction. When a construction project is placed in service, the related AFDC becomes a part of the original cost of the completed plant which is used to establish rates for utility charges under established regulatory rate practices. The rates used to compute gross AFDC are compounded semi-annually and averaged 7.7% for 1991, 9.0% for 1990 and 10.0% for 1989.

Depreciation and Maintenance

Provisions for depreciation are computed on a straight-line basis pursuant to rates ordered to be used for jurisdictional property by the Missouri Public Service Commission (MPSC) and the Kansas Corporation Commission (KCC). Approximate annual composite rates were 2.93% in 1991, 2.94% in 1990 and 3.00% in 1989.

The Company charges to maintenance expense the repairs of property and replacement and renewals of items determined to be less than units of property, except for such costs which are charged to clearing accounts and redistributed to various operating, construction and other accounts. The costs of renewals and betterments of units of property are charged to the utility plant accounts. Property units retired or otherwise disposed of in the normal course of business are charged to accumulated depreciation, along with removal costs, net of salvage. The amounts of maintenance and depreciation expense other than those set forth in the Statements of Income are not significant.

Nuclear Plant Decommissioning Costs

The MPSC in [illegible] and the KCC in 1985 estimated in 1985 dollars the cost of decommissioning the Wolf Creek Generating Station (Wolf Creek) to be $103.3 million and $140 million, respectively. In August 1989, the KCC increased their estimated cost of decommissioning Wolf Creek to $206 million in 1988 dollars. The corresponding increase in funding and expense commenced during 1990. Pursuant to MPSC and KCC requirements, the respective jurisdictional portions of the Company's 47% share of these costs are being recovered and charged to operating expense over the life of the plant and placed in an external trust fund to be used only for the physical decommissioning of Wolf Creek which is not expected to occur prior to 2025.

The investment in the trust fund was $7.8 million and $5.[illegible] million at December 31, 1991 and 1990, respectively. Such amounts are reflected under Investments and Nonutility Property on the Balance Sheets with the related liabilities for decommissioning included in Deferred Credits-Other.

Nuclear Fuel

The cost of nuclear fuel is amortized to fuel expense based on the quantity of heat produced for the generation of electric energy. Under the Nuclear Waste Policy Act of 1982, the Department of Energy (DOE) is responsible for the permanent disposal of spent nuclear fuel. The Company currently pays to the DOE for future permanent disposal services a quarterly fee of one mill per kilowatt-hour of net nuclear generation. The disposal costs are charged to fuel expense and recovered through electric rates.

Deferred Wolf Creek Costs

Orders from the KCC and MPSC provided for continuance of construction accounting for ratemaking purposes subsequent to the September 3, 1985 commercial in-service date of Wolf Creek to September 30, 1985 and May 5, 1986, respectively. Also authorized was the deferral of certain other carrying costs. These deferrals are being amortized and recovered in rates over an approximate ten year period.

KCC Wolf Creek Carrying Costs

On May 30, 1989, the KCC approved a Stipulation and Agreement which, among other things, extended the Wolf Creek depreciable life from 30 to 40 years, and authorized the Company to cease on June 30, 1989 the accrual of carrying costs on 314 mw of alleged excess capacity and to accrue carrying costs on the cumulative deferred asset through June 30, 1991. Starting July 1, 1991, the deferral is being amortized and recovered over a six year period.

MPSC Rate Phase-in Plan

The MPSC's 1986 Wolf Creek rate phase-in plan resulted in deferral of a cash recovery of a portion of the cost of equity and the carrying costs on the deferral. Recovery of such deferrals and the corresponding amortization of these deferrals over five years began on January 1, 1989.

Other Deferred Charges

Certain costs, such as those incurred for major storms, premium on redeemed debt, debt expense, settlement of fuel contracts and other costs, are recorded as deferred charges when it is probable, based on historical regulatory precedent, that future rates established by the regulators will recover amortization of such costs. If subsequent recovery is not permitted, any unamortized balance will be charged to expense at that time.

Revenue Recognition

The Company utilizes cycle billing and accrues the amount of revenue for sales unbilled at the end of each reporting period.

Reclassifications

Bulk power sales for 1991 were $35.8 million and are reflected as Operating Revenues in compliance with a FERC Accounting Release. Bulk power sales were previously netted against purchased power and classified as Interchange power (net). Transfers between revenues and operating expenses of $54.4 million in 1990 and $58.7 million in 1989 have been made to previously issued income statements in order to conform with the 1991 presentation of bulk power sales and other minor reclassifications.

Income Taxes

The Company has adopted Financial Accounting Standards Board (FASB) Statement No. 96 which requires establishment of deferred tax liabilities and assets, as appropriate, for all temporary differences caused when the tax basis of an asset or liability differs from that reported in the financial statements. Also, the deferred tax assets and liabilities created as a result of these temporary differences must be determined using the tax rates scheduled by the tax law to be in effect when the temporary differences reverse.

The asset-Deferred Regulatory Asset-reflects primarily the future revenue requirements necessary to recover the tax benefits of existing temporary differences flowed through to the ratepayers in the past. An asset was established because it is probable that future rates will include provisions for recovery of this asset.

Although the Company calculates its deferred tax assets and liabilities pursuant to FASB 96, operating income taxes are recorded in accordance with ratemaking principles.

The following table shows the reconciliation of the federal statutory income tax rate to the effective income tax rate reported in the income statements:

	1991	1990	1989
Federal statutory income tax rate	34.0%	34.0%	34.0%
Differences between book and tax depreciation not normalized	1.8	1.7	1.4
Amortization of investment tax credit	(4.3)	(2.9)	(2.4)
State income taxes	4.0	3.7	3.3
Other	1.2	(.8)	1.5
Effective income tax rate	36.7%	35.7%	37.8%

If the application of FASB 96 were reflected in the Statements of Income, net income would remain the same.

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

2. RETIREMENT PLANS

The Company has pension plans for all its regular employees, including officers, providing for benefits upon retirement, normally at age 65. In accordance with the Employee Retirement Income Security Act of 1974 (ERISA), the Company has satisfied at least its minimum funding requirements. Benefits under these plans reflect the employee's compensation, years of service and age at retirement.

Provisions for pensions are determined under the rules prescribed by FASB 87. The following is the funded status of the plans:

	December 31	
	1991	1990
	(thousands)	
Accumulated Benefit Obligation:		
Vested	$154,858	$140,708
Non-vested	5,772	4,612
Total	$160,130	$145,320
Determination of Plan Assets less Obligations:		
Fair value of plan assets (a)	$251,535	$209,564
Projected benefit obligation (b)	212,655	188,043
Difference	$ 38,880	$ 21,521
Reconciliation of Difference:		
Contributions to trusts		
Prepaid	$ 3,776	$ 1,283
Accrued liability	(3,118)	(4,261)
Unamortized transition amount	20,899	22,971
Unrecognized net gain	21,852	6,220
Unrecognized prior service cost	(4,529)	(4,692)
Difference	$ 38,880	$ 21,521

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

(b) Based on discount rates of 8% to 9% and rates of increase in future salary levels of 5% to 6%.

Components of provisions for pensions (in thousands):

	1991	1990	1989
Service cost	$ 6,162	$ 6,208	$ 5,343
Interest cost on projected benefit obligation	16,617	15,757	13,636
Actual return on plan assets	(45,542)	1,088	(27,436)
Other	27,026	(18,416)	12,856
Total Pension Expense	$ 4,263	$ 4,637	$ 4,41[illegible]

Long-term rates of return on plan assets of 7% to 8% were used.

3. COMMITMENTS AND CONTINGENCIES

Nuclear Liability and Insurance

The Price-Anderson Act currently limits the public liability to $7.807 billion, including attorney costs of nuclear reactor owners for claims that could arise from a nuclear incident. Accordingly, the Company and the other owners of Wolf Creek have liability insurance coverage of this amount which consists of the maximum available commercial insurance of $200 million and Secondary Financial Protection (SFP). The SFP coverage is funded by a mandatory program of deferred premiums assessed against all owners of licensed reactors for any nuclear incident anywhere in the country. The maximum assessment per reactor is $63 million ($29.6 million, Company's share), plus a surcharge of 5%, per incident. The owners of Wolf Creek are jointly and severally liable for these charges, payable at a rate not to exceed $10 million ($4.7 million, Company's share) per incident per year.

The owners of Wolf Creek also have property damage, decontamination and decommissioning insurance for loss resulting from damage to the Wolf Creek facilities in the amount of $2.515 billion. Nuclear insurance pools provide $1.265 billion of coverage. Nuclear Electric Insurance Limited (NEIL) provides $1.250 billion. In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination. The remaining proceeds from the $2.515 billion insurance coverage ($1.182 billion, Company's share), if any, can be used for property damage up to $1,041 million (Company's share), premature decommissioning costs up to $94 million (Company's share) in excess of funds previously collected for decommissioning (as discussed in Note 1) with the remaining $47 million (Company's share) available for either property damage or premature decommissioning costs.

The owners of Wolf Creek have also procured extra expense insurance from NEIL. Under both the NEIL property and extra expense policies, the Company is subject to retroactive assessment if NEIL losses, with respect to each policy year, exceed the accumulated funds available to the insurer under that policy. The estimated maximum retroactive assessments for the Company's share under the policies total approximately $5 million per year.

In the event of a catastrophic loss at Wolf Creek, the amount of insurance available may not be adequate for property damages and extra expenses incurred. Uninsured losses, to the extent not recovered through rates, would be assumed by the Company and could have a material adverse effect on the Company's financial condition.

Nuclear Fuel Commitments

At December 31, 1991, Wolf Creek's nuclear fuel commitments (Company's share) were approximately $21 million for uranium concentrates through 1997, $147 million for enrichment through 2014 and $52 million for fabrication through 2014.

Tax Matters

The Company's federal income tax returns for the years 1985 through 1988 are presently under examination by the Internal Revenue Service (IRS). The Company has received Notices of Proposed Adjustments to be included in the Revenue Agent's Report (RAR) unless the additional information being supplied to the IRS by the Company would alter or reverse the proposed adjustments. The adjustments reduce the Wolf Creek tax depreciation and investment tax credits generated. Management is in the process of reviewing the adjustments and has significant questions regarding the theory, computations and sampling techniques used by the IRS to arrive at their proposed adjustments. Other adjustments have also been proposed by the IRS as a result of this examination. The Company expects to receive the RAR for 1985 and 1986 sometime during the first part of 1992 and does not expect this report to include any significant adjustments not known at this time. In the opinion of management, the ultimate additional tax charge, including interest, is not expected to be material to the Company's financial position.

Environmental Matters

Interstate Power Company (Interstate) filed a complaint in 1989 against the Company seeking indemnity and contribution for cleanup costs, estimated to be $1 million to $10 million, at an Iowa site sold by the Company to Interstate in 1957. The Company acquired a gas manufacturing plant on the site in 1932 and allegedly operated it for very brief periods of time before demolishing it in 1952.

The Company believes that it has several meritorious defenses against this action and has asserted them in its pleadings, including the fact that the 1957 sales documents include a clause indemnifying the Company from and against all claims and damages arising after the sale. As well, the Company is seeking contribution or indemnity for these cleanup costs, to the extent that the Company is found liable, from other parties to the lawsuit.

This matter is scheduled to be tried in 1992 wherein the court may determine allocation of cleanup costs among the parties. If the Company is unsuccessful on the issues of liability, the Company believes that its allocated share of the cleanup costs would not be material to the financial condition of the Company.

The Company's operations must comply with federal, state and local environmental laws and regulations. Compliance programs necessary to meet existing and future environmental laws and regulations governing water and air quality, hazardous waste handling and disposal, toxic substances and the effects of electromagnetic fields could require substantial changes to the Company's operations or facilities. The costs of compliance with environmental laws and regulations are normally recoverable through the ratemaking process.

Other Agreements

The Company has entered into, in the normal course of business, a variety of contracts.

Under long-term contractual arrangements, the Company's share of purchased coal during the last three years totaled approximately $21 million in 1991, $28 million in 1990 and $27 million in 1989. The Company's share of purchase commitments in 1991 dollars under the remaining term of the coal contracts is approximately $145 million. The Company also purchases coal on the spot market.

Under leases, the Company incurred rental expense during the last three years of approximately $11 million to $15 million per year. Rental commitments under leases for railroad cars, computer equipment, buildings and similar items are approximately $114 million over the life of the leases with payments during each of the next five years ranging from a high of $15 million in 1992 to $8 million in 1996. The Company, also in 1991, extended and revised a transmission line lease with another utility. With FERC approval, the rental payments under this lease can be increased by the lessor, after which the Company is entitled to cancel the lease if the Company is able to secure an alternative transmission path. Total commitments under this lease, not included above, are $1.9 million per year and approximately $64 million over the life of the lease if the lease is not cancelled.

The Company has entered into contracts to purchase capacity through May 2000 from other utilities. Such obligations increase each contract year from $6.5 million in 1992 for 250 mw to $16.0 million in 1995 for 450 mw. For contract years 1996 to 1999, the cost is $13.7 million per year for 300 mw of capacity.

4. SALE OF ACCOUNTS RECEIVABLE

On September 27, 1989, the Company entered into an agreement with a financial institution to sell with limited recourse, an undivided interest in designated accounts receivable. As of December 31, 1991 and 1990, $50 million and $50 million, respectively, of the Company's accounts receivable remained sold under this agreement. The Company incurred $3.5 million, $4.4 million and $1.2 million of costs associated with the sale of Customer Accounts Receivable during 1991, 1990 and 1989, respectively.

5. SHORT-TERM BORROWINGS

The Company borrows short-term funds from banks and through the sale of commercial paper as needed. Under minimal fee arrangements, the Company has confirmed bank lines-of-credit totaling $155 million, of which $121 million remain unused at December 31, 1991.

6. COMMON STOCK EQUITY, PREFERRED STOCK AND REDEEMABLE PREFERRED STOCK

The Board of Directors, on February 4, 1992, authorized a 2-for-1 common stock split subject to shareholder approval. The shareholders, at their annual meeting set for May 5, 1992, will be asked to approve an amendment to the Company's Restated Articles of Consolidation increasing the number of authorized shares of common stock from 60,000,000 to 150,000,000 and the common stock split. If approval is received in May 1992, reported earnings per share for all periods will be adjusted accordingly.

Retained earnings at December 31, 1991 included $13 million which was not available for cash divi[illegible] common stock under the provisions of the Indenture [illegible]ge securing First Mortgage Bonds.

At December 31, 1988, 58,148 common shares were held by the Company and distributed to the employees' 401(K) plan in 1989. The Company purchased 30,000 shares in 1990 which were subsequently distributed to the employees' 401(K) plan in 1990. The gain on the difference between the purchase price of these shares and market at the time of distribution was charged to capital stock premium and expense along with the gain on the purchase of preferred stock for sinking fund requirements.

During 1991, the Company reacquired and retired the 800,000 shares of the $2.33 and 800,000 shares of the $2.20 Cumulative No Par Preferred Stock with a combined stated value of $40 million. The total cost of this transaction included a $4.7 million premium of which $2.9 million was charged against capital stock premium and expense and $1.8 million was charged against retained earnings.

Also during 1991, the Company authorized the February 1992 redemption and retirement of the 130,000 outstanding shares of the 7.72% Cumulative Preferred Stock with a par value of $13 million. The cost of redeeming this stock will include a premium of $.3 million which will be charged against common stock equity. As of December 31, 1991, this issue was reclassified to current liabilities.

The outstanding Cumulative Preferred Stock of $41 million (exclusive of the $13 million of 7.72% Cumulative Preferred Stock included in current liabilities) may be redeemed at the option of the Company at prices which, in the aggregate, total $42 million.

Scheduled mandatory sinking fund requirements for outstanding redeemable 4% Cumulative Preferred Stock are $160,000 per year.

At December 31, 1991, the Company had authorized 540,757 shares of Cumulative Preferred Stock at a par value of $100 per share, 1,572,000 shares of Cumulative No Par Preferred Stock and 11,000,000 shares of Preference Stock without par value.

If any dividends on its preferred stock are not declared and paid when scheduled, the Company could not declare or pay dividends on its common stock or acquire any shares thereof for consideration. If the amount of any such unpaid dividends equals four or more full quarterly dividends, the holders of preferred stock, voting as a single class, could elect representatives on the Company's Board of Directors.

7. LONG-TERM DEBT

First Mortgage Bonds

The Company cannot issue additional First Mortgage Bonds authorized by the Indenture of Mortgage and Deed of Trust dated as of December 1, 1946, as supplemented, as long as any of the Mortgage Bonds (discussed below) are outstanding. Substantially all of the Company's utility plant is pledged under the terms of the Indenture.

Mortgage Bonds

The Company is authorized to issue Mortgage Bonds under the General Mortgage Indenture and Deed of Trust dated December 1, 1986, as supplemented. The amount of additional bonds which may be issued is subject to certain restrictive provisions of the General Mortgage Indenture. The General Mortgage Indenture constitutes a mortgage lien upon substantially all of the Company's utility plant and is junior to the lien of the First Mortgage.

On December 9, 1991, the Company redeemed the $60 million, 8 3/8% series Mortgage Bonds due 1994. This redemption included a premium of $774,000 which has been deferred and will be amortized through December 1994.

On April 11, 1991, the Company entered into an agreement authorizing the issue of up to $150 million of Medium-Term Notes (Notes) which are secured by the Company's Mortgage Bonds. At December 31, 1991, $135.3 million of Notes was outstanding at a weighted average interest rate of 7.34% and maturities ranging from May 1993 to January 2000.

Banker's Acceptances

The Company has a financing arrangement with a bank, expiring January 16, 1994, which enables the Company to borrow funds by collateralizing its coal and fuel oil inventories at rates based upon the current banker's acceptance discount rate plus an acceptance charge. As of December 31, 1991, $12 million was outstanding under this agreement with an interest rate of 5.30%.

Scheduled Maturities

The following pollution control bond series have sinking fund requirements which begin in various years: 5 3/4% in 1989, 5 7/8% in 1997, 5 7/8% in 1998, 6 7/8% "A" in 1999 and 6 7/8% "B" in 1999.

The aggregate amount of maturities and sinking fund requirements during each of the next five years for the long-term debt outstanding at December 31, 1991 is $0 in 1992, $26.7 million in 1993, $131.5 million in 1994, $30.3 million in 1995 and $17.3 million in 1996.

The Board of Directors, on February 4, 1992, authorized the redemption and retirement, in March 1992, of the $35 million, 9 1/8% First Mortgage Bonds due in 2000.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Kwh Sales and Operating Revenues

Sales and revenue data:

	Increase (Decrease) From Prior Year			
	1991		1990	
	Kwh	Revenues *(millions)*	Kwh	Revenues *(millions)*
Retail sales:				
Residential	8.4%	$ 18	5.4%	$ 17
Commercial	4.1	9	3.7	15
Industrial	3.7	2	2.4	2
Other	(.7)	—	(.5)	—
Total retail sales	5.3	29	3.9	34
Sales for resale:				
Bulk power sales	(39.0)	(17)	(9.7)	(4)
Other	(3.9)	—	(5.6)	—
Total sales		12		30
Steam heat and other revenues		(2)		(5)
Total operating revenues		$ 10		$ 25

Residential and commercial kwh sales increased in 1991 and 1990 reflecting primarily higher usage due to warmer cooling seasons and increases in load growth. Industrial kwh sales in 1991 were affected by increased sales to a major steel manufacturer; sales to this manufacturer increased slightly in 1990. Excluding this manufacturer, industrial sales increased 3.2% in 1991 and 2.4% in 1990.

Pursuant to a Federal Energy Regulatory Commission (FERC) Accounting Release, in 1991 the Company reclassified bulk power sales from interchange power (net) to operating revenues. Bulk power sales decreased 1.2 billion kwh and .3 billion kwh in 1991 and 1990, respectively, due to lower availability of generating units and increased Company system requirements.

Tariffs have not changed materially in either 1991 or 1990. The change in revenues applicable to base rates is affected by changes in the mix of kwh sales among classifications and by the effect on certain classifications of declining price per kwh as kwh usage increases.

The level of kwh sales in the future will depend upon weather conditions, customer conservation efforts, competing fuel sources and the overall economy of the Company's service area. Also, issues facing the electric utility industry in general, such as deregulation, transmission access and increased competition, could affect kwh sales.

Steam heat revenues decreased for 1990 and were eliminated in 1991 reflecting the sale of the steam system in March 1990.

Only the Company's wholesale rate schedules, which do not include bulk power sales, contain fuel adjustment provisions; wholesale revenues account for less than 1% of the Company's revenues.

Fuel Costs

Average electric fuel cost per million BTU increased to $.92 in 1991 from $.87 in 1990 and $.84 in 1989.

Average fuel cost per million BTU of nuclear fuel, including disposal costs, was $.30 in 1991, $.29 in 1990 and $.33 in 1989. The 1990 decrease reflects the lower costs of nuclear fuel loaded in the reactor during the 1990 refueling. The capacity factor at Wolf Creek was 58.9% in 1991, 79.2% in 1990 and 97.7% in 1989. During the first half of 1991, Wolf Creek's power production was gradually reduced to approximately .0% of capacity to assure adequate fuel for full-power operation during the summer season. Such conservation was necessary because the plant had previously generated more energy than originally planned for the fuel in the reactor. Then, from September 20, 1991 through year-end, the unit was off-line 103 days for a scheduled refueling outage which was extended to accommodate additional testing. The previous scheduled refueling outage lasted 68 days in 1990 while there was no refueling outage in 1989.

Average fuel cost per million BTU for fossil plants was $1.08 in 1991, $1.06 in 1990 and $1.08 in 1989. The 1990 lower cost reflects an increased level of lower cost coal purchases from the spot market.

The components of change in fuel costs:

	Increase (Decrease) From Prior Year	
	1991	1990
	(millions)	
Generation for customers and bulk power sales	$(8)	$2
Average fuel cost	8	3
Coal physical inventory adjustment	(3)	—
Total	$(3)*	$5*

*Both years exclude a $2 million drop in fuel costs because of the sale of the steam system.

Because Wolf Creek's fuel costs are lower than any other Company unit, the average fuel cost is higher whenever the unit is down for refueling or operates below the prior period's average capacity.

Purchased Power

Purchased power increased $6.8 million in 1991 and $2.4 million in 1990 reflecting the lower availability of generating units, including Wolf Creek, and increased Company system requirements.

The level of purchased power in the future will depend upon the availability of the generating units, fuel costs, the requirements of other electric systems and the Company's system requirements.

See Note 3 to the Financial Statements–Commitments and Contingencies–for commitments under contracts to purchase capacity.

8. JOINTLY-OWNED ELECTRIC UTILITY PLANTS

The Company has, under joint ownership agreements with other utilities, undivided interests at December 31, 1991 in utility plants as follows (in millions of dollars):

	Wolf Creek Unit	La Cygne Units	Iatan Unit
Company's share	47%	50%	70%
Utility plant in service	$1,314	$264	$243
Nuclear fuel in service	$ 34	—	—
Spent nuclear fuel	$ 53	—	—
Estimated accumulated depreciation (Production plant only)	$ 210	$140	$ 97
Accumulated amortization (Nuclear fuel)	$ 69	—	—
Company's accredited capacity-mw	533	678	469

Each participant must provide its own financing. The Company's share of direct expenses is included in the corresponding operating expenses on the Statements of Income.

9. QUARTERLY OPERATING RESULTS (UNAUDITED)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1991		*(thousands)*		
Operating revenues	$181,851	$208,602	$254,365	$180,283
Operating income	$ 34,535	$ 45,004	$ 66,125	$ 23,481
Net income	$ 17,728	$ 28,833	$ 49,635	$ 7,699
Earnings per common share	$ .52	$ .88	$ 1.55	$ .21
1990				
Operating revenues	$176,759	$199,221	$247,858	$191,752
Operating income	$ 31,435	$ 40,699	$ 70,719	$ 38,725
Net income	$ 13,952	$ 21,895	$ 52,351	$ 14,534 (a)
Earnings per common share	$ .40	$ .66	$ 1.64	$ .42 (a)

(a) In the fourth quarter of 1990, the Company expensed the legal, financial and administrative costs associated with the terminated tender offer for Kansas Gas & Electric Company. These costs totaled $12.9 million before taxes and $8.1 million after taxes ($.26 per share).

Expenses were affected by the scheduled Wolf Creek refueling outages, 68 days from March 9, 1990 to May 16, 1990 and 103 days in 1991 starting September 20, 1991. Starting in 1992, the Company will normalize Wolf Creek refueling outage costs; see discussion in Management's Discussion and Analysis of Financial Condition and Results of Operations.

The business of the Company is subject to seasonal fluctuations with peak periods occurring during summer months.

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets and statements of cumulative preferred stock and long-term debt of Kansas City Power & Light Company as of December 31, 1991 and 1990, and the related statements of income, taxes, retained earnings, and cash flows for each of the three years in the period ended December 31, 1991. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kansas City Power & Light Company as of December 31, 1991 and 1990, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1991, in conformity with generally accepted accounting principles.

Coopers & Lybrand

Kansas City, Missouri
February 4, 1992

Normalization of Wolf Creek Refueling Outage Costs

The Company changed, effective January 1992, its method of accounting for the additional costs incurred during scheduled Wolf Creek refueling outages. Instead of expensing these costs as incurred, the Company will accrue forecasted outage costs evenly over the unit operating cycle which normally lasts approximately 18 months. The Company believes this method of accounting will produce a more meaningful presentation of yearly results of operations than the prior method. Since the accrual began on January 15, 1992 when Wolf Creek came back on-line, there is no cumulative effect for the change in accounting principle. Because there is no refueling scheduled during 1992, the effect of this change on 1992 operations would be to increase operation, maintenance and replacement power expenses by a total of approximately $12.6 million and, after taxes, decrease net income by approximately $7.8 million ($.25 per share).

Projected Construction Expenditures

Construction expenditures, excluding AFDC, were $122.4 million in 1991 and are projected for the next five years as follows:

	Construction Expenditures					
	1992	1993	1994	1995	1996	Total
			(millions)			
Generating facilities	$ 37.0	$ 40.1	$ 55.4	$ 79.0	$ 97.6	$309.1
Nuclear fuel	19.9	7.0	21.8	23.0	10.3	82.0
Transmission facilities	12.2	15.7	10.8	13.5	3.8	56.0
Distribution and general facilities	76.5	61.3	56.8	60.5	64.6	319.7
Total	$145.6	$124.1	$144.8	$176.0	$176.3	$766.8

The above expenditures for generating facilities include $113.7 million for three new 105 mw and one new 160 mw gas-fired combustion turbines, the first of which is scheduled to be completed in 1996. The other three units are scheduled to be completed between 1997 and 1999. Generating facilities also include $3.4 million beginning in 1996 for a new 500 mw (250 mw, Company's share) coal-fired generating unit tentatively scheduled to be in service by 2002.

The timing of construction and cost estimates are subject to continual review and adjustment. Actual construction expenditures may vary significantly from these estimates.

Environmental Matters

On October 27, 1990, Congress approved the Clean Air Act Amendments of 1990. Two parts of the legislation will affect the utility industry. The acid rain provisions will increase the Company's construction expenditures by an estimated $16.6 million for the installation of continuous emission monitoring equipment and low NO_X burners. These costs are included in the above five year projected construction expenditures. The Company's costs under the Act would have been greater if the Company had not voluntarily switched to low sulfur western coal in the mid 1980s. The other utility-related provision calls for a study of certain air toxics. Based on the outcome of these studies, regulation of air toxics, including mercury, could be required. The Company cannot, at this time, predict the likelihood of any such regulations or compliance costs. Provisions in the Clean Air Act Amendments of 1990 could add up to $2 million a year to the Company's expenses beginning in 1993 because of requirements that companies make payments to the state environmental regulatory agencies to fund administration of certain provisions of the Amendments.

See Note 3 to the Financial Statements–Environmental Matters–for discussion of potential liability, which the Company believes is not material to its financial condition, for cleanup costs under the Federal Superfund law.

Capital Requirements and Liquidity

The Company currently estimates that it will be able to meet the above construction expenditures through 1994 and a significant portion of the remaining years with internally-generated funds. It is anticipated that funds for maturing debt through 1996 and the redemption of preferred stock, including preferred stock and long-term debt sinking fund obligations, totaling $219.5 million will be provided from operations, refinancings or short-term debt.

The Company's capital structure at December 31, 1991 (including current portions) consisted of 49.5% common stock equity, 3.1% preferred stock and 47.4% long-term debt. The Company's goal is to maintain a capital structure in which the percentages of common stock equity and long-term debt (including current maturities) are approximately equal.

The Company intends to register $50 million Auction Market Preferred Stock and $150 million additional Medium-Term Notes with the Securities and Exchange Commission in February 1992. Proceeds from the sales of these securities will be used to refinance redeemed or maturing debt and redeemed preferred stock.

Other Operation Expenses

Other operation expenses increased in 1991 and 1990 reflecting increases in general and administrative expenses of $5.9 million in 1991 and $5.3 million in 1990 primarily due to increased wages and the cost of various employee benefits, including hospitalization, employee development and training expenses and other effects of inflation. In addition, other operation expenses at Wolf Creek increased $4.2 million in 1991 and $4.0 million in 1990 mainly due to costs associated with the scheduled refueling outages and a 1991 increase of $.8 million for Nuclear Regulatory Commission (NRC) fees and inspection costs. Refueling costs in 1991 increased over the previous outage as additional motor operated valve testing was performed in response to an NRC industry-wide generic letter. The 1991 refueling outage began on September 20, 1991 and lasted 103 days in 1991 compared to 68 days for the 1990 outage. The outage continued until January 15, 1992 for a total of 117 days with approximately $2 million in additional operation and maintenance costs incurred in 1992. The next refueling outage is scheduled to begin in March 1993.

At the Company's fossil plants, other operation expenses increased $1.6 million in both 1991 and 1990 reflecting slight increases at the various generating units. Additionally, other operation expenses in 1990 include increases of $3.2 million in costs associated with the sale of Customer Accounts Receivable and $3.2 million in electric distribution system operating costs. The increases in 1991 and 1990 were partially offset by the absence of steam system operating expenses after it was sold in March 1990.

Maintenance

Maintenance expenses at Wolf Creek increased by $.9 million in 1991 and $6.2 million in 1990 primarily for costs associated with the scheduled refueling outages. In addition, 1990 maintenance expense reflects an overall increase of $5.2 million in fossil plant generating unit maintenance, primarily for boiler overhauls and generator and turbine maintenance. The 1991 fossil plant generating unit maintenance is approximately equal to the amount incurred in 1990.

Income Taxes

The decreases in operating income taxes for 1991 and 1990 are due to decreases in income subject to tax. In addition, investment tax credit (ITC) amortization increased $2.7 million in the fourth quarter of 1991 to fully amortize previously utilized ITC on nuclear fuel already burned. Substantially all of the ITC on nuclear fuel has been amortized as of December 31, 1991.

General Taxes

The increases in general taxes during 1991 and 1990 relate primarily to increases of $1.6 million and $1.1 million in gross receipts taxes resulting from higher billed revenues in areas subject to tax and increases of $3.1 million and $1.5 million in property and real estate taxes due to higher property assessments and tax rates.

Currently, the Kansas legislature is considering various proposals to change the determination of 1992 property tax rates. The Company is not yet able to project whether changes will occur. However, based upon these proposals to date, the increase in Kansas property taxes could be as much as $10 million per year.

Other Income and Deductions

Miscellaneous and Income Taxes-This reflects a decrease to net income in 1990 primarily because of the expensing in the fourth quarter of 1990 the costs associated with the terminated tender offer for Kansas Gas and Electric Company (KG&E) in the amount of $12.9 million before taxes and $8.1 million after taxes ($.26 per share). This decrease to net income was partially offset by the sale in March 1990 of the downtown Kansas City, Missouri steam system at a profit after taxes of $2.6 million.

Interest Charges

The declines in long-term interest expense for 1991 and 1990 reflect lower interest rates on variable rate debt and the retirement, repayment or refinancing of debt. The average balance of long-term debt including current maturities declined compared to the prior year by $23.1 million in 1991 and $83.6 million in 1990. The sale of Customer Accounts Receivable has allowed the Company to carry a lower amount of debt.

The decline in short-term interest expense in 1991 is due to lower average levels of short-term debt and lower interest rates.

Earnings per Share

Excluding the $.26 per share reduction because of the expenses incurred in connection with the terminated tender offer, 1990 earnings per share (EPS) would have been $3.37. The 1991 EPS of $3.16 decreased from this $3.37 level primarily because of the costs incurred resulting from the extended 1991 Wolf Creek refueling outage. The Wolf Creek refueling outage decreased EPS approximately $.48 in 1991 and $.30 in 1990. Wolf Creek is one of the Company's principal generating facilities and has the lowest fuel cost of any of its generating facilities. An extended shut-down of the unit could have a substantial adverse effect on the Company's business and financial condition. Future refueling outages are planned to occur approximately every 18 months with the next outage planned for the spring of 1993. (See Normalization of Wolf Creek Refueling Outage Costs.)

Eliminating the effects of the refueling outage, earnings for 1991 were positively affected by favorable weather conditions, increased load growth and a reduction of interest charges, which were more than offset by increased purchased power, reduced bulk power sales and the effect of inflation and other increases on operating expenses.

There was no refueling outage in 1989. Earnings for 1990, excluding the tender offer and refueling costs, increased over 1989 mainly because of more favorable weather conditions. The 1990 summer was significantly warmer than 1989.

Uncertainties which affect the degree to which these capital requirements will be met with funds provided from operations include such items as the effect of inflation on operating expenses, the level of kwh sales, regulatory actions, compliance with future environmental regulations, availability of the Company's generating units and the level of bulk power sales with other utilities.

On February 8, 1991, the Company and KG&E settled their pending lawsuit against AMAX, Inc. (AMAX). The coal supply agreement among the Company, KG&E and AMAX was terminated effective December 31, 1990, and the Company agreed to pay AMAX $8.5 million (its share of the $17 million total settlement). This amount was recorded to Settlement of Fuel Contracts on the Balance Sheet because it is probable that future rates will include provisions for recovery of this settlement payment.

Cash provided by operating activities during 1989 was higher than 1991 or 1990 mainly as a result of the initial sale of $50 million of Customer Accounts Receivable in 1989, partially offset by the settlement of the fuel contract with Pittsburg & Midway Coal Mining Company for $22.5 million. Cash provided by operating activities during 1991 was positively affected by an additional $10 million sale of Customer Accounts Receivable, partially offset by the $8.5 million paid to AMAX.

The Company might incur additional debt and/or issue additional equity to finance system growth or new growth opportunities, through business combinations or other investments, to take advantage of the benefits inherent in a larger energy system.

New Accounting Standards

Financial Accounting Standards Board (FASB) Statement No. 106–Employers' Accounting for Postretirement Benefits Other Than Pensions–issued in late December 1990, establishes standards of financial accounting and reporting for the Company's medical and life insurance benefits provided to retirees. FASB 106 requires, among other things, that the cost of providing these benefits be recognized as a labor cost over a period of time prior to the employee's retirement rather than after the employee retires. This Statement is effective for fiscal years beginning after December 15, 1992, and while earlier application is encouraged, the Company plans on adoption in 1993. The Company has determined, based upon preliminary studies, that adoption of FASB 106 will not have a material effect on its financial statements.

Summary of Operations and Financial Data

SUMMARY OF EARNINGS	1991	1990	1989	1988	1987	1981
*Operating Revenues (000's)**	$ 825,101	$ 815,570	$ 790,216	$ 791,650	$ 764,200	$ 535,230
*Operating Expenses (000's)**	655,956	633,992	603,448	611,406	589,538	440,745
Operating Income (000's)	169,145	181,578	186,768	180,244	174,662	94,485
Other Income and Deductions (000's)	1,257	(3,610)	7,240	15,267	24,062	29,400
Income before Interest Charges (000's)	170,402	177,968	194,008	195,511	198,724	123,885
Interest Charges (000's)	66,509	75,236	85,390	89,856	94,742	44,739
Net Income (000's)	103,893	102,732	108,618	105,655	103,982	79,146
Preferred and Preference Stock Dividend Requirements (000's)	6,023	6,360	6,359	6,681	10,882	13,749
Applicable to Common Stock (000's)	$ 97,870	$ 96,372	$ 102,259	$ 98,974	$ 93,100	$ 65,397
Average Shares Outstanding	30,954,363	30,949,763	30,927,257	30,939,199	30,954,363	20,302,725
*Earnings per Common Share***	$ 3.16	$ 3.11	$ 3.31	$ 3.20	$ 3.01	$ 3.22
Return on Year-end Common Equity	11.4%	11.3%	12.2%	12.2%	11.9%	14.2%
Cash Dividends per Share	$ 2.74	$ 2.62	$ 2.50	$ 2.34	$ 2.12	$ 1.88
CAPITALIZATION DATA (000's)***						
Common Stock Equity	$ 860,229	$ 851,282	$ 835,917	$ 810,801	$ 784,119	$ 459,313
Preferred Stock	$ 52,000	$ 92,000	$ 92,000	$ 92,000	$ 92,000	$ 112,000
Preferred Stock (Redeemable)	$ 2,076	$ 2,236	$ 2,396	$ 2,556	$ 2,716	$ 3,676
Preference Stock (Redeemable)	$ —	$ —	$ —	$ —	$ 4,166	$ 50,000
Long-term Debt	$ 822,680	$ 850,409	$ 918,634	$ 997,897	$ 1,079,505	$ 562,050
OTHER DATA AND RATIOS						
Construction Expenditures (000's)	$ 122,447	$ 92,558	$ 103,169	$ 95,022	$ 78,646	$ 133,980
Total Assets (000's)	$ 2,615,039	$ 2,598,859	$ 2,620,826	$ 2,647,415	$ 2,654,371	$ 1,617,781
Book Value per Share	$ 27.79	$ 27.50	$ 27.00	$ 26.19	$ 25.33	$ 22.25
Common Stock Equity Ratio	49.9%	50.2%	46.2%	43.9%	41.2%	35.7%
Common Stock Price—						
High	$ 47⅝	$ 35¼	$ 36¼	$ 32¼	$ 31⅛	$ 16⅞
Low	$ 34¼	$ 29⅝	$ 28⅜	$ 24⅞	$ 21	$ 13
Ratio of Earnings to Fixed Charges	3.22	2.96	2.92	2.75	2.77	2.75

*Reclassifications have been made to prior year amounts to conform with current year presentation.

**See Note 6 to the Financial Statements.

***Capitalization data includes amounts to be redeemed or purchased and current maturities.

COMPANY OFFICERS*

DRUE JENNINGS, 45
Chairman of the Board and President
1980

BERNARD J. BEAUDOIN, 51
Senior Vice President-Finance and Chief Financial Officer
1984

SAMUEL P. COWLEY, 57
Senior Vice President-Corporate Affairs and Chief Legal Officer
1979

RONALD G. WASSON, 47
Senior Vice President-Administrative and Technical Services
1983

FRANK L. BRANCA, 44
Vice President-Power Supply
1989

CHARLES R. COLE, 45
Vice President-Customer Services
1990

JAMES L. HOGAN, 61
Vice President-Environmental and Research Services
1984

MARCUS JACKSON, 40
Vice President-Power Production
1989

WILLIAM H. MILLER, 57
Vice President-Human Resources
1980

TURNER WHITE, 42
Vice President-Communications & Marketing
1990

JOHN J. DESTEFANO, 42
Treasurer
1989

JEANIE SELL LATZ, 40
Corporate Secretary
1991

NEIL ROADMAN, 46
Controller
1980

MARK C. SHOLANDER, 46
General Counsel
1986

*Listing includes age, title and year promoted to officer.

BOARD OF DIRECTORS

DRUE JENNINGS*
Chairman of the Board and President

WILLIAM H. CLARK*
President, Urban League of Greater Kansas City
—community service agency

ROBERT J. DINEEN*
President and Chief Executive Officer, The Marley Company
—diversified manufacturing and service company

ARTHUR J. DOYLE*
Retired Chairman of the Board

W. THOMAS GRANT II
President and Chief Executive Officer, Seafield Capital Corporation
—diversified insurance, financial and laboratory services company

GEORGE E. NETTELS, JR.,
Chairman of the Board, Midwest Minerals, Inc.
—construction mineral processing and quarry operations
President, Yampa Resource Associates, Inc.
—mined land reclamation operation

GEORGE A. RUSSELL
President, University of Missouri

EUGENE M. STRAUSS**
President, ESCO Plans, Inc.
—insurance agency and oil and gas production company

DR. LINDA HOOD TALBOTT
President, The Clearinghouse for Midcontinent Foundations
—information exchange for philanthropic activities

ROBERT H. WEST*
Chairman of the Board and Chief Executive Officer, Butler Manufacturing Company
—supplier of non-residential building systems, specialty components and construction services

*Member, Executive Committee
**Retiring May 5, 1992

Electric Statistics

ELECTRIC SALES STATISTICS	1991	1990	1989	1988	1987	1981
Revenues (000's)						
Residential	$ 291,579	$ 273,080	$ 255,913	$ 266,745	$ 252,217	$ 154,916
Commercial	355,750	347,087	332,150	326,716	309,003	192,526
Industrial	114,979	112,999	110,413	112,699	113,649	94,168
Other	14,193	14,035	13,971	13,716	13,345	9,414
Total retail	776,501	747,201	712,447	719,876	688,214	451,024
Bulk power	35,839	52,862	57,209	55,114	59,361	63,519
Other sales for resale	4,535	4,756	5,174	4,826	4,999	12,648
Total	816,875	804,819	774,830	779,816	752,574	527,191
Other electric revenues	8,226	8,093	7,936	3,6[illegible]2	3,452	2,153
Total	$ 825,101	$ 812,912	$ 782,766	$ 783,468	$ 756,026	$ 529,344
Sales in Kilowatt-hours (000's)						
Residential	3,613,751	3,334,828	3,165,473	3,251,764	3,050,543	2,345,646
Commercial	5,072,586	4,871,569	4,699,160	4,554,053	4,282,779	3,251,235
Industrial	2,294,734	2,213,465	2,162,396	2,229,379	2,315,898	2,326,664
Other	71,198	71,694	72,075	71,539	70,752	67,942
Total retail	11,052,269	10,491,556	10,099,104	10,106,735	9,719,972	7,991,487
Bulk power	1,945,182	3,187,751	3,528,919	2,841,579	3,264,004	2,620,785
Other sales for resale	109,327	113,799	120,509	113,605	107,952	327,022
Total	13,106,778	13,793,106	13,748,532	13,061,919	13,091,928	10,939,294
Average Number of Customers						
Residential	362,878	359,875	356,609	351,199	342,098	304,613
Commercial	48,042	47,551	46,857	46,316	44,974	39,758
Industrial	2,372	2,400	2,452	2,479	2,486	2,359
Other	134	132	133	132	132	133
Total retail	413,426	409,958	406,051	400,126	389,690	346,863
Bulk power	23	23	22	22	22	20
Other sales for resale	12	13	12	11	11	13
Total	413,461	409,994	406,085	400,159	389,723	346,896
Residential Sales						
Average kwh per customer	9,959	9,267	8,877	9,259	8,917	7,700
Average revenue per kwh-cents	8.069	8.189	8.085	8.203	8.268	6.604
Load Statistics						
Generated (net)-kwh (000's)	12,922,963	13,836,091	13,764,615	12,706,839	12,965,948	10,762,030
Purchased-kwh (000's)	880,545	675,507	666,827	1,053,228	785,797	723,457
Total-kwh (000's)	13,803,508	14,511,598	14,431,442	13,760,067	13,751,745	11,485,487
Maximum net hourly demand in megawatts — Winter	1,674	1,680	1,829	1,573	1,514	1,304
— Summer	2,751	2,711	2,54[illegible]	2,656	2,531	2,123
Net generating capability in megawatts (summer)	3,096	3,048	3,025	2,992	2,937	2,884
Net capacity in megawatts (sold) purchased — summer	231	186	81	36	(44)	(200)
Btu per net kwh generated	10,637	10,774	10,674	10,797	10,676	11,119
Number of employees						
December 31	2,881	2,857	2,873	2,863	2,799	2,928
December 31 — Adjusted*	3,276	3,243	3,251	3,214	3,154	2,694

*Excludes employees allocated to other participating companies at La Cygne and Iatan stations and includes employees allocated from Wolf Creek.

GENERATING CAPACITY AND THE MOKAN POOL

The Company's 1991 total available capacity was 3,321 megawatts, including 3,090 mw of installed generating capacity plus 231 mw of net capacity purchases. Its 1991 system peak load was 2,751 mw and resulted in a capacity margin of about 17%, the equivalent of a reserve margin of 20.5%. In addition to being a member of the Southwest Power Pool, a regional reliability council, KCPL is one of 11 members of the MOKAN Pool formed in 1962 to share reserve capacity, coordinate planning for additional generating units and expand transmission lines. Transmission connections with numerous utilities in Missouri, Kansas, Nebraska, Iowa and Minnesota enhance the Company's system reliability. Kansas City is a key center in the interconnected system which enables regional and interregional bulk power transactions among electric utility systems.

SHAREHOLDER INFORMATION

SHAREHOLDER RELATIONS

For shareholder information and assistance with accounts, contact the Shareholder Relations Department. Write to us at:

Kansas City Power & Light Co.
Shareholder Relations Department
P.O. Box 418679
Kansas City, MO 64141-9679

Or, call 816-556-2053.

CHANGE OF ADDRESS

If your address has changed, please contact us immediately to ensure your dividends arrive promptly.

DIRECT DEPOSIT

Contact us if you would like to enroll in the Direct Deposit Dividend Program.

DIVIDEND REINVESTMENT

The Company does not have a Dividend Reinvestment/Stock Purchase Plan at this time.

DUPLICATE MAILINGS

If you are receiving duplicate mailings from us, your stock may be registered in different ways. For assistance in consolidating accounts or eliminating duplicate mailings, please call or write.

INVESTOR RELATIONS

Members of the financial community seeking corporate information may contact Investor Relations at 816-556-2312.

TRANSFER AGENT AND REGISTRAR

For Common and Preferred Stock

United Missouri Bank, n.a.
Securities Transfer Division
P.O. Box 410064
Kansas City, MO 64141-0064
816-860-7786

FORM 10-K

Copies of the Company's 1991 annual report filed with the Securities and Exchange Commission on Form 10-K will be provided at no charge to any shareholder or beneficial owner of shares of the Company's stock upon written request to:

Jeanie Sell Latz
Corporate Secretary
Kansas City Power & Light Co.
P.O. Box 418679
Kansas City, MO 64141-9679

COMMON STOCK PRICE RANGE

	1991		1990	
Quarter	High	Low	High	Low
First	36¾	34¼	35¼	31⅜
Second	[illegible]3¾	35½	33⅞	30⅜
Third	44⅞	36¼	33¾	29⅜
Fourth	47½	42	35⅞	30¼

Common stock is listed on the New York Stock Exchange (NYSE) and the Midwest Stock Exchange.

NYSE Ticker Symbol: KLT

Number of Common stockholders: 29,397 at December 31, 1991.

COMMON STOCK DIVIDENDS

Quarter	1992	1991	1990
First	$0.70	$0.67	$0.64
Second		0.67	0.64
Third		0.70	0.67
Fourth		0.70	0.67

All dividends paid by the Company in 1991 were determined to be dividend income and no portion was considered a return of capital.

PREFERRED STOCK DIVIDENDS

Quarterly dividends on Preferred Stock were declared in each quarter of 1991 and 1990 as follows:

Cumulative Preferred Stock		Cumulative No Par Preferred Stock	
Series	Amount	Series	Amount
3.80%	$0.95	$2.33*	$0.5825
4.00%	1.00	2.20*	0.55
4.20%	1.05		
4.35%	1.0875		
4.50%	1.125		
7.72%**	1.93		

*Redeemed December 2, 1991
**Redeemed February 28, 1992

GENERATING CAPACITY AND THE MOKAN POOL

The Company's 1991 total available capacity was 3,321 megawatts, including 3,090 mw of installed generating capacity plus 231 mw of net capacity purchases. Its 1991 system peak load was 2,751 mw and resulted in a capacity margin of about 17%, the equivalent of a reserve margin of 20.5%. In addition to being a member of the Southwest Power Pool, a regional reliability council, KCPL is one of 11 members of the MOKAN Pool formed in 1962 to share reserve capacity, coordinate planning for additional generating units and expand transmission lines. Transmission connections with numerous utilities in Missouri, Kansas, Nebraska, Iowa and Minnesota enhance the Company's system reliability. Kansas City is a key center in the interconnected system which enables regional and interregional bulk power transactions among electric utility systems.

THANKS:

Appreciation to others who provided statistical information and assistance for our special foldout section.

Henry's Produce, River Market Square

The Kansas City Board of Trade

The Lowell Press

Mid-America Regional Council

ARMCO Worldwide Grinding Systems, Kansas City Works

Levitz Furniture Warehouse

Howard Needles Tammen & Bergendoff

Kansas City Chiefs

Kansas City Royals

Kansas City Sports Commission

Wilcox Electric

United Telecom/Sprint

University of Minnesota Raptor Center

Kansas City Parks & Recreation

National Association of Home Builders

Kansas City Economic Development Council

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Fiber optics — Will & Denni McIntyre

Kansas City Chiefs player — Hank Young

Arrowhead Stadium — Michael Mihalevich

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C., 20549

FORM 10-K

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

For the Fiscal Year Ended December 31, 1991

[ ] 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		48-0289340
(State or other jurisdiction of incorporation or organization)		(I.R.S. Employer Identification No.)
P.O. Box 208, Wichita, Kansas	67201	(316) 261-6611
(Address of principal executive offices)	(Zip code)	(Telephone number)

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

Title of each class	Outstanding at March 26, 1992	Name of each exchange on which registered
Common Stock (No par value)	31,000,353	New York Stock Exchange Pacific Stock Exchange

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

Preferred Stock

(Title of class)

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

The aggregate market value at March 26,1992, of the common stock held by non-affiliates of the registrant was $1,019,314,032. The registrant also has outstanding voting preferred stock with a book value of $18,701,000, the market value of which is not readily ascertainable.

DOCUMENTS INCORPORATED BY REFERENCE

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DEFINITIONS

Certain abbreviations and acronyms used in the text and notes are defined below:

Abbreviation or Acronym	Term
Btu	British Thermal Unit
Company or KG&E	Kansas Gas and Electric Company
ECA	Energy Cost Adjustment (Fuel adjustment clause)
EPA	Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
JEC	Jeffrey Energy Center, a three unit generating station
KCC	State Corporation Commission of the State of Kansas
KCPL	Kansas City Power & Light Company
KPL	The Kansas Power and Light Company
kWh	Kilowatthour
La Cygne	La Cygne Steam Electric Station, a two unit generating station
MW	Megawatt
NRC	Nuclear Regulatory Commission
SEC	Securities and Exchange Commission
Wolf Creek	Wolf Creek Generating Station

PART I

ITEM 1. BUSINESS

GENERAL

The Company, a Kansas Corporation, is an electric utility which generates, transmits, distributes and sells electricity in the southeastern quarter of the State of Kansas including the Wichita metropolitan area. At December 31, 1991, electric service was being provided to 258,707 retail customers and to 27 communities and 12 other electric utilities at wholesale. The Company owns no gas properties. At December 31, 1991, the Company had 1,208 employees.

During 1991, 37 percent of the Company's operating revenues were from residential customers, 26 percent from commercial customers, 29 percent from industrial customers, and 8 percent from wholesale customers and other revenues. During that period, 19 percent of industrial revenues were from the petroleum refining industry, 19 percent from the aircraft manufacturing industry, and 14 percent from the chemical industry (principally one customer).

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, between electricity and gas as energy sources and from the generation, or potential generation, of electricity by large commercial and industrial customers.

The Company competes with other utilities in the region for wholesale sales. Service to wholesale customers is regulated by the FERC. The Company's firm power sales to municipalities are not significant.

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 operation for a full year.

MERGER

The Company has agreed to merge with and into a wholly-owned subsidiary of KPL. Management's Discussion and Analysis of Results of Operations and Financial Condition (Management's Discussion) and Note 11 of the Notes to Consolidated Financial Statements include discussion of the merger.

OPERATING STATISTICS

	Year Ended December 31,		
	1991	1990 *(a)*	1989 *(a)*
Electric Operating Revenues *(Thousands)*			
Residential	$ 219,907	$ 214,544	$ 187,657
Commercial	155,847	151,098	135,740
Industrial	172,953	168,294	153,300
Public street and highway lighting	5,952	6,019	5,743
Retail	554,659	539,955	482,500
Wholesale	29,989	36,152	40,834
Total sales of electricity	584,648	576,107	523,334
Other	10,320	10,534	10,199
Total electric operating revenues	$ 594,968	$ 586,641	$ 533,533
Sales in Kilowatthours *(Thousands)*			
Residential	2,340,534	2,270,222	2,104,718
Commercial	1,907,682	1,837,971	1,748,434
Industrial	3,194,385	3,093,098	2,978,423
Public street and highway lighting	45,896	47,400	49,743
Retail	7,488,497	7,248,691	6,881,318
Wholesale	1,168,178	1,688,288	2,06[illegible],967
Total kilowatthours sold	8,656,675	8,936,979	8,944,285
Customers at End of Year			
Residential	230,666	228,220	228,958
Commercial	22,830	22,763	20,697
Industrial	4,343	4,358	4,307
Public street and highway lighting	868	836	809
Retail	258,707	256,177	254,771
Wholesale	39	39	39
Total electric customers	258,746	256,216	254,810
Kilowatthours Generated and Purchased *(Thousands)*			
Generated *(net after station use)*	8,826,556	9,499,759	9,585,827
Purchased	430,053	181,925	57,388
Total available	9,256,609	9,681,684	9,643,215
Less: Company use, line loss, etc.	599,334	744,705	698,930
Total kilowatthours sold	8,656,675	8,936,979	8,944,285
Residential Service Averages			
Kilowatthours per customer	10,219	9,951	9,248
Revenue per customer	$ 960.11	$ 940.36	$ 825.54
Revenue per kilowatthour	9.40 ¢	9.45 ¢	8.92 ¢
Temperature *(Percent of normal)*			
Cooling degree days	136 %	131 %	92 %
Heating degree days	98	94	101

(a) See Note 2 of the Notes to Consolidated Financial Statements for impact of rate refund orders.

GENERAL PROBLEMS OF THE INDUSTRY AND THE COMPANY

Electric utilities have been experiencing problems such as (a) controversy over the safety and use of coal and nuclear power plants, (b) compliance with changing environmental requirements, (c) long construction periods required to complete new generating units resulting in high fixed costs for those facilities, (d) difficulties in obtaining timely and adequate rate relief to recover these high fixed costs, (e) uncertainties in predicting future load requirements, (f) cogeneration, and (g) the effects of changing accounting standards.

The problems which most significantly affect the Company are the (a) controversy over the rate treatment, safety and use of Wolf Creek, (b) inability to market uncommitted power reserves, (c) the use, or potential use, of cogeneration facilities by large commercial and industrial customers, and (d) compliance with environmental requirements. See Management's Discussion and Notes 2 and 10 of the Notes to Consolidated Financial Statements for additional information.

FUEL SUPPLY

Fuel usage on a Btu basis has been as follows:

	1991	1990	1989
Nuclear	29.7%	36.6%	44.6%
Coal	54.1	54.5	46.5
Gas	16.2	8.9	8.9
Total	100.0%	100.0%	100.0%

The Company anticipates fuel usage to fluctuate with the operation of Wolf Creek, which operates on an 18-month refueling and maintenance schedule. The 18-month schedule permits uninterrupted operation every third calendar year.

The Company's long-term contracts to supply fuel for its coal- and gas-fired generating units do not provide the full fuel requirements at the various stations. The Company's long-term coal supply contracts contain escalation provisions based upon the costs of production and transportation. Fuel is procured on the spot market both to supplement the long-term contracts and, at times when the price is favorable, to supply fuel in excess of contract minimum requirements.

Nuclear [illegible] unit costs in 1991 changed modestly from 1990. The Company's [illegible] unit coal costs were unchanged in 1991 from 1990. Per unit natural [illegible] during 1991 decreased due to increased spot market purchases. [illegible]ges in fuel costs during 1991 were reflected in rates through the ECA app[illegible]le to the Company's rate schedules (See "Business - Regulation and Rates", "Legal Proceedings" and "Management's Discussion and Analysis - Rate Developments").

The Company's weighted average fuel cost per million Btu has been as follows:

	1991	1990	1989
Nuclear	$0.32	$0.34	$0.34
Coal	1.32	1.32	1.38
Gas	1.74	1.96	1.91
Weighted Average	1.09	1.01	0.96

Nuclear

The owners of Wolf Creek have on hand or under contract 76 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 1992-1996, 70 percent for 1997-1998 and 100 percent for 2002-2014. The balance of the 1997-2001 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. When terms in the spot market are more favorable, the owners of Wolf Creek will take advantage of that market to keep the total cost of nuclear fuel as low as practicable.

Contractual arrangements are in place for the conversion of sufficient uranium to uranium hexafluoride to meet Wolf Creek's requirements through 1995 as well as the fabrication of fuel assemblies to meet Wolf Creek's requirements through 2014.

The Nuclear Waste Policy Act of 1982 has 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 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 for approximately 20 years of operation while still maintaining full core off-load capability. The Company believes adequate additional storage space can be obtained, as necessary.

Coal

Most of the Company's coal requirements are purchased under long-term contracts. La Cygne 2 and JEC burn low sulfur Wyoming coal. Substantially all of the Wyoming coal for La Cygne 2 and JEC is obtained under contracts which expire in 1993 and 2013, respectively. KCPL, the operator of La Cygne 1, currently purchases coal for La Cygne 1 through spot market and short-term transactions. See Management's Discussion -- "Rate Developments - Coal Contract Settlements" for discussion of long-term contract settlements for La Cygne 1 and La Cygne 2 coal supply. Upon completion of test burns of various suppliers and coal sources, a long-term fuel supply strategy for La Cygne 1 will be adopted during 1992.

Gas

During 1991, 40 percent of the Company's gas requirements were supplied under an intrastate gas contract which extends through 1995 with provision for automatic one-year extensions thereafter until terminated by either party. Under the contract, the Company is provided a firm supply of natural gas sufficient to generate 40-55 MW and additional gas on an "as available" basis. The remaining requirements were purchased on month-to-month and spot market basis. See Legal Proceedings for information pertaining to litigation concerning gas procurement.

REGULATION AND RATES

The Company is subject to the jurisdiction of the KCC, FERC, NRC and certain other governmental regulatory bodies as to various phases of its operation, including rates, service, accounting, safety and nuclear plant operations, environmental matters and the issuance of securities.

The Company's retail and wholesale rate schedules include fuel adjustment clauses which permit current billings of increases or decreases in fuel and purchased power costs. On March 26, 1992, the KCC approved the elimination of the ECA effective April 1, 1992. The fuel costs established by this agreement include recovery of costs provided by previously issued orders relating to coal contract settlements and storm damage recovery.

Management's Discussion -- "Rate Developments" and Note 2 of the Notes to Consolidated Financial Statements include further information concerning regulatory matters.

ENVIRONMENTAL MATTERS

The Company is subject to state and Federal laws and regulations dealing with air and water quality and other environmental matters. The Company believes that its operations are in substantial compliance with state and Federal laws governing such matters. Management's Discussion - "Rate Developments" and Note 2 of Notes to Consolidated Financial Statements include further information concerning coal contract settlements.

The Company's coal-fired plants were constructed and are operated to limit sulfur dioxide emissions. JEC was constructed with scrubbers and precipitators, La Cygne 1 was built with scrubbers and La Cygne 2 was built with precipitators. Low sulfur coal is burned in JEC and La Cygne 2 and combined with medium sulfur coal at La Cygne 1.

Stack tests at the LaCygne Station in 1989 showed both units were in compliance with particulate and sulfur dioxide emission limits, but that La Cygne 1 was not in compliance with opacity standards. Subsequent to the test period, the unit was switched to a cleaner burning coal. A program was undertaken to identify a long-term fuel source, operating practices and equipment modifications necessary to assure the unit's compliance with the opacity standard. The EPA has been advised of these actions.

In November 1990, the EPA provided notification that La Cygne 2 had been found in violation of the New Source Performance Standards as they relate to sulfur dioxide emissions. KCPL installed a continuous emission monitoring system on the unit in July 1991. Following installation of the continuous emission monitor, the unit has exceeded regulatory emission limits for sulphur dioxide on several occasions. KCPL has initiated a program to determine the cause of the problem and a plan to ensure sulphur dioxide emissions are within regulatory limits

Clean Air Act Amendment

The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in sulfur dioxide emissions effective in 1995 and 2000 and a reduction of nitrous oxide and toxic emissions effective in 2000. All of the Company's generating units are generally in compliance with the sulfur dioxide requirements of the Act. Continuous emission monitors have been installed on all coal-fired generating units. The cost to install monitors on the Company's gas-fired generating units by January 1, 1995, will not be significant. The nitrous oxide and toxic limits, which were not set in the law, will be specified in future EPA regulations. Until such time as these regulations are prescribed, management cannot predict the impact on its financial condition.

ITEM 2. PROPERTIES

The Company's active generating stations, owned or leased, all of which are in Kansas, are as follows:

Name and Location		Accredited Capability - MW (Company's Share)
Nuclear		
Wolf Creek, near Burlington		533
Coal		
La Cygne 1, near La Cygne	342	
La Cygne 2, near La Cygne	320	
JEC 1, near St. Marys	133	
JEC 2, near St. Marys	135	
JEC 3, near St. Marys	139	
Subtotal		1,069
Gas/Oil		
Gordon Evans, Wichita	511	
Murray Gill, Wichita	326	
Subtotal		837
Diesel		
Wichita, Wichita		3
Total active capability		2,442 MW

The Company's system capability in 1991 was 2,388 MW consisting of 2,442 MW of generating capability less 54 MW of firm capacity sales, which includes an agreement for a 40 MW capacity sale through the year 2000.

The Company's maximum peak responsibility during 1991 occurred July 22. On that day the peak demand of 1,751 MW plus 28 MW of firm sales to partial requirements wholesale customers resulted in a peak responsibility of 1,779 MW, with a reserve capacity of 609 MW. The 1991 peak responsibility increased 1 percent from the 1990 peak responsibil'ty of 1,761 MW.

Through February 1992, the peak demand during the 1991-1992 winter season was 1,195 MW, a 1 percent decrease from the 1990-1991 winter peak of 1,210 MW, set in December 1990. The decrease in the winter peak resulted primarily from the mild weather from December 1991 through February 1992 compared to more normal weather in the 1990-1991 winter season.

The Company has capacity available which may not be fully utilized by growth in customer demand for at least five years. The Company has been and is attempting to market capacity and energy to other utilities. A MOKAN Power Pool study indicates a need for additional generating capacity in the region through the year 2000.

Extra capacity has resulted, in large part, from the Company's response to the gas shortage of the 1970's which threatened to end the use of natural gas as fuel for generation and from customer energy conservation. In the early 1970's, the Company's generating capacity was natural gas fueled with oil as a backup. In the 1960's, the Company's gas suppliers warned that they would not be able to meet the Company's future gas needs. The natural gas shortage became so serious that Congress, in 1978, banned the use of gas in large utility boilers, including those of the Company after January 1, 1990. With the easing of the natural gas shortage, Congress, late in 1981, repealed this 1990 deadline. By this time, the Company's construction of coal and nuclear generating facilities had proceeded to the point where cancellation was not economical.

In 1987, the Company completed a sale and leaseback of its 50 percent interest in La Cygne 2. The base term of the lease expires in 2016, with options to renew or purchase. The Company is responsible for 50 percent of the unit's operating costs and is entitled to 50 percent of the electricity produced by the unit.

The Company maintains 15 interconnections with other public utilities which permit substantial direct extra-high voltage interchange. It is also a member of the MOKAN Power Pool, consisting of 11 utilities in Kansas and western Missouri. These utilities coordinate planning electric generation and transmission facilities, share capacity margin requirements and interchange electricity to enhance reliability of service and economy of operations. The Company is also a member of the Southwest Power Pool, the regional coordinating council for electric utilities throughout the south central United States.

The Company owns a transmission and distribution system which enables it to supply its service area. Transmission and distribution lines, in general, are located by permit or easement on public roads and streets or the lands of others.

The Company also owns office buildings, a system control center, and a number of service and other buildings in various locations. The amount of the property leased by the Company, excluding La Cygne 2, is not material.

Substantially all of the assets of the Company, except transportation equipment, are subject to the lien of the Company's Mortgage and Deed of Trust, dated April 1, 1940, as supplemented.

CONSTRUCTION PROGRAM

The Company has adequate generating capacity to meet its needs for the foreseeable future. Its construction program is focused on providing service to new customers and improving present electric facilities. See "Management's Discussion - Liquidity and Capital Resources."

ITEM 3. LEGAL PROCEEDINGS

In February 1987, Chevron U.S.A., Inc. (Chevron) filed an action in the United States District Court for the District of Kansas against Kansas Gas Supply Corporation (KGS), a natural gas supplier of the Company, alleging a failure to purchase contracted amounts of natural gas and to pay price increases. In January 1988, KGS filed a third party complaint against the Company seeking recovery from the Company for any damages which Chevron may recover from KGS. In July 1989, Barbara Oil Company (Barbara) and Pickrell Drilling Company (Pickrell) filed a similar action in the Barber County, Kansas District Court against KGS. In September 1989, KGS filed a third party complaint against the Company in this additional action. In both cases, KGS alleges that it had obligated itself to purchase gas for the benefit of the Company, that the Company's dealings with it were not consistent with reasonable standards of fair dealing in the trade, that the Company acted in bad faith and that the Company's actions constituted fraud. KGS further alleges it was acting as an agent of the Company when contracting for gas supplies. Management has denied the allegations of KGS and believes that it has, at all times, fulfilled its contractual obligations with respect to the supplier, has acted in good faith and that KGS was not an agent of the Company.

KGS has settled the claims of Chevron, Barbara and Pickrell, and is seeking recovery of such settlement costs (approximately $40 million) from the Company. On February 20, 1991, following a two-week jury trial of the third party action against the Company regarding Barbara and Pickrell, a $5.3 million verdict (one-half of amount claimed) was returned against the Company in favor of KGS. On February 28, 1992, the Kansas Supreme Court affirmed the February 1991 judgement against the Company regarding Barbara and Pickrell. The Company has requested the Court to reconsider its decision. In the opinion of management, adequate provision has been made for these claims.

The Company is involved in various other legal proceedings. While the resolution of these matters may have an additional impact on the financial results of the year in which the matters are resolved, management believes that their ultimate dispositions will not have a material adverse effect upon the business or financial position of the Company.

In July and August, 1990, four shareholder suits, Mayer v. Kansas Gas and Electric Company, Freedman v. Kansas Gas and Electric Company, Krieger v. Kansas Gas and Electric Company, and Werbowsky v. Kansas Gas and Electric Company, were filed against the Company and its directors, individually, in the Missouri Federal Court alleging that the Kansas Control Share Acquisition Act and the Kansas Business Combination Statute are unconstitutional and that the directors and certain executive officers of the Company had breached certain fiduciary duties in connection with the July 23, 1990 KCPL tender offer for all of the outstanding shares of the Company. The KCPL tender offer was withdrawn in December 1990 and in May 1991 these suits were dismissed with prejudice.

See Business - "Fuel Supply", Management's Discussion - "Rate Developments" and Notes 2 and 10 of the Notes to Consolidated Financial Statements for additional information concerning regulatory and legal proceedings.

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

No matters were submitted to a vote of security holders in the fourth quarter of 1991.

Executive Officers of the Company at December 31, 1991

The following sets forth certain information with respect to the Company's Executive Officers. All Executive Officers are elected by the Board of Directors to terms which will expire at the organizational meeting of the Board of Directors which next follows the Annual Meeting of Stockholders. No family relationships exist between the below-listed officers.

Name	Age	Positions During Last 5 Years (Year Elected to Present Position)
Wilson K. Cadman	64	Director, Chairman of the Board & President (1982)
Kent R. Brown	47	Group Vice President (1982)
Richard M. Haden	52	Group Vice President (1984)
James S. Haines, Jr.	45	Group Vice President (1985)
Robert L. Rives	58	Group Vice President (1982)
James T. Clark	51	Vice President - Accounting (1986)
Ralph Foster	63	Director & Vice President - General Counsel (1979)
William B. Moore	39	Vice President - Finance and Treasurer since 11-1-90 and prior to that Vice President - Finance

PART II

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

All preferred and common stock dividends paid in 1991 were fully taxable to the recipients as income.

On December 31, 1991, the book value of the Company's common stock was $19.63 per share and the closing price on December 31, 1991, as reported in The Wall Street Journal, was $34.125 per share.

The Company's Automatic Dividend Reinvestment and Common Stock Purchase Plan (Stock Plan) which permitted preferred and common stockholders to automatically reinvest dividends and/or invest optional cash payments will be terminated upon completion of the merger. See Management's Discussion - "Merger Agreement" and Note 11 of the Notes to Consolidated Financial Statements.

The Company's common stock will be delisted by the New York Stock Exchange and the Pacific Stock Exchange upon completion of the merger.

Additional information called for by this item is set forth after Note 13 of the Notes to Consolidated Financial Statements.

ITEM 6. SELECTED FINANCIAL DATA

	1991	1990 *(a)*	1989 *(a)*	1988	1987
Operating revenues *(000)*	$ 584,968	$ 586,641	$ 533,533	$ 526,220	$ 514,332
Net income *(000)*	$ 53,602	$ 64,184	$ 47,493	$ 77,183	$ 72,322
Earnings applicable to common stock *(000)*	$ [illegible]	$ 63,363	$ 46,672	$ 76,362	$ 69,846
Average shares of					
common stock outstanding *(000)*	[illegible]	31,673	34,280	36,398	40,523
Common stock per share data					
Earnings	$ 1.70	$ 2.00	$ 1.36	$ 2.10	$ 1.72
Cash dividends	$ 1.72	$ 1.72	$ 1.63	$ 1.51	$ 1.39
Indicated year-end dividend rate *(annualized)*	$ 1.72	$ 1.72	$ 1.72	$ 1.60	$ 1.48
Market value-end of year	$ 34.125	$ 27.00	$ 23.375	$ 20.75	$ 19.25
Book value *(Moody's net*					
tangible assets) - end of year	$ 19.63	$ 19.65	$ 19.50	$ 19.78	$ 19.21
System capability *(MW)*	2,388	2,387	2,380	2,376	2,399
System peak responsibility *(MW)*	1,779	1,761	1,568	1,677	1,653
Reserve capacity *(MW)*	609	626	812	699	746
Average use per residential customer *(kWh)*	10,219	9,951	9,248	9,726	9,314
Average price per residential kWh	9.40 ¢	9.45 ¢	8.92 ¢	9.01 ¢	9.02 ¢
Number of customers at end of year	258,746	256,216	254,810	251,849	249,970
Long-term debt *(000)*	$ 850,851	$ 824,424	$ 726,537	$ 772,549	$ 1,016,096
Total utility plant - net *(000)*	$ 1,853,937	$ 1,858,057	$ 1,874,914	$ 1,897,829	$ 1,926,536
Total assets *(000)*	$ 2,350,546	$ 2,348,862	$ 2,363,069	$ 2,420,872	$ 2,553,472

(a) See Note 2 of the Notes to Consolidated Financial Statements for impact of rate refund orders.

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

MERGER AGREEMENT

In October 1990, the Company's Board of Directors approved an Agreement and Plan of Merger (the Merger Agreement) with The Kansas Power and Light Company (KPL), a Kansas corporation and KCA Corporation (KCA), a wholly-owned subsidiary of KPL, providing for the merger of the Company with and into KCA. The Company, KPL and KCA subsequently executed the Merger Agreement. Following the merger KCA will change its name to Kansas Gas and Electric Company.

Pursuant to the Merger Agreement, 56.25% of the shares of the Company's Common Stock outstanding at the merger date will be converted into the right to receive KPL Common Stock at a conversion ratio (defined as the number of shares of KPL Common Stock issued for each share of the Company's Common Stock) equal to $32 divided by the Average KPL Price (defined as the average of the closing prices of the KPL Common Stock as reported on the New York Stock Exchange Composite Tape on each of the fifteen consecutive trading days preceding the fifth trading day prior to the consummation of the merger); provided that the conversion ratio will become fixed at 1.6 shares when the Average KPL Price falls below $20 per share and 1.347 shares when the Average KPL Price rises above $23.75 per share. The amount of cash to be paid in the merger will be $434 million, so if holders of more than 43.75% of Company common stock elect to receive cash, shareholders electing to receive cash will also receive KPL common stock. Likewise, if holders of more than 56.25% of Company's common stock elect to receive KPL common stock, shareholders electing to receive KPL common stock will also receive cash. Preferred shareholders of the Company will receive in cash plus accumulated dividends, if any, $110 for each share of 4-1/2% Preferred Stock; $101.64 for each share of 4.32% Preferred Stock; and $101 for each share of 4.28% Preferred Stock.

The merger was approved by the shareholders of the Company and additional KPL common shares were authorized by KPL shareholders at special meetings in March 1991. Approvals of the merger were received from the FERC and Missouri Public Service Commission in September 1991, the KCC and NRC in November 1991 and the Securities and Exchange Commission in February 1992. Significant conditions affecting the Company, among others, imposed by the KCC in its order on the merger are:

- Rates are frozen until August 1995.
- Refunds to customers were ordered totalling $32 million to the combined companies' customers in order to share the merger-related cost savings with customers during the rate moratorium.
- A mechanism was approved to share equally, between the combined companies and their customers, the cost savings generated in 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, paid for the Company's common stock up to $29.50 per share on a dollar for dollar basis from savings generated. The order provides an amortization period of 40 years commencing in 1995 for the acquisition adjustment.

- A separate proceeding to eliminate the ECA is required (See "Rate Developments").

Closing of the merger with KPL previously announced to occur on or about March 16, 1992, was delayed pending analysis of an unexplained noise reported at Wolf Creek on February 28 and March 16. The closing date will be set when the companies are satisfied that Wolf Creek is operating satisfactorily and serving customers. See "Other Matters -- Noise Reported at Wolf Creek".

The license transfer approval received from the NRC and KPL's merger financing arrangements require the merger to occur on or before March 31, 1992. Extensions of these dates have been requested and are anticipated to be received.

Conduct of Business Pending the Merger

The Merger Agreement places certain restrictions on the conduct of the Company's business pending consummation of the merger. Without prior written consent of KPL, the Company is restricted from, among other things, (i) issuing securities with the exception of borrowings in the normal course of business under short-term debt facilities and the Company's existing long-term agreements, (ii) acquiring, selling, or otherwise disposing of any capacity, (iv) purchasing or disposing of additional capacity, and (v) transmitting any electrical power or energy over another party's lines or becoming obligated to allow another party to transmit any power or energy over KG&E's lines, other than in the ordinary course of business. The Company does not expect these restrictions to adversely affect its ability to conduct business.

RESULTS OF OPERATIONS

Earnings and Dividends

Earnings applicable to common stock (earnings) were $53 million in 1991, $63 million in 1990, and $47 million in 1989. Significant items decreasing 1991 earnings were a provision for various claims and legal matters (See Note 10 of Notes to Consolidated Financial Statements for additional information regarding legal matters), increased maintenance expenses at two of the Company's generating units over the 1990 level, and increased property taxes. The earnings decrease was offset, in part, by increased retail revenues and an increase in other income and deductions. The earnings increase in 1990 was the result of increased retail kilowatthour sales, reversals of previously recorded KCC ordered refunds and reduced interest expense. Certain items offsetting the 1990 earnings increase were expenses of the Company's response to the unsolicited tender offer by KCPL, recognition of an investment loss, expenses for the scheduled refueling and maintenance outage at Wolf Creek and

expenses to restore service after March and June storms. Mild weather, KCC ordered refunds, elimination of phase-in revenue accruals and amortization of phase-in revenues contributed to the 1989 earnings decrease of $30 million. Increased sales to wholesale customers, a retail rate increase effective January 1989, and reduced operation and maintenance expenses partially offset the decrease.

Due to elimination of the ECA on March 26, 1992, future changes in fuel cost and mix of fuel will have a direct impact on Company earnings.

The Company's return on average common equity was 8.7 percent for 1991, 10.0 percent for 1990, and 6.9 percent for 1989.

Earnings per share of common stock were $1.70 in 1991, $2.00 in 1990, and $1.36 in 1989. The reduction in average shares outstanding resulting from the Company's purchases of its common stock that began in 1987 and was completed in 1990 has provided annual increases in earnings per share of approximately 15 cents in 1990 and 8 cents in 1989.

Dividends paid per share of common stock were $1.72 in 1991 and 1990, and $1.63 in 1989, a 12 cent increase over 1988.

Operating Revenues and Sales

Operating revenues were $595 million in 1991, $587 million in 1990, and $534 million in 1989. The 1991 operating revenue increase results from weather related additional retail kilowatthour sales and the recovery through rates of increased fuel and purchased power expenses. Future operating revenues may be affected due to elimination of the ECA (See "Rate Developments"). Reversing two KCC ordered refunds previously recorded in 1989 increased 1990 operating revenue by approximately $15 million. Reversal of the refunds is discussed under Rate Developments. The remainder of the 1990 operating revenue increase results primarily from revenues due to increased retail kilowatthour sales and the recovery through rates of an $8 million increase in fuel expense. Operating revenues for 1989 compared to 1988 were affected by a $15 million increase in wholesale revenues, a $29 million rate increase effective January 1989, lower retail sales which reduced revenues by an estimated $16 million primarily as a result of cool summer weather, the refunds noted above totaling $15 million and a $5 million reduction in fuel expense which flowed through revenues.

Retail kilowatthour sales in 1991 increased 3 percent from 1990. The weather related sales increase was fairly equal among the customer classes. Retail kilowatthour sales in 1990 increased 5 percent from 1989 sales which were less than 1 percent below 1988 sales. Weather was the most significant factor affecting 1990 sales just as it was in 1989. The 1990 summer weather was slightly above normal compared to 1989, when Kansas experienced the mildest summer weather in 20 years. Residential sales increased 8 percent over 1989, commercial sales increased 5 percent, and industrial sales increased 4 percent.

Wholesale kilowatthour sales for 1991 decreased 31 percent compared to 1990. The decrease was due primarily to reduced availability of generating units for scheduled maintenance. Wholesale sales for 1990 decreased 18

percent compared to 1989 which had a 77 percent increase over 1988. A short-term power sale agreement with a neighboring utility during 1989 is the primary reason for the 1990 decrease from 1989 and the 1989 increase from 1988.

Operating Expenses

Fuel and purchased power expenses for 1991 increased $6 million over 1990. The increase was due to additional purchases of power and increased generation by gas-fired generating units while Wolf Creek and La Cygne 2 were unavailable due to scheduled maintenance. Fuel and purchased power expenses for 1990 increased $8 million over 1989. The increase was due to additional purchases of power and increased generation of electricity by coal-fired generating units while Wolf Creek was unavailable during a scheduled refueling and maintenance outage. The 1989 fuel and purchased power decreased by $5 million from 1988, primarily because Wolf Creek was not down for refueling and maintenance in 1989.

Other operation and maintenance expenses in 1991 increased $10 million from 1990. The increase was primarily the result of increased expenses for a major overhaul at La Cygne 2 and a refueling and maintenance outage at Wolf Creek. Expenses related to the KCPL tender offer and the merger with KPL included in other operations decreased $3 million from 1990. The decrease was offset by increased employee costs, primarily medical and employee benefit expenses. Other operation and maintenance expenses in 1990 increased $20 million or 11 percent from 1989. The increase was due primarily to $8 million for a scheduled refueling and maintenance outage at Wolf Creek, $7 million for expenses related to the Company's response to the unsolicited KCPL tender offer and the merger with KPL, $2 million for the March and June 1990 storms and $1 million for increased maintenance expenses as a result of an overhaul at La Cygne 1. The 1989 other operation and maintenance expenses decreased by $7 million from 1988, primarily as a result of there being no refueling and maintenance outage at Wolf Creek during 1989.

Other taxes in 1991 increased primarily due to increases in property tax assessment and mill levy rates.

The $11 million increase in income taxes in 1990 resulted primarily from increased operating income before taxes.

Other Income and Deductions

The Company has purchased corporate-owned life insurance policies on certain of its employees. The $2 million increase in 1991 from 1990, the $4 million increase in 1990 from 1989 and the $2 million increase in 1989 from 1988 in the corporate-owned life insurance - net, result from an increase in the cash values net of applicable expenses on these policies.

Income from short-term investments in 1990 decreased $5 million from 1989, which had decreased by $11 million from 1988. Proceeds from the sale of short-term investments have been used to purchase the Company's common stock and retire high-coupon debt. In 1991, the Company used the remaining short-term investments, therefore future investment income will be minimal.

A provision of $12 million was recorded in 1991 miscellaneous - net with respect to various claims and legal matters. (See Note 10 of the Notes to Consolidated Financial Statements.)

Miscellaneous - net reflects the write off in 1990 of $6.6 million of Drexel Burnham Lambert Group Inc. (Drexel) commercial paper following the bankruptcy of Drexel. (See Note 10 of the Notes to Consolidated Financial Statements).

In January 1990, the Company increased its ownership in CIC Systems, Inc. to 80 percent. CIC is developing PowerStat, a prepay metering system. The Company recorded a $1 million charge (included in Miscellaneous - net) in 1991 and a $3 million charge in each of the years 1990 and 1989 representing the annual net losses incurred by CIC during the development and testing of the system.

Interest Charges

Interest charges decreased by $1 million in 1991, $8 million in 1990 and $9 million in 1989. The 1991 decrease reflects lower interest rates. Approximately $6 million of the 1990 decrease results from retiring the $100 million 13.5% Series First Mortgage Bonds in March 1989 and redeeming the $18.1 million 16% Series First Mortgage Bonds in December 1989. The balance of the interest charge decrease results from the lower interest rates on the Company's $328 million of variable rate debt and reduced interest expense of $2 million associated with reversing the KCC ordered refunds. The 1989 decrease results primarily from the retirement of the $100 million 13.5% Series First Mortgage Bonds in March 1989.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources Available

The Company has authority from the FERC to make short-term borrowings up to $250 million.

The Company has the following bank facilities available:

- At December 31, 1991, the Company had short-term bank lines of credit totaling $65 million, all of which was available.
- At December 31, 1991, the Company had $38 million outstanding in unsecured bank borrowings.
- The Company has a long-term revolving credit agreement totaling $150 million all of which was utilized at year-end. The loan agreement currently extends through October 1994. The agreement may be extended until 1995 and may be repaid prior to its expiration date without penalty.
- 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, 1991, the Company had receivables amounting to $58 million which are considered sold and borrowings related to phase-in revenues of $36 million.

The Company has entered into interest rate swap agreements to reduce the impact of changes in interest rates on its variable rate debt. At December 31, 1991, the Company had interest rate swap agreements totaling $190 million associated with short-term debt, the revolving credit agreement and borrowings collateralized by phase-in revenues. See Note 6 of the Notes to Consolidated Financial Statements for additional information.

In 1986, the Company purchased corporate-owned life insurance policies on certain of its employees. The annual cash outflow for the premiums on these policies from 1989 through 1992 is approximately $27 million. In 1993, the Company will be able to increase its borrowings against the accumulated cash values of the policies. See Note 1 of the Notes to Consolidated 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 the death proceeds.

In 1990, the Company completed the common stock purchase program begun in 1987. Ten million shares were purchased, representing a 24 percent reduction of the 41 million shares outstanding as of October 1987.

Capital Requirements

The Company has adequate generating capacity to meet its needs for the foreseeable future. Its construction program is focused on providing service to new customers and improving present electric facilities. The five-year construction program through 1996, including nuclear fuel, is estimated to be $400 million, which does not include $20 million for allowance for funds used during construction for the five years.

First mortgage bond maturities and sinking fund requirements through 1996 are $17 million. The Company expects the capital requirements to be met generally with funds internally generated from operations. The Company will consider issuing long-term debt to refund outstanding short-term debt to take advantage of favorable long-term interest rates. Borrowings against the accumulated cash surrender values of the corporate-owned life insurance policies are expected to be used in the repayment of the Company's existing long-term agreements that are due to expire by 1995. Such agreements had $186 million outstanding at December 31, 1991.

RATE DEVELOPMENTS

Interim Rate Refund

In February 1990, the KCC found that $8.7 million of the Company's January 1989 $29 million rate increase should be refunded with interest. A reserve for the ordered refund was established for 1989 which reduced revenues by $8.2 million and increased related interest expense by $0.4 million. Prior to payment of the refund, the Kansas Court of Appeals overturned the KCC ordered refund. In September 1990, the Company reversed the previously recorded reserves. The effect was to increase revenues and reduce interest expense in 1990 by the amount of the 1989 reserve. This increased 1990 net income and earnings by $5.3 million and earnings per share by 17 cents.

Cost of Service Audit Appeal

The February 1990 KCC order also found that beginning May 8, 1990, the Company's rates should be reduced by $8.7 million. A full stay of the order was received pending the outcome of an appeal. The Company was denied a rehearing by the KCC and lost its request for judicial review to the Kansas Court of Appeals in September 1990. The Company appealed the Court of Appeals ruling to the Kansas Supreme Court and the United States Supreme Court. Both appeals were subsequently denied.

In August 1990, the Company filed with the KCC a Motion to Reopen the record to recognize its July 2, 1990, peak demand as the basis for eliminating the rate reduction ordered by the KCC from July 2, 1990 forward. In June 1991, the Company filed with the KCC a Motion to Stay the effective date of the KCC order regarding the reduction in rates pending resolution of the Company's Motion to Reopen. In July 1991, the KCC granted the Company's

Motion to Reopen the record and ordered a refund of approximately $1.2 million of revenues plus $0.1 million interest for the period May 8, 1990, through July 1, 1990. In September 1991, the KCC ordered the Company to refund $5.6 million of revenues plus $0.6 million in interest for the period July 2, 1990, through January 31, 1991. These refunds have been made. The September 1991 order made rates permanent and because the Company had previously recorded reserves totalling $10.8 million, the excess reserves of $3.3 million were reversed in September 1991.

Refueling Outage Appeal

In February 1990, the KCC issued an order which found that the second scheduled refueling and maintenance outage at Wolf Creek was extended from 49 to 101 days and followed by a 26-day forced outage due to imprudent management. The KCC found the extension of the outage increased fuel costs by $6.9 million and ordered that amount plus interest to be refunded. A full stay of the order was received pending the outcome of an appeal. In 1989, the Company established a reserve which reduced revenues by $6.9 million and increased related interest expense by $1.3 million for a refund of the fuel costs incurred and collected in 1987 and 1988. In June 1990, the Court of Appeals ruled the KCC engaged in retroactive rate making, which is prohibited in Kansas, when it did not calculate the refund according to the terms of the approved fuel clause tariff. The Court of Appeals remanded this case to the KCC with directions to calculate the refund, if any, based upon the approved tariff. In December 1990, the previously recorded reserves were reversed. The effect was to increase 1990 revenues by $6.9 million and reduce interest expense by $1.3 million, which increased net income and earnings by $5 million and earnings per share by 15 cents. In September 1991, the KCC issued an order closing the docket without a refund.

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 Pittsburg and Midway Coal Mining Company amounting to $22.5 million. 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 percent of the settlement plus a return through the Company's ECA through 2002, the remaining term of the terminated contract, and 24 percent to be amortized to expense with a deferred return equivalent to the carrying cost of the asset which is recorded as a deferred regulatory 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 regulatory asset. In July 1991, the KCC approved the recovery of the settlement plus a return equivalent to the carrying cost of the asset, through the ECA through 1996, the remaining term of the terminated contract.

Storm Damage Recovery

In October 1990, the Company asked the KCC for approval of a plan to recover the cost of storm 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. Other costs of approximately $3 million, net of approximately $1 million expected to be recovered through insurance, were also incurred and were expensed in 1991. 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 on the amounts. Recovery of the amounts previously expensed was denied.

Elimination of the ECA

On March 26, 1992, the KCC approved the elimination of the ECA effective April 1, 1992. The fuel costs established by this order include recovery of costs provided by previously issued orders relating to coal contract settlements and storm damage recovery discussed above.

OTHER MATTERS

Postretirement Benefits Accounting Standard Released

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*. The Company plans to adopt this statement in 1993. This statement will require accrual of postretirement benefits during the years an employee provides services. The costs of these benefits, which generally relate to health care benefits for early retirees up to age 65, are currently expensed on a pay-as-you-go basis. These costs were $2.1, $1.3 and $1.2 million in 1991, 1990 and 1989, respectively. The increase in 1991 was caused by the voluntary early retirement program in 1990. The impact of this new standard has not been fully determined. Except for the effect of the recently announced special retirement and voluntary separation program, management estimates the change will not result in significantly greater expense than recognized in 1991 for these benefits. See Note 8 of the Notes to Consolidated Financials Statements for additional information.

Income Taxes Accounting Standard Released

The Company adopted Statement of Financial Accounting Standards No. 96, *Accounting for Income Taxes* (SFAS 96) in 1987. SFAS 96 will be superseded by SFAS 109 issued in February 1992, effective for the Company's year ended December 31, 1993. Management believes that adoption of SFAS 109 should have no significant effect on the Company's financial statements.

Clean Air Act Amendment

The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in sulfur dioxide emissions effective in 1995 and 2000 and a reduction of nitrous oxide and toxic emissions effective in 2000. All of the Company's generating units are generally in compliance with the sulfur dioxide requirement of the Act. Continuous emission monitors have been installed on all coal-fired generating units. The cost to install monitors on the Company's gas-fired generating units by January 1, 1995, will not be significant. The nitrous oxide and toxic limits, which were not set in the law, will be specified in future EPA regulations. Until such time as these regulations are prescribed, management cannot predict the impact on its financial condition.

NRC Fines Wolf Creek

In February 1992, the NRC imposed a $150,000 fine on Wolf Creek resulting from concerns with testing of motor-operated valves. Motor-operated valves are designed to be opened or closed automatically under various circumstances. The problem resulted from concerns identified by Wolf Creek employees in February and May of 1991 that were not acted on until the refueling outage in the fourth quarter of 1991. Valves were analyzed or repaired prior to the unit returning to service in January 1992. The valve testing program caused the 1991 refueling and maintenance outage to be extended by approximately 49 days.

Noise Reported at Wolf Creek

Wolf Creek was shut down for maintenance February 19, due to the failure of an integrated circuit card in a power supply system. Wolf Creek used the outage to replace the failed card and perform other maintenance tasks.

On February 28 as the plant was heating up in preparation to restart, an unexpected noise was reported by personnel in the containment building. Upon inspection of the reactor and related equipment no damage was found. The NRC was informed of the noise. Analysis and inspection suggested that clearances on certain of the reactor coolant system pipe restraints were not adequate to allow smooth expansion as the piping heated up. Several pipe restraints were found to have moved from their design position, which could have caused interference with other supports as the system expanded during heatup.

After realignment of the restraints the plant was heated to normal operating temperature. On March 16, the noise was heard and recorded by additional instrumentation that had been installed to monitor the plant following the February 28 noise. Analysis of the data indicated insufficient clearances on pipe restraints called saddle blocks as the most likely cause of the noise.

Subsequent heatup of the unit on March 23 was successfully accomplished without the noise or other difficulty. The noise events caused no damage and had no safety consequences. The NRC accepted the analysis of the cause of the noise and gave its concurrence to restart the unit on March 26. On March 27, at 10:33 a.m. the plant began producing power.

MANAGEMENT STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Kansas Gas and Electric Company is responsible for the consolidated financial statements, the financial statements schedules, and other information in this report. The accompanying consolidated financial statements and financial statement schedules have been prepared by management in accordance with generally accepted accounting principles. The accounting system is in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission and the State Corporation Commission of the State of Kansas.

The integrity of the accounting records is upheld by a comprehensive system of internal accounting controls, monitored on a regular basis by the internal audit staff of the Company. This system is complemented by a set of accounting policies and procedures which provide the necessary guidance needed to institute effective internal control.

The Board of Directors maintains its oversight responsibility through an Audit Committee, consisting of three outside directors. The Committee meets with management, the internal auditors, and the independent auditors in connection with its review of matters relating to the Company's financial reporting; the Company's internal audit program; the Company's system of internal accounting controls; and services of the independent auditors. The Committee meets with the auditors without management present in order to assure independent treatment of matters brought to its attention. The Committee also recommends to the Directors the selection of independent auditors.

E. D. Prothro
Controller and Assistant Secretary

Wichita, Kansas
March 6, 1992

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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SCHEDULES OMITTED

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

I, II, III, IV, VII, X, XI, XII and XIII.

INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements of Kansas Gas and Electric Company and Subsidiary listed in the accompanying table of contents. Our audits also included the 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company and Subsidiary as of December 31, 1991 and 1990 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1991 in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information shown therein.

DELOITTE & TOUCHE

Kansas City, Missouri
March 6, 1992

CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31

	1991	1990	1989
	(Thousands, except per share)		
Operating Revenues *(Note 2)*	$ 594,968	$ 586,641	$ 533,533
Operating Expenses			
Fuel and purchased power	113,583	107,068	99,096
Other operation *(Note 11)*	148,312	141,644	129,472
Maintenance	52,934	49,242	41,767
Total operation and maintenance	314,809	297,954	270,335
Depreciation	75,115	73,590	72,093
Amortization of phase-in revenues *(Note 2)*	17,545	17,544	17,545
Income taxes *(Note 9)*	22,876	24,833	13,527
Other taxes	38,540	33,434	32,438
Total operating expenses	468,885	447,355	405,938
Operating Income	126,083	139,286	127,595
Other Income and Deductions			
Investment income	3,147	3,927	9,139
Corporate-owned life insurance - net	4,615	2,768	(752)
Miscellaneous - net *(Note 10)*	(12,844)	(13,179)	(5,907)
Income taxes - net *(Note 9)*	6,921	6,917	1,261
Total other income and deductions	1,839	433	3,741
Income Before Interest Charges	127,922	139,719	131,336
Interest Charges			
Long-term debt	59,668	59,263	65,772
Other interest	14,652	16,272	18,071
Total interest charges - net	74,320	75,535	83,843
Net Income	53,602	64,184	47,493
Preferred Stock Dividends	821	821	821
Earnings Applicable to Common Stock	$ 52,781	$ 63,363	$ 46,672
Average Shares of Common Stock Outstanding	31,001	31,673	34,280
Earnings Per Share of Common Stock	$ 1.70	$ 2.00	$ 1.36

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

December 31

	1991	1990
	(Thousands)	
Assets		
Electric Plant -- at Original Cost *(Notes 6 and 12)*		
Plant in service	$ 2,462,319	$ 2,428,561
Less accumulated depreciation	655,233	604,338
Net plant in service	1,807,086	1,824,223
Construction work in progress	13,612	14,760
Electric plant held for future use -- net	6,640	6,529
Nuclear fuel -- net	26,599	12,545
Total electric plant -- net	1,853,937	1,858,057
Other Property and Investments		
Special deposits	522	13,785
Decommissioning trust *(Note 10)*	5,954	4,880
Other	8,412	7,384
Total other property and investments	14,888	26,049
Current Assets		
Cash and cash equivalents	2,378	7,971
Short-term investments	--	21,664
Accounts receivable and unbilled revenues -- net *(Note 6)*	12,894	13,240
Fossil fuel -- at average cost	18,668	22,299
Materials and supplies -- at average cost	26,860	27,095
Prepayments and other current assets	9,667	10,750
Total current assets	70,467	103,019
Deferred Debits and Other Assets		
Deferred regulatory assets *(Note 2)*	169,995	144,507
Phase-in revenues *(Note 2)*	114,039	131,584
Corporate-owned life insurance -- net *(Note 1)*	107,052	71,307
Other	20,168	14,339
Total deferred debits and other assets	411,254	361,737
Total	$ 2,350,546	$ 2,348,862
Capitalization and Liabilities		
Capitalization *(See Consolidated Statements of Capitalization)*	$ 1,478,182	$ 1,452,265
Current Liabilities		
Short-term borrowings *(Note 3)*	37,800	30,000
Securities due within one year *(Note 6)*	215	57,203
Accounts payable	80,476	66,000
Retail refunds *(Note 2)*	--	6,307
Interest accrued	13,718	16,411
Taxes accrued	18,648	14,659
Customers' deposits	3,095	2,993
Total current liabilities	153,952	193,573
Deferred Credits and Other Liabilities		
Deferred income taxes *(Note 9)*	334,523	312,555
Deferred investment tax credits *(Note 9)*	76,170	75,461
Deferred gain from sale-leaseback *(Note 7)*	281,261	290,902
Accumulated provision for decommissioning *(Note 10)*	5,954	4,880
Other	20,504	19,226
Total deferred credits and other liabilities	718,412	703,024
Commitments and Contingencies *(Notes 10 and 11)*		
Total	$ 2,350,546	$ 2,348,862

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31
Increase (Decrease) in Cash and Cash Equivalents

	1991	1990	1989
		(Thousands)	
Cash Flows from Operating Activities			
Net income	$ 53,602	$ 64,184	$ 47,493
Adjustments to reconcile net income to net cash provided:			
Depreciation and amortization	81,129	78,483	79,294
Deferred income taxes	2,816	4,046	9,916
Deferred investment tax credits – net	709	1,398	(1,745)
Amortization of phase–in revenues	17,545	17,544	17,545
Corporate–owned life insurance	(11,903)	(10,003)	(8,112)
Coal contract settlements *(Note 2)*	(8,500)	–	(22,500)
Amortization of gain from sale–leaseback	(9,641)	(9,640)	(9,627)
Investment write–off *(Note 10)*	–	6,632	–
Other – net	3,947	3,060	10,492
Changes in current assets and liabilities:			
Accounts receivable and unbilled revenues – net	346	13,588	(6,972)
Other current assets	4,949	(1,726)	(871)
Accounts payable and retail refunds	8,169	(18,518)	23,327
Interest and taxes accrued	1,298	955	(6,692)
Other current liabilities	102	(174)	(698)
Net cash provided by operating activities	144,483	149,829	130,850
Cash Flows from Financing Activities			
Proceeds from:			
Issuance of common stock	31	249	154
Issuance of first mortgage bonds	323,406	–	–
Revolving credit agreement	150,000	90,000	–
Special deposits – net	13,263	(267)	2,041
Other long–term debt	44,591	90,000	–
Borrowings against cash surrender value of life insurance policies	3,590	3,800	2,130
Short–term borrowings:			
Proceeds – maturities over three months	110,000	95,000	125,000
Redemptions – maturities over three months	(120,000)	(150,000)	(50,000)
Maturities three months or less – net	17,800	(56,400)	(5,300)
Redemptions of:			
First mortgage bonds	(57,000)	–	(118,100)
Revolving credit agreement	(70,000)	(20,000)	(30,000)
Other long–term debt	(421,622)	(5,127)	(180)
Deferred financing costs	(8,508)	–	–
Purchases of treasury stock	–	(64,528)	(17,912)
Dividends paid	(54,143)	(55,116)	(56,720)
Net cash used in financing activities	(68,592)	(72,389)	(148,987)
Cash Flows from Investing Activities			
Additions to electric plant	(74,348)	(62,766)	(56,776)
Corporate–owned life insurance policies	(27,349)	(27,407)	(28,348)
Purchase of short–term investments	(742)	(524)	(7,332)
Drawdown of short–term investments	22,097	26,300	115,643
Other investments	(1,142)	(8,244)	(3,766)
Net cash provided by (used in) investing activities	(81,484)	(72,641)	19,421
Net Increase (Decrease) in Cash and Cash Equivalents	(5,593)	4,799	1,384
Cash and Cash Equivalents at Beginning of Year	7,971	3,172	1,788
Cash and Cash Equivalents at End of Year	$ 2,378	$ 7,971	$ 3,172

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CAPITALIZATION

December 31

	Due	1991	1990	1991	%	1990	%
				(Thousands)			
Common Stock Equity							
(See Consolidated Statements of Common Stock Equity)							
Common stock, without par value, authorized 50,000,000 shares				$ 637,003	43.1 %	$ 636,986	43.9 %
Retained earnings				170,598	11.6	171,139	11.7
Other paid-in capital				284	–	270	–
Subtotal				807,885	54.7	808,395	55.6
Treasury stock, at cost				(199,255)	(13.5)	(199,255)	(13.7)
Total common stock equity				608,630	41.2	609,140	41.9
Cumulative Preferred Stock *(Note 4)*							
Redemption not required:							
4-1/2%, $100 par value; authorized and outstanding 82,011 shares				8,201		8,201	
Serial, $100 par value; authorized 255,000 shares:							
4.32% series, outstanding 60,000 shares				6,000		6,000	
4.28% series, outstanding 45,000 shares				4,500		4,500	
Total cumulative preferred stock				18,701	1.3	18,701	1.3
Long-Term Debt *(Note 6)*							
First Mortgage Bonds:							
Series	**Due**	**1991**	**1990**				
4-5/8%	1991	$ –	$ 7,000				
14.05%	1991	–	30,000				
14-1/8%	1991	–	20,000				
5-5/8%	1996	16,000	16,000				
5-7/8%	1997-2007	21,940	21,940				
6%	1998-2007	10,000	10,000				
8-1/2%	2000	35,000	35,000				
8-1/8%	2001	35,000	35,000				
7-3/8%	2002	25,000	25,000				
6.8%	2004	14,500	14,500				
9-5/8%	2005	40,000	40,000				
8-3/8%	2006	25,000	25,000				
8-1/2%	2007	25,000	25,000				
8-7/8%	2008	30,000	30,000				
9-3/4%	2016	50,000	50,000				
7%	2031	327,500	–				
Total first mortgage bonds				654,940		384,440	
Other Long-Term Debt:							
Pollution Control Revenue Bonds:							
5-3/4% series	1992-2003	14,425	14,628				
Adjustable rate series	2013	–	63,000				
Adjustable rate series	2013	–	87,000				
Adjustable rate series	2014	–	98,000				
Adjustable rate series	2015	–	79,500				
Revolving credit agreement	1994	150,000	70,000				
Other long-term agreement	1993-1996	35,737	85,065				
Total other long-term debt				200,162		497,193	
Unamortized premium and discount-net				(4,036)		(6)	
Securities due within one year				(215)		(57,203)	
Total long-term debt				850,851	57.5	824,424	56.8
Total Capitalization				$ 1,478,182	100.0 %	$ 1,452,265	100.0 %

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMMON STOCK EQUITY

For the Years Ended December 31, 1991, 1990 and 1989

	Common Stock				Treasury Stock		
	Shares Issued	Amount	Other Paid-in Capital	Retained Earnings	Shares	Amount	Total
			(Thousands, except shares)				
Balance January 1, 1989	40,980,585	$ 636,661	$ 265	$ 171,298	(6,036,799)	$ (116,888)	$ 691,336
Net income				47,493			47,493
Cash dividends:							
Common stock – $1.63 per share				(55,899)			(55,899)
Preferred stock				(821)			(821)
Purchase of treasury stock					(883,500)	(17,912)	(17,912)
Employee stock plans	7,490	154					154
Balance December 31, 1989	40,988,075	636,815	265	162,071	(6,920,299)	(134,800)	664,351
Net income				64,184			64,184
Cash divio nds:							
Common stock – $1.72 per share				(54,295)			(54,295)
Preferred stock				(821)			(821)
Purchase of treasury stock					(3,079,800)	(64,528)	(64,528)
Employee stock plans	8,110	171	5		3,673	73	249
Balance December 31, 1990	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 – $1.72 per share				(53,322)			(53,322)
Preferred stock				(821)			(821)
Employee stock plans	1,580	17	14				31
Balance December 31, 1991	40,997,745	$ 637,003	$ 284	$ 170,598	(9,996,426)	$ (199,255)	$ 608,630

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME TAXES

For the Years Ended December 31

	1991	1990	1989
		(Thousands)	
Income Taxes as Recorded in the Consolidated Statements of Income			
Operating expenses:			
Currently payable – Federal	$ 12,496	$ 16,659	$ 4,773
– State	1,729	1,495	49
Deferred – Federal	4,100	942	6,739
– State	3,578	3,966	3,340
Investment tax credit – Deferral	3,622	4,582	1,365
– Amortization	(2,651)	(2,811)	(2,739)
Total	22,876	24,833	13,527
Other income and deductions:			
Currently payable – Federal	(1,475)	(4,658)	(678)
– State	(322)	(1,024)	(49)
Deferred – Federal	(4,036)	(726)	(147)
– State	(826)	(136)	(16)
Investment tax credit amortization	(262)	(373)	(371)
Total	(6,921)	(6,917)	(1,261)
Total income taxes	$ 15,955	$ 17,916	$ 12,266
Sources of Deferred Income Taxes			
Accelerated depreciation	$ 26,311	$ 28,736	$ 31,875
Disallowance of plant costs	1,224	1,224	1,236
Phase–in revenues *(Note 2)*	(7,905)	(7,904)	(7,905)
Unbilled revenues	–	(1,975)	(1,975)
Accelerated amortization	(11,736)	(11,736)	(11,736)
Net operating tax loss	–	3,312	(1,243)
Deferred gain on sale–leaseback *(Note 7)*	4,248	4,248	4,248
Alternative minimum tax credits	(9,048)	(15,191)	(5,460)
Coal contract settlements *(Note 2)*	1,970	–	8,622
Retail refunds *(Note 2)*	2,425	4,019	(6,444)
Litigation *(Note 10)*	(4,615)	–	–
Other – net	(58)	(687)	(1,302)
Total deferred income taxes	$ 2,810	$ 4,046	$ 9,916
Effective Income Tax Rate			
Statutory federal income tax rate	34 %	34 %	34 %
Add (Deduct) income tax effects of:			
Accelerated amortization of deferred income tax credits	(15)	(12)	(17)
Depreciation	8	6	10
State income taxes, net of federal benefit	4	2	3
Amortization of investment tax credits	(4)	(4)	(5)
Corporate–owned life insurance	(6)	(5)	(3)
Other items – net	2	1	(1)
Effective income tax rate	23 %	22 %	21 %

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include Kansas Gas and Electric Company (the Company) and its 80%-owned subsidiary, CIC Systems, Inc. (CIC). All significant intercompany items and transactions have been eliminated in consolidation.

The Company owns 47% of Wolf Creek Nuclear Operating Corporation (WCNOC), the operating company for Wolf Creek Generating Station. The Company records its proportionate share of all transactions of WCNOC as it does other jointly-owned facilities (See Note 12).

System of Accounts - The Company is subject to the jurisdiction of the State Corporation Commission of the State of Kansas (KCC) and the Federal Energy Regulatory Commission (FERC) and maintains its accounts in accordance with the Uniform System of Accounts prescribed by these regulatory commissions. As a regulated utility, the accounting principles applied by the Company differ in certain respects from those app d by a non-regulated business.

Electric Plant - The cost of plant includes contracted work, direct labor and materials, allocable engineering, supervision, general and administrative costs, and allowance for funds used during construction (AFC). AFC in 1991, 1990 and 1989 was immaterial and, therefore, not separately reported in the consolidated statements of income.

Maintenance and repairs of property, and replacements and renewals of items determined to be less than units of property, are charged to operating expenses. The cost of units of property replaced or renewed, plus removal costs, less salvage, is charged to accumulated depreciation, and the cost of related replacements and renewals is added to electric plant. Betterments are added to electric plant.

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

	1991	1990
	(Millions)	
Cash surrender value of contracts	$192.1	$152.7
Borrowings against contracts	(85.0)	(81.4)
Net	$107.1	$ 71.3

Interest expense included in corporate-owned life insurance - net on the consolidated statements of income was $7.3, $7.1 and $6.9 million for 1991, 1990 and 1989, respectively. 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.

Revenues - Operating revenues include amounts actually billed for services rendered and an accrual of estimated unbilled revenues. Unbilled revenues result from services delivered since the period covered by the latest billings to customers. Unbilled revenues of $23.9 and $22.1 million at December 31, 1991 and 1990, respectively, are recorded as a component of accounts receivable on the balance sheets. Certain amounts of unbilled revenues have been sold (See Note 6).

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, 1991 and 1990 was $16.1 and $15.6 million, respectively. The Company's rate schedules include a fuel adjustment clause (ECA) which permits current recoveries of fuel costs. See Note 2 regarding a rate order which would discontinue the ECA upon the closing of the merger discussed in Note 11.

Depreciation - For financial reporting purposes, the Company uses the straight-line method to depreciate the original cost of property over its estimated remaining service life. The provision for depreciation stated as a percent of original cost of depreciable property was 3.0% for 1991 and 1990 and 2.9% for 1989.

Income Taxes - The Company adopted Statement of Financial Accounting Standards No. 96, *Accounting for Income Taxes* (SFAS 96) in 1987. This statement requires the Company to establish deferred tax liabilities or assets, 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 in which the temporary differences reverse. The significant temporary differences that give rise to the net accumulated deferred income tax liabilities include accelerated tax depreciation, AFC, unamortized investment tax credits, deferred gain from sale-leaseback and phase-in revenues. SFAS 96 will be superseded by SFAS 109 issued in February 1992, effective for the Company's year ended December 31, 1993. Management believes that adoption of SFAS 109 should have no significant effect on the Company's financial statements.

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 net deferred regulatory assets for the portions of the net deferred income tax liabilities not yet collected through rates. These assets are also a temporary difference for which deferred income tax liabilities have been provided. At December 31, 1991 and 1990, the net deferred regulatory asset related to income taxes amounted to $116.6 and $95.4 million, respectively. The rate increases necessary to recover these taxes will not be required until periods after the expiration of the Company's rate moratorium with the KCC as discussed in Note 11.

Investment Tax Credits - The Tax Reform Act of 1986 repealed investment tax credits. In accordance with KCC requirements, investment tax credits relating to utility property placed into service are deferred when utilized and are being amortized to income over the remaining lives of the related property.

Consolidated Statements of Cash Flows - For purposes of the consolidated statements of cash flows, the Company considers highly liquid collateralized debt instruments, except those classified as short-term investments, purchased with a maturity of three months or less to be cash equivalents.

The amounts of interest (net of amounts capitalized) and income taxes paid for each of the three years in the periods ended December 31, are as follows:

	1991	1990	1989
		(Thousands)	
Interest	$89,901	$86,427	$91,397
Income taxes	$11,350	$14,650	$ 7,500

2. Regulatory Matters

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.

Interim Rate Refund - In 1989, the Company established a reserve which reduced revenues by $8.2 million and increased related interest expense by $0.4 million for a refund of revenues collected subject to refund ordered by the KCC in February 1990. Prior to payment of the refund, the Kansas Court of Appeals agreed with the Company that evidence had not been presented to justify changing a portion of the original increase to interim and reversed the KCC decision. In September 1990, the Citizens' Utility Ratepayers Board appealed the Court's ruling to the Kansas Supreme Court; the appeal was denied. Accordingly, in September 1990, the Company reversed the previously recorded reserves; the effect was to increase 1990 revenues by $8.2 million, net income and earnings applicable to common stock by $5.3 million and earnings per share by $0.17.

Cost of Service Audit Appeal - In addition, the February 1990 KCC order required the Company to reduce rates by $8.7 million beginning May 8, 1990. The Company was denied a rehearing by the KCC and lost its request for judicial review to the Kansas Court of Appeals in September 1990. The Company appealed the Court of Appeals ruling to the Kansas Supreme Court and the United States Supreme Court to review the rate reduction ordered by the KCC in February 1990 and both appeals were denied. In August 1990, the Company filed with the KCC a request to recognize its peak demand established July 2, 1990 as the basis for eliminating the rate reduction ordered by the KCC from July 2, 1990 forward. In June 1991, the Company filed with the KCC a Motion to Stay the effective date of the KCC order regarding the reduction in rates pending resolution of the Company's Motion to Reopen. In July 1991, the KCC granted the Company's Motion to Reopen the record and ordered a refund of approximately $1.2 million of revenues plus $0.1 million interest for the period May 8, 1990 through July 1, 1990. 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. 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 (See Note 13).

Refueling Outage Appeal - Also in 1989, the Company established a reserve which reduced revenues by $6.9 million and increased related interest expense by $1.3 million for a refund of fuel costs, incurred and collected in 1987 and 1988, ordered by the KCC in February 1990. In April 1990, the Kansas Court of Appeals granted a stay allowing the Company to delay the refund. In June 1990, the Court ruled the KCC engaged in retroactive rate making, which is prohibited in Kansas, when it did not calculate the refund according to the terms of the ECA. The Court has remanded this case to the KCC with directions to calculate the refund, if any, based upon the approved tariff. In December 1990, the previously recorded reserves were reversed. The effect was to increase 1990 revenues by $6.9 million, net income and earnings applicable to common stock by $5.0 million and earnings per share by $0.16. In September 1991, the KCC issued an order closing the docket without a refund.

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 Pittsburg and Midway Coal Mining Company amounting to $22.5 million; this amount is recorded as a deferred regulatory asset in the Company's consolidated balance sheets. The settlement results in the termination of a long-term coal contract. The Company proposed that these costs be recovered ratably through the ECA over the period during which the contract would have been in effect. In June 1991, the KCC permitted the Company to recover this settlement as follows: 76% of the settlement plus a return through its ECA 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 regulatory asset. In July 1991, the KCC approved the recovery of the settlement plus a return equivalent to the carrying cost of the asset, through the ECA 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. Other costs of approximately $3 million, net of approximately $1 million expected to be recovered through insurance, were also incurred and were expensed in 1990. 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. The recovery of other costs, previously expensed, was denied.

Elimination of the ECA - In January 1992, the Company entered into a Stipulation and Agreement with the staff of the KCC to eliminate the ECA contingent upon the closing of the merger discussed in Note 11. The fuel costs established by this agreement include the costs contemplated by previously issued orders relating to coal contract settlements and storm damage recovery discussed above. Management expects the final order to be issued by the KCC with no significant changes from this agreement.

3. Short-Term Borrowings

At December 31, 1991, the Company had bank credit arrangements available of $65 million. In addition, the Company has uncommitted loan participation agreements. Maximum short-term borrowings outstanding during 1991 and 1990 were $126 million on June 26, 1991 and $211 million on June 25, 1990. The weighted average interest rates, including fees and the effects of swap agreements (See Note 6), were 7.8% and 8.6% for 1991 and 1990, respectively.

4. Cumulative Preferred Stock

The call prices at December 31, 1991 on the 4-1/2%, 4.32% and 4.28% series preferred stocks were $110, $101.64 and $101, respectively (See Note 11). The embedded costs of preferred stock at December 31, 1991, 1990 and 1989 were 4.44%.

5. Long-Term Incentive Plan

During 1989, the Company adopted a long-term incentive plan (the plan) providing for the issuance of performance shares and stock options for up to 1,500,000 shares of common stock during a period of ten years beginning January 1, 1989. The plan permits grants of various awards to qualified employees. During 1990 and 1989, grants for 10,088 and 10,424 performance shares, respectively, were made to qualified employees under this plan. No grants were made in 1991. The performance shares are issuable to the employees five years from the grant period. At December 31, 1991, no such shares were issuable. Compensation expense related to the plan was $0.7, $0.1 and $0.1 million during 1991, 1990 and 1989, respectively.

Stock options granted under the plan are exercisable for a period of nine years after the grant year unless the employee's service is terminated. The following table sets forth changes in options:

	1991	1990	1989
Options January 1	60,290	29,751	-
Options granted	-	34,212	29,751
Options exercised (average of $21.35 per share)	(327)	(3,673)	-
Options December 31	59,963	60,290	29,751
Option price range December 31	$20.81-21.94	$20.81-21.94	$21.94

At December 31, 1991, 1,496,000 shares of common stock are reserved for issuance under the plan. Upon a change of control of the Company, participating employees will be paid in cash for (i) performance shares on a pro rata basis for the time elapsed from the date of grant and (ii) stock options for any excess of fair value of the Company's common stock over the option price. Pursuant to the merger agreement with The Kansas Power and Light Company (KPL), no new grants may be made and immediately prior to the merger the plan will be cancelled (See Note 11).

6. Long-Term Debt

Required redemptions and sinking fund payments for 1992 through 1996 for long-term debt are $0.2, $0.2, $150.2, $36.0 and $16.3 million, respectively.

First mortgage bonds may be issued in additional amounts, limited by property, earnings and other provisions of the Company's Mortgage dated April 1, 1940, as supplemented (Mortgage) and prior approval by KPL under the merger agreement described in Note 11. In 1991, the Company refinanced $327.5 million of adjustable rate series pollution control revenue bonds by issuing $327.5 million first mortgage bonds at 7%, due 2031. Electric plant is subject to the lien of the Mortgage except for transportation equipment.

The 6.8% 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.

The revolving credit agreement, which expires in 1994, provides for borrowings of up to $150 million. This agreement may be extended in one year increments until 1995 and it may be repaid prior to its expiration date without penalty. The weighted average interest rate was 8.4% for 1991 and 10.1% for 1990.

The other long-term agreement, which expires in 1995, contains provisions for both 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, 1991 and 1990, outstanding receivables amounting to $58.3 and $52.2 million, respectively, are considered sold under the agreement. The credit risk associated with the sale of customer accounts receivable is considered minimal. The weighted average interest rate on this agreement was 7.8% for 1991 and 8.4% for 1990. At December 31, 1991, an additional $54.4 million was available under the agreement.

At December 31, 1991, the Company had outstanding interest rate swap agreements with financial institutions, having a total notional principal amount of $190 million associated with short-term debt, the revolving credit agreement and borrowings collateralized by phase-in revenues. Under these swap agreements, the Company will pay the counter parties interest at a fixed rate and the counter parties will pay the Company interest at a variable rate based on the London Interbank Offered Rate (LIBOR) at six month increments. The fixed rates payable under these swap agreements range from 7.6% to 8.4%. These swap agreements terminate in increments of $45 million in 1992, $130 million in 1993 and $15 million in 1994. The Company is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap agreements. However, the Company does not anticipate nonperformance by the counterparties. At December 31, 1991, 1990 and 1989, the amount recognized in the consolidated financial statements for interest rate swap agreements was immaterial.

The embedded costs, including effects of the swap agreements, of long-term debt at December 31, 1991, 1990 and 1989 were 7.9%, 8.6% and 8.3%, respectively.

7. Sale-Leaseback of La Cygne 2

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

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 1991, 1990 and 1989 lease expense, net of amortization of the deferred gain, is approximately $30 million.

Future minimum annual lease payments required under the agreement are approximately $41.9 million for each year through 1995, $41.7 million in 1996 and $971 million over the remainder of the contract.

8. Benefit Plans

The Company has noncontributory, defined benefit pension plans for all employees. Plan benefits are generally based on years of service and the employee's highest aggregate compensation in five consecutive years of the final ten years of service. Due to the present funding status of the plans, the Company's current funding policy is to contribute the minimum amount required by federal law.

Net periodic pension cost for 1991, 1990 and 1989 included the following components:

	1991	1990	1989
		(Millions)	
Service cost -- benefits earned during period	$ 3.1	$ 3.5	$ 3.2
Interest cost on projected benefit obligation	7.4	6.5	6.2
Actual return on assets	(14.0)	1.1	(19.8)
Net amortization and deferral	5.4	(9.7)	12.6
Effect of curtailment	-	1.7	-
Net periodic pension cost	$ 1.9	$ 3.1	$ 2.2

The curtailment adjustment results from the voluntary early retirement program offered during 1990 as discussed below.

The following table sets forth the plans' funded status at November 30, 1991 and 1990 (the plan years) and a reconciliation of such status to the December 31, 1991 and 1990 consolidated financial statements:

Actuarial present value at November 30:

	1991	1990
	(Millions)	
Vested benefit obligation	$ 70.1	$ 69.2
Accumulated benefit obligation	$ 74.5	$ 73.4
Fair value of plan assets at November 30 (principally common stock of public companies and U.S. government securities)	$106.4	$ 98.7
Projected benefit obligation at November 30	(96.9)	(91.3)
Plan assets in excess of projected benefit obligation at November 30	9.5	7.4
Unrecognized net gain from past experience different from that assumed	(24.9)	(21.2)
Prior service cost not yet recognized in net periodic pension cost	9.2	9.5
Recognition of net asset at January 1, 1986 over 18 years	(2.2)	(2.4)
Contribution accrued for December	(0.1)	(0.2)
Pension liability recognized in the consolidated balance sheets at December 31	$ (8.5)	$ (6.9)

The following were used in the determination of actuarial present values of the projected benefit obligations at November 30, 1991 and 1990:

Weighted average discount rate	8.0-8.5%
Rate of increase in future compensation	6.0%
Long-term rate of return on assets	8.0-8.5%

During 1990, the Board of Directors approved a voluntary early retirement program for all employees age 50 or over with at least 5 years of service. The program consisted of an additional 5 years of accredited service for purposes of the Company's retirement plan, and an incentive payment based on salary and years of service. The incentive payments were made from trust assets of the Company's retirement plan. Of the 275 employees eligible for the program, 92 employees, representing 7% of the Company's work force, elected to retire on or before the November 1, 1990 deadline. The effect of the program was to increase 1990 pension costs by $1.7 million. This amount, along with related income tax benefits of $0.7 million, has been recorded in the Company's 1990 consolidated statement of income. In January 1992, the Company announced a special early retirement and voluntary separation program for all employees with at least 10 years of service. The effects of this plan cannot be measured until the election process by employees is completed.

The Company sponsors defined contribution plans for all employees. The Company's matching contribution is based on the Company's performance during the prior year and the level of employee contributions. The total expense for the plans was $2.0, $1.8 and $4.2 million in 1991, 1990 and 1989, respectively.

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*. The Company plans to adopt this statement in 1993. This statement will require accrual of postretirement benefits during the years an employee provides services. The costs of these benefits, which generally relate to health care benefits for early retirees up to age 65, are currently expensed on a pay-as-you-go basis. These costs were $2.1, $1.3 and $1.2 million in 1991, 1990 and 1989, respectively. The increase in 1991 was caused by the voluntary early retirement program in 1990 discussed above. The impact of this new standard has not been fully determined, but except for the effect of the recently announced special retirement and voluntary separation program discussed above, management estimates the change will not result in significantly greater expense than recognized in 1991 for these benefits.

9. Income Taxes

See Consolidated Statements of Income Taxes.

At December 31, 1991, the Company has unused investment tax credits of approximately $15.8 million available for carryforward to future years which, if not utilized will expire in the years 2000 through 2002 (See Note 10). These credits have been applied in determining the Company's net deferred income tax liability and corresponding deferred regulatory revenue asset at December 31, 1991. In addition, the Company has alternative minimum tax credits, which carryforward without expiration, of $40.2 million which may be used to offset future regular tax to the extent the regular tax exceeds the alternative minimum tax.

10. Commitments and Contingencies

Spent Nuclear Fuel Disposal - Under the Nuclear Waste Policy Act of 1982, the U.S. Department of Energy (DOE) is responsible for the ultimate storage and disposal of spent nuclear fuel removed from nuclear reactors. Under a contract with the DOE for disposal of spent nuclear fuel, the Company pays a quarterly fee to DOE of one mill per kilowatthour on net nuclear generation. Such fees were $2.8, $3.7 and $4.6 million for 1991, 1990 and 1989, respectively. These fees are included in nuclear fuel expense which is currently recovered through the fuel adjustment clause (See Note 2).

Decommissioning - The Company's share of Wolf Creek Generating Station (Wolf Creek) decommissioning costs is estimated to be approximately $97 million in 1988 dollars. Decommissioning costs are being charged to operating expenses. Electric rates charged to customers provide for recovery of these decommissioning costs over the life of Wolf Creek. Amounts so collected from customers are deposited in an external trust fund and will be used solely for the physical decommissioning of the plant. At December 31, 1991 and 1990, $6.0 and $4.9 million, respectively, were on deposit in the decommissioning fund. In March 1990, the KCC issued an order authorizing contributions to the decommissioning trust at levels which management believes meet the future decommissioning requirements. In July 1990, WCNOC, on behalf of the owners of Wolf Creek, filed a certification of financial assurance on decommissioning funding with the Nuclear Regulatory Commission (NRC).

The Company carries $131 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 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 115 nuclear power plants to $7.8 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 $66.2 million ($31.1 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 totaling approximately $2.5 billion. This insurance is provided by a combination of "nuclear insurance pools" and Nuclear Electric Insurance Limited (NEIL). The Owners also carry additional insurance with NEIL to cover the 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 $5 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 could have a material adverse effect on the Company's financial condition.

Clean Air Act - The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in sulfur dioxide emissions effective in 1995 and 2000 and a reduction of nitrous oxide and toxic emissions effective in 2000. All of the Company's generating units are generally in compliance with the sulfur dioxide requirement of the Act. Continuous emission monitors have been installed on all generating units except at the Company's gas-fired generating plants. The cost to install such monitors by January 1, 1995 in these plants will not be significant. The nitrous oxide and toxic limits, which were not set in the law, will be specified in future EPA regulations. Until such time as these regulations are prescribed, management cannot predict the impact on its financial condition.

Litigation - In February 1987, Chevron U.S.A., Inc. (Chevron) filed an action in the United States District Court for the District of Kansas against Kansas Gas Supply (KGS), a natural gas supplier of the Company, alleging a failure to purchase contracted amounts of natural gas and to pay price increases. In January 1988, KGS filed a third party complaint against the

Company seeking recovery from the Company for any damages which Chevron may recover from KGS. In July 1989, Barbara Oil Company (Barbara) and Pickrell Drilling Company (Pickrell) filed a similar action in the Barber County District Court against KGS. In September 1989, KGS filed a third party complaint against the Company in this additional action. In both cases, KGS alleges that it had obligated itself to purchase gas for the benefit of the Company, that the Company's dealing with it were not consistent with reasonable standards of fair dealing in the trade, that the Company acted in bad faith and that the Company's actions constituted fraud. KGS further alleges it was acting as an agent of the Company when contracting for gas supplies. Management has denied the allegations of KGS and believes that it has, at all times, fulfilled its contractual obligations with respect to the supplier, has acted in good faith and that KGS was not an agent of the Company.

KGS has settled the claims of Chevron, Barbara and Pickrell, and is seeking recovery of such settlement costs (approximately $40 million) from the Company. On February 20, 1991, following a two-week jury trial of the third party action against the Company regarding Barbara and Pickrell, a $5.3 million verdict (one-half of amount claimed) was returned against the Company in favor of KGS. On February 28, 1992, the Kansas Supreme Court affirmed the February 1991 judgement against the Company regarding Barbara and Pickrell. The Company is reviewing its options with respect to the decision. In the opinion of management, adequate provision has been made for these claims.

The Company is involved in various other legal and environmental proceedings. While the resolution of these matters may have an additional impact on the financial results of the year in which the matters are resolved, management believes that their ultimate dispositions will not have a material adverse effect upon the business or financial position of the Company.

A provision of $12 million has been recorded in miscellaneous expense on the 1991 consolidated statement of income with respect to these matters.

Federal Income Taxes - During 1991, the Internal Revenue Service (IRS) completed an examination of the Company's federal income tax returns for the years 1985 through 1987. The Company has received Notices of Proposed Adjustment to be included in the examination report. The Company is continuing to provide information to the IRS which may modify or reverse the proposed adjustments. 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 taxes or loss of investment tax credits will not be material to the Company's financial position.

Other Investments - 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. On March 1, 1990, the Company was required to substitute similar amounts of investments in the special deposit accounts. The Company continually monitors and evaluates the information received in the bankruptcy proceeding. In the

third quarter of 1990, additional claims being filed indicated full recovery would be unlikely; accordingly, $1.7 million of the investment was written off. Due to the number and complexity of claims filed in the fourth quarter of 1990 which indicate lengthy litigation, the Company determined that the investment has been permanently impaired and, accordingly, the remainder of the investment was written off. These write-offs are included in miscellaneous expense in the 1990 consolidated statement of 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, 1991, WCNOC's nuclear fuel commitments (Company's share) were approximately $23.5 million for uranium concentrates through 1995 and 1997, $144.2 million for enrichment through 1996 and 2014 and $51.9 million for fabrication through 2014. At December 31, 1991, the Company's coal and natural gas contract commitments in 1991 dollars under the remaining term of the contracts are $689 and $38.2 million, respectively. The coal contracts expire in 1992, 1993 and 2013 and the natural gas contract expire in 1995.

In the normal course of business, additional commitments will be made to assure adequate fuel supplies.

11. Merger Agreement

In October 1990, the Company's Board of Directors approved an Agreement and Plan of Merger (the Merger Agreement) with The Kansas Power and Light Company (KPL), a Kansas corporation and KCA Corporation (KCA), a wholly-owned subsidiary of KPL, providing for the merger of the Company with and into KCA. The Company, KPL and KCA subsequently executed the Merger Agreement. Following the merger KCA will change its name to Kansas Gas and Electric Company.

Pursuant to the Merger Agreement, 56.25% of the shares of the Company's Common Stock outstanding at the merger date will be converted into the right to receive KPL Common Stock at a conversion ratio (defined as the number of shares of KPL Common Stock issued for each share of the Company's Common Stock) equal to $32 divided by the Average KPL Price (defined as the average of the closing prices of the KPL Common Stock as reported on the New York Stock Exchange Composite Tape on each of the fifteen consecutive trading days preceding the fifth trading day prior to the consummation of the merger); provided that the conversion ratio will become fixed at 1.6 shares when the Average KPL Price falls below $20 per share and 1.347 shares when the Average KPL Price rises above $23.75 per share. The amount of cash to be paid in the merger will be $434 million, so if holders of more than 43.75% of the Company's common stock elect to receive cash, shareholders electing to receive cash will also receive KPL common stock. Likewise, if holders of more than 56.25% of the Company's common stock elect to receive KPL common stock, shareholders electing to receive KPL common stock will also receive cash. Preferred shareholders of the Company will receive in cash plus accumulated dividends, if any, $110 for each share of 4-1/2% Preferred Stock; $101.64 for each share of 4.32% Preferred Stock; and $101 for each share of 4.28% Preferred Stock.

The merger was approved by the shareholders of the Company and additional KPL common shares were authorized by KPL shareholders at special meetings in March 1991. Approvals of the merger were received from the FERC and Missouri Public Service Commission in September 1991, the KCC and NRC in November 1991 and the Securities and Exchange Commission in February 1992. The merger is expected to be consummated in March 1992. Significant conditions affecting the Company, among others, imposed by the KCC in its order on the merger are:

- Rates are frozen until August 1995.

- Refunds to customers were ordered totalling $32 million to the combined companies' customers in order to share the merger-related cost savings with customers during the rate moratorium.

- A mechanism was approved to share equally, between the combined companies and their customers, the cost savings generated in 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, paid [illegible] common stock up to $29.50 per share on a dollar [illegible] basis from savings generated. The order provides [illegible] period of 40 years commencing in 1995 for the acquisition adjustment.

- A separate proceeding to eliminate the EC[illegible] is required (See Note 2).

Other operation expenses in the consolidated statement of income for 1991 and 1990 include $3.8 and $6.8 million, respectively, for expenses related to the Company's response to the unsolicited tender offer by Kansas City Power & Light Company (KCPL) and the merger with KPL.

12. Joint Ownership of Utility Plants

	Company's Ownership at December 31, 1991				
	In-Service Dates	Invest-ment	Accumulated Depreciation	Net (MW)	Per-cent
		(Millions)			
La Cygne 1(a)	June 1973	$ 128	$ 81	342	50
Jeffrey 1(b)	July 1978	65	26	133	20
Jeffrey 2(b)	May 1980	64	22	135	20
Jeffrey 3(b)	May 1983	91	26	139	20
Wolf Creek 1(c)	Sept 1985	1,359	219	533	47

(a) Jointly owned with KCPL.

(b) Jointly owned with KPL and UtiliCorp United, Inc.

(c) Jointly owned with KCPL and Kansas Electric Power Cooperative, Inc.

Amounts and capacity represent the Company's share and have been financed by the Company. The Company's share of operating expenses of the plants in service above, as well as such expenses for a 50% undivided interest in La Cygne 2 (representing 320 MW capacity) sold and leased back to the Company

in 1987, are included in operating expenses in the consolidated statements of income. The Company's share of other transactions associated with the plants is included in the appropriate classification in the Company's consolidated financial statements.

13. Quarterly Financial Statistics (Unaudited)

(Thousands, except per share amounts)

	1991			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Operating Revenues	**$136,983**	**$184,807**	**$148,198**	**$124,980**
Operating Income	**11,865**	**53,585**	**35,260**	**25,373**
Net Income (Loss)	**(11,292)**	**36,592**	**19,474**	**8,828**
Earnings (Loss) Applicable to Common Stock	**(11,497)**	**36,387**	**19,268**	**8,623**
Average Shares Outstanding	**31,001**	**31,001**	**31,001**	**31,001**
Earnings (Loss) Per Share	**$ (0.37)**	**$ 1.17**	**$ 0.62**	**$ 0.28**

	1990			
	4th Qtr.	3rd Qtr.	2nd Qtr.	1st Qtr.
Operating Revenues	$120,372	$179,688	$139,804	$146,777
Operating Income	20,565	52,947	30,529	35,245
Net Income	802	33,162	12,164	18,056
Earnings Applicable to Common Stock	597	32,957	11,958	17,851
Average Shares Outstanding	30,999	31,012	31,685	33,025
Earnings Per Share	$ 0.02	$ 1.06	$ 0.38	$ 0.54

The Company's operating revenues and interest charges for the first and second quarters of 1991 have been restated from amounts previously reported to reflect the September 1991 KCC order discussed in Note 2. The effect was to increase first and second quarter revenues by $1.3 and $2.0 million, respectively. Net income and earnings applicable to common stock increased by $0.8 and $1.2 million, respectively, and earnings per share increased by $0.03 and $0.04 for the first and second quarters, respectively.

During the fourth quarter of 1991, the Company recorded a provision for various claims and legal matters (See Note 10). Net income and earnings applicable to common stock decreased by $7.4 million or $0.24 per share.

The Company's operating revenues for the first quarter of 1990 include $15.2 million of 1989 revenues due to the reversal in 1990 of refunds previously ordered by the KCC relating to an interim rate refund and a refund of fuel costs incurred during a refueling outage. Related interest expense reversals amounted to $1.6 million. The effect increased net income and earnings applicable to common stock by $10.3 million or $0.31 per share in the first quarter of 1990.

During the fourth quarter of 1990, the Company wrote off its remaining investment in Drexel commercial paper (See Note 10). Net income and earnings applicable to common stock decreased by $3.1 million or $0.10 per share.

The Company's business is subject to seasonal fluctuations with the peak period occurring during the summer months. Approximately 30% of the Company's kilowatt hour sales occur during the third quarter. Accordingly, earnings information for any three-month period should not be considered as a basis for estimating results of operations for a full year.

Market Prices and Dividend Rates of Common Stock

	High/Low Market Price				Dividends	
Common-NYSE	1991		1990		1991	1990
First Quarter	$27-5/8	$25-3/8	$23-3/4	$20-1/2	$.43	$.43
Second Quarter	28-1/2	26-1/2	21-1/2	20-1/8	.43	.43
Third Quarter	32	27-1/2	25-7/8	19-5/8	.43	.43
Fourth Quarter	34-1/8	31-3/8	27-3/4	23-7/8	.43	.43

The Company had 26,160 common stockholders as of December 31, 1991.

ELECTRIC PLANT PROPERTY

CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	NET ADDITIONS AT COST	RETIREMENTS	TRANSFERS, RECLASSI-FICATIONS	BALANCE AT END OF PERIOD
	(Thousands)				
For the year ended December 31, 1991					
Electric Plant in Service					
Production – Steam	$ 450,753	$ 13,746	$ 1,300	$ (1)	$ 463,198
Production – Nuclear	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
Total electric plant in service	2,428,561	55,626	21,865	(3)	2,462,319
Electric plant held for future use	15,370	88	28	3	15,433
Construction work in progress – net	14,760	(1,148)			13,612
Nuclear fuel	28,152	19,782	5,203		42,731
Total electric plant	$ 2,486,843	$ 74,348	$ 27,096	$ –	$ 2,534,095
For the year ended December 31, 1990					
Electric Plant in Service					
Production – Steam	$ 448,782	$ 3,003	$ 1,025	$ (7)	$ 450,753
Production – Nuclear	1,358,306	6,737	1,731		1,363,312
Transmission	194,746	16,308	2,349		208,705
Distribution	325,157	18,073	2,772		340,458
General	48,153	12,222	2,022		58,353
Electric plant leased to others	6,974	8	2		6,980
Total electric plant in service	2,382,118	56,351	9,901	(7)	2,428,561
Electric plant held for future use	15,369		6	7	15,370
Construction work in progress – net	13,181	1,579			14,760
Nuclear fuel	35,626	4,836	12,310		28,152
Total electric plant	$ 2,446,294	$ 62,766	$ 22,217	$ –	$ 2,486,843
For the year ended December 31, 1989					
Electric Plant in Service					
Production – Steam	$ [illegible],172	$ 8,341	$ 1,731		$ 448,782
Production – Nuclear	1,355,045	4,677	91	$ (1,325)	1,358,306
Transmission	191,802	1,807	158	1,293	194,746
Distribution	311,554	16,512	2,907	(2)	325,157
General	43,032	5,898	802	25	48,153
Electric plant leased to others	6,972			2	6,974
Total electric plant in service	2,350,577	37,235	5,6[illegible]	(7)	2,382,118
Electric plant held for future use	15,468	(104)	1	6	15,369
Construction work in progress – net	10,401	2,780			13,181
Nuclear fuel	18,761	16,865			35,626
Total electric plant	$ 2,395,207	$ 56,776	$ 5,688	$ (1)	$ 2,446,294

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT PROPERTY

CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	RETIREMENTS	OTHER CHANGES	BALANCE AT END OF PERIOD
	(Thousands)				
For the year ended December 31, 1991					
Electric Plant in Service					
Production – Steam	$ 212,421	$ 17,305	$ 1,207	$ 19 *(1)*	$ 228,538
Production – Nuclear	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 *(2)*	25,003
Electric plant leased to others	891	174			1,065
Total electric plant in service	604,338	72,569	22,265	591	655,233
Electric plant held for future use	8,841		29	(19)	8,793
Nuclear fuel	15,607	5,728	5,203		16,132
Total electric plant	$ 628,786	$ 78,297	$ 27,497	$ 572	$ 680,158
For the year ended December 31, 1990					
Electric Plant in Service					
Production – Steam	$ 196,538	$ 16,983	$ 1,100		$ 212,421
Production – Nuclear	166,027	35,459	1,548		199,938
Transmission	63,075	4,838	2,450		65,463
Distribution	97,094	9,921	2,949	$ (23)	104,043
General	19,165	3,539	1,852	730 *(2)*	21,582
Electric plant leased to others	719	174	2		891
Total electric plant in service	542,618	70,914	9,901	707	604,338
Electric plant held for future use	8,847		6		8,841
Nuclear fuel	19,915	8,002	12,310		15,607
Total electric plant	$ 571,380	$ 78,916	$ 22,217	$ 707	$ 628,786
For the year ended December 31, 1989					
Electric Plant in Service					
Production – Steam	$ 181,617	$ 16,605	$ 1,897	$ 213 *(1)*	$ 196,538
Production – Nuclear	130,899	35,334	63	(143)	166,027
Transmission	58,496	4,604	140	115	63,075
Distribution	90,715	9,487	3,108		97,094
General	16,673	2,647	751	596 *(2)*	19,165
Electric plant leased to others	546	173			719
Total electric plant in service	478,946	68,850	5,959	781	542,618
Electric plant held for future use	8,841			6	8,847
Nuclear fuel	9,591	10,324			19,915
Total electric plant	$ 497,378	$ 79,174	$ 5,959	$ 787	$ 571,380

Notes

(1) Includes depreciation of unit train charged to fuel stock and allocated on the basis of fuel issued.

(2) Includes depreciation of transportation and power–operated equipment charged to clearing accounts and allocated on the basis of use of equipment.

RESERVES

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS: CHARGED TO COSTS AND EXPENSES	ADDITIONS: CHARGED TO OTHER ACCOUNTS	DEDUCTIONS (Note 1)	BALANCE AT END OF PERIOD
	(Thousands)				
For the year ended December 31, 1991					
Reserves, deducted from related assets on Consolidated Balance Sheet Accumulated provision for uncollectible accounts	$ 1,079	$ 3,576	$ 3	$ 2,875	$ 1,783
Reserves other than those deducted from assets on Consolidated Balance Sheet Injuries and damages *(Note 2)*	$ 1,083	$ 1,716	$ 99	$ 1,709	$ 1,189
For the year ended December 31, 1990					
Reserves, deducted from related assets on Consolidated Balance Sheet Accumulated provision for uncollectible accounts	$ 802	$ 2,675	$ (17)	$ 2,381	$ 1,079
Reserves other than those deducted from assets on Consolidated Balance Sheet Injuries and damages *(Note 2)*	$ 1,375	$ 1,482	$ 89	$ 1,863	$ 1,083
For the year ended December 31, 1989					
Reserves, deducted from related assets on Consolidated Balance Sheet Accumulated provision for uncollectible accounts	$ 745	$ 1,876	$ (27)	$ 1,792	$ 802
Reserves other than those deducted from assets on Consolidated Balance Sheet Injuries and damages *(Note 2)*	$ 1,224	$ 2,295	$ 81	$ 2,225	$ 1,375

Notes

(1) Deductions from reserves represent losses or expenses for which the respective reserves were created. In the case of the accumulated provision for uncollectible accounts, such deductions are reduced by recoveries of amounts previously written off.

(2) Injuries and damages reserve is provided to absorb appropriate expenses and the estimated cost of settling claims. Deductions from the reserve include insurance premiums and payment of claims and related expenses.

Schedule IX

SHORT-TERM BORROWINGS

CATEGORY OF SHORT-TERM BORROWINGS	YEAR END BALANCE	YEAR END AVERAGE INTEREST RATE (Note 1)	MAXIMUM AMOUNT OUTSTANDING DURING YEAR		DAILY AVERAGE AMOUNT OUTSTANDING DURING YEAR	WEIGHTED AVERAGE INTEREST RATE DURING YEAR (Note 2)
			(Thousands)			
For the year ended December 31, 1991						
			Amount	Date		
Payable to Banks	$ 37,800	6.8 %	$ 126,000	6/26	$ 63,509	7.8 %
For the year ended December 31, 1990						
			Amount	Date		
Payable to Banks	$ 30,000	9.1 %	$ 211,000	6/25	$ 120,193	8.6 %
For the year ended December 31, 1989						
			Amount	Date		
Payable to Banks	$ 141,400	8.9 %	$ 178,000	6/02	$ 119,109	9.6 %

Notes

(1) Computed using the stated annual interest rates at year end, as applied to the balances outstanding at year end.

(2) Equivalent to average daily interest, including fees, expanded to a full year divided by the average principal.

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

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below is information regarding Directors of the Company. See Item 4 for Executive Officers information.

Name	Business Experience Since 1987 And Directorships Other Than The Company	Age	A Director Continuously Since	Common Stock Beneficially As of March 27,1992
Frank J. Becker (a)(d)(e)(h)(i)	Personal Investments since September 1989, and prior to that Chairman of the Board and Chief Executive Officer, Becker Corporation (Truck Transportation - Bulk Common Carrier) **Directorships** BANK IV Butler County, N.A. Great-West Life & Annuity Insurance Co.	56	1981	4,019 (2)
Glenn Biggs (a)(e)(j)	Personal Investments since July 1989, and prior to that Chairman of the Board and Chief Executive Officer of Gill Companies (Financial Services), May 1987 to July 1989 **Directorships** Central and South West Corporation Diamond Shamrock Southwestern Bancorp, Inc.	58	1986	200
Wilson K. Cadman (b)(d)(h)	Chairman of the Board and and President of the Company **Directorships** BANK IV Wichita, N.A.	64	1978	24,439 (2)(3)

Name	Business Experience Since 1987 And Directorships Other Than The Company	Age	A Director Continuously Since	Common Stock Beneficially As of March 27,199.
C. Q. Chandler (b)(d)(g)(h)(i)	Chairman of the Board, First National Bank in Wichita **Directorships** First Bancorp of Kansas	65	1974	1,000 (2)
Robert T. Crain (a)(f)(g)	Owner, Crain Realty Co., Fort Scott, Kansas	66	1981	2,060 (1)
Ralph Foster (b)(h)(i)	Vice President and General Counsel of the Company **Directorships** Citizens National Bank	64	1970	11,562 (1)(3)
Donald A. Johnston (a)(f)(g)	Corporate General Manager of Maupintour, Inc., Lawrence, Kansas (Escorted Tours and Travel)	58	1980	500 (1)
Glenn L. Koester (c)	Retired Vice President - Nuclear of the Company	66	1986	8,522 (1)(3)
Russell W. Meyer, Jr. (a)(d)(h)	Chairman and Chief Executive Officer, Cessna Aircraft Company **Directorships** Fourth Financial Corporation	59	1982	1,000 (2)
James J. Noone (c)(j)	Attorney and retired Administrative Judge for the District Court of Sedgwick County, Kansas	71	1986	150 (1)
Marjorie I. Setter (a)(i)	Consultant, Armstrong Creative Services, Inc. (since June 1991, Consultant, Stephan Advertising; (March 1990 to June 1991) and prior to that President Setter & Assoc., Inc. (Advertising and Public Relations)	67	1980	1,517

Name	Business Experience Since 1987 And Directorships Other Than The Company	Age	A Director Continuously Since	Common Stock Beneficially As of March 27,1992
Donald C. Slawson (c)(e)(h)	Chairman of the Board and President, Slawson Companies, a group of privately owned companies **Directorships** First Bancorp of Kansas Security Benefit Life Insurance Company Security Benefit Group, Inc.	58	1983	0
Newton C. Smith (c)(g)	Physician and Surgeon, Arkansas City, Kansas	70	1985	6,000 (1)
All Directors and Executive Officers as a group				99,538 (3)

(a) Term expires 1992

(b) Term expires 1993

(c) Term expires 1994

(d) Member of the Executive Committee, of which Mr. Cadman is Chairman.

(e) Member of the Audit Committee of which Mr. Becker 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.

(f) Member of the Compensation and Benefit Committee, of which Mr. Johnston is Chairman. The Compensation and Benefit Committee reviews and recommends to the Board of Directors the annual salary of the executive officers of the Company and employee benefits.

(g) Member of the Nominating Committee, of which Mr. Chandler is Chairman. The Nominating Committee meets primarily to review and screen all recommendations submitted to it and to select and recommend potential candidates to fill vacancies that occur on the Board of Directors. The Committee, in recommending candidates for election as Directors, endeavors to locate candidates for Board membership who have attained a prominent position in their field of endeavor and whose backgrounds indicate that they have broad knowledge and experience and the ability to exercise sound business

judgment. The Committee will consider nominees recommended by shareholders for election as Directors. The names of such nominees, together with the nominees' qualifications and consent to be considered as a nominee, should be sent to the Secretary of the Company.

(h) Member of the Planning Committee, of which Mr. Cadman is Chairman. The Planning Committee reviews and considers the long term goals and objectives of the Company with management of the Company.

(i) Member of the Shareholder Relations Committee, of which Ms. Setter is Chairman. The Shareholder Relations Committee considers and acts upon shareholder matters as assigned, from time to time, by the Chairman of the Board.

(j) Member of the Special Litigation Committee, of which Mr. Noone is Chairman. The Special Litigation Committee considers and acts upon litigation matters as assigned, from time to time, by the Board of Directors.

(1) No Director or Officer owns over .08% of any class of stock and all Officers and Directors as a group hold .32% of the Company's outstanding common shares. Shares of stock on which there is shared voting and investment power are 300 shares of Mr. Becker, 1,000 shares of Mr. Crain, 1,000 shares of Mr. Foster, 500 shares of Mr. Johnston, 5,019 shares of Mr. Koester, 150 shares of Mr. Noone, and 6,000 shares of Dr. Smith.

(2) Mr. Chandler is the Chairman of the Board of First National Bank in Wichita. Mr. Cadman is a Director of BANK IV Wichita, N.A and Mr. Meyer is a Director of Fourth Financial Corporation, which owns Bank IV Wichtia, N.A. The Company maintains bank accounts in these banks and from time to time makes short-term borrowings from them. First National Bank in Wichita is also Transfer Agent for the Company's stock. BANK IV Wichita, N.A. is Registrar for the Company's stock and acts as Master Trustee for the Retirement Plan for Employees of Kansas Gas and Electric Company. Mr. Becker is a part owner in Price Brothers Equipment Company which supplied approximately $13,000 of equipment to the Company in 1991.

(3) Includes unexercised stock options of 14,903 for Mr. Cadman, 3,673 for Mr. Foster, and 39,838 for the Executive Officers as a group.

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 $300 is paid to the outside Director Audit Committee Chairman, and $200 to other outside Director Committee Chairmen. All outside Directors are reimbursed mileage and expenses while attending Directors' and Committee Meetings.

The Board of Directors held 7 meetings during the year, the Audit Committee 4, the Compensation and Benefit Committee 3, the Executive Committee 1, the Nominating Committee 0, the Planning Committee 0, the Shareholders Relations Committee 0, and the Special Litigation Committee 0. All Directors attended 75% or more of their applicable meetings.

ITEM 11. EXECUTIVE COMPENSATION

The tables below set forth all cash compensation of the five highest paid Executive Officers of the Company for services in all capacities during the year ended December 31, 1991, and the estimated retirement benefits to be received in the event of retirement at normal (or later) retirement age. Also set forth is cash compensation for all Executive Officers as a group for the portion of the year during which each person served as an Executive Officer:

Name	Capacities in Which Served	Cash Compensation
Wilson K. Cadman	Director, Chairman of the Board & President	$ 345,000
Kent R. Brown	Group Vice President	$ 164,000
Ralph Foster	Director, Vice President - General Counsel	$ 159,000
Robert L. Rives	Group Vice President	$ 159,000
James S. Haines, Jr.	Group Vice President	$ 155,000
All Eight Executive Officers as a group		$1,335,000

Deferred Compensation

Included in cash compensation are amounts placed in a voluntary Deferred Compensation Plan for certain employees selected by the management of the Company. The Deferred Compensation Plan allows participating employees to defer up to 50% of their annual salary and provides benefit payments in amounts related to salary deferred and to age at the time of deferral. Participants who remain in the employ of the Company for seven years subsequent to a deferral election will receive, after the seventh year, lump sum payments of amounts deferred plus interest. If a participant's employment terminates prior to seven years subsequent to a deferral, the participant will receive reduced payments. Supplemental retirement income or survivor payments, made on a monthly basis over a fifteen-year period, will be available if a participant continues in the employ of the Company until age 65 or the attainment of eligibility for early retirement under the Company's Retirement Plan at age 60 or later.

The Deferred Compensation Agreements provide that, upon the employee's termination without cause or departure for good reason within two years (or, in the case of certain executives, three years) after a change in control, (i) if the employee is then at least age 60, he is entitled to early retirement

benefits provided by the applicable Deferred Compensation Agreement without consent from the Company, (ii) if the employee at the time of termination is at least age 50 and had at least five years of service, the employee is fully vested in the lump sum payments and supplemental retirement income, and (iii) if the employee is not age 50 and completed five years of service, such payments are vested at reduced levels.

The amount of interest accrued, during 1991, on deferred compensation for Messrs. Brown, Cadman, Foster, Haines, and Rives was $23,162, $128,694, $21,095, $0 and $45,462, respectively; the eight executive officers as a group, $252,761.

The Deferred Compensation Plan is available to Directors of the Company who choose to participate and provides the option to defer up to 100% of a Director's annual retainer and certain attendance fees. Benefit payment amounts relate to fees deferred and to age at the time of deferral. Benefits starting at retirement (normally age 70), will be paid on a monthly basis for up to 120 months, with any installments not paid prior to death being paid to the Director's designated beneficiary. The amount of interest accrued, for 1991, for all current Directors who are not executive officers was $177,041.

The Deferred Compensation Plans are designed in a manner which, it is anticipated, will result in no additional cost to the Company since the Company purchases life insurance policies on the participants' lives. The Company is the owner and beneficiary of these policies. The participants have no rights in these insurance policies.

Retirement Plans

All employees after completion of one year of service and attainment of age 21 become eligible to participate in the Company's non-contributory Retirement Plan. Retirement income is based on the average of an employee's highest five-year's pay during the last ten years of employment, and is calculated by multiplying such pay, up to the Social Security covered compensation level, by 1.3% and the excess by 1.65%, and by multiplying the sum of such amounts by the number of years of service covered by the Retirement Plan.

The following table shows the estimated maximum annual retirement benefit, upon normal retirement, after selected periods of service under the Retirement Plan. The amounts presented do not take into account any reduction for joint and survivorship payments.

Average Final Pay	Annual Benefit - Years of Service				
	20	25	30	35	40
125,000	39,771	49,713	59,656	69,599	79,542
150,000	48,021	60,026	72,031	84,036	96,042
175,000	56,271	70,338	84,406	98,474	112,221 (a)
200,000	64,521	80,651	96,781	112,221 (a)	112,221 (a)
225,000	72,771	90,963	109,156	112,221 (a)	112,221 (a)
250,000	81,021	101,276	112,221 (a)	112,221 (a)	112,221 (a)
275,000	89,271	111,588	112,221 (a)	112,221 (a)	112,221 (a)
300,000	97,521	112,221 (a)	112,221 (a)	112,221 (a)	112,221 (a)
325,000	105,771	112,221 (a)	112,221 (a)	112,221 (a)	112,221 (a)
350,000 (or greater)	112,221 (a)	112,221 (a)	112,221 (a)	112,221 (a)	112,221 (a)

(a) Maximum allowed by current law.

Estimated years of accredited service for Messrs. Brown, Cadman, Foster, Haines and Rives are 26, 40, 12, 30 and 38, respectively. Ralph Foster will also receive benefits under an agreement with the Company under which approximately ten years of service as General Counsel to the Company prior to employment will be considered as accredited service in calculating his retirement benefits.

The five officers referred to above also participate in an Executive Salary Continuation Plan which is a non-qualified plan for the benefit of designated management employees of the Company selected by the Board's Compensation and Benefit Committee. This plan provides (a) a retirement benefit at or after age 65, or upon disability prior to age 65, in an amount equal to 80% of such person's final three-year average compensation, reduced by existing pension and social security benefits, such amount to be paid to the employee or his designated beneficiaries for the employee's life with a 15 year term certain; and (b) a death benefit if death occurs before age 65, equal to 80% of the employee's then monthly salary payable to his beneficiary for 180 months following his death. This plan allows for early retirement with a benefit reduction of 2% per annum for each full year between ages 65 and 60. If, after a change in control, a participant's employment is terminated without cause or within three years after a change in control by the participant for good reason, (i) the participant's beneficiary will be entitled to the death benefits provided under the Program in the event the participant's death occurs within two years after the date of termination of employment, (ii) if the participant is at the time of such change in control at least 60 years of age, the participant will be entitled to the early retirement benefits provided under the Program, and (iii) if the participant is not then age 60, upon attaining age 60 the participant will be entitled to a portion of the participant's normal retirement benefit under the program.

In addition to the foregoing, certain employees of the Company, including the five officers referred to above, participate in a death benefit plan which pays to a participant's estate or survivors, whether before or after

retirement, 40% of such participant's annual compensation for a period of ten years. Participants in the death benefit plan are selected by the management of the Company. If, within two years (three years in the case of certain executives) after a change in control, the employee's employment is terminated by the Company without cause or by the participant for good reason the employee's beneficiary will be entitled to the death benefits provided under the Agreement in the event the employee's death occurs within three years after the date of termination of employment.

The Executive Salary Continuation and death benefit plans are designed in a manner which, it is anticipated, will result in no additional cost to the Company since the Company purchases life insurance policies on the participants' lives. The Company is the owner and beneficiary of these policies. The participants have no rights in these insurance policies.

Employee Stock Ownership Plan

The Company's Employee Stock Ownership Plan (ESOP) was terminated October 1, 1991 and distribution of accounts or transfer to the Company's 401(k) Plan was effected on November 18, 1991. All employees after completion of six months of service and attainment of age 21 became eligible to participate in the ESOP. The Company, through a trustee, distributed to ESOP participants common stock in an amount equal to utilized qualified federal investment tax credits, in the proportion that each participant's compensation bore to the total compensation of all participants. A portion of the credits was available only when matched by employees. In general, employees were unable to withdraw contributions from their accounts until termination of employment. No Company contributions were made for 1991.

Long Term Incentive Plan

The Company has adopted a Long Term Incentive Plan for certain employees (including officers) of the Company and its subsidiaries. The Incentive Plan is intended to stimulate individual performance by eligible employees, so as to raise the performance of the Company in a manner benefiting shareholders and customers and increase employees' attention and priorities to the achievement of specific long term goals which will increase the Company's profitability. Types of awards that may be granted under the Incentive Plan are restricted shares, incentive stock options, non-qualified stock options, stock appreciation rights, performance shares and dividend equivalents. The Incentive Plan is administered by the Compensation and Benefit Committee of the Board. In 1991, the Company made no grants under the Incentive Plan. In the event of a change in control (i) unexercised stock options which were outstanding at least six months prior to the change in control will be converted to cash based upon the difference between the market value and option price, and (ii) each outstanding performance share will become vested with respect to the period the performance share was outstanding. Pursuant to the Amended Agreement and Plan of Merger between the Company and The Kansas Power and Light Company, the Incentive Plan will be cancelled prior to the merger and no new grants may be made.

Employment Agreements

The Company has adopted a special severance policy for employees of the Company which provides that in the event of the termination of employment of such employees, within 18 to 24 months after a change in control, other than for cause or by the employees for good reason, they will be entitled to payments equal to 1.5 to 3 weeks of base salary for each year of service, with a minimum payment of 8 weeks and a maximum up to 52 weeks plus up to 13 additional weeks if the employee is unemployed at the end of the initial severance period. The employees also receive continued life, medical/dental and disability insurance coverage for the period.

The Company has entered into certain employment agreements with the Executive Officers of the Company, which provide that in the event that the employment of the employee is terminated within 36 months after a change in control other than for disability, death, retirement or cause, or by the employee for good reason the employee is entitled to receive (A) a lump-sum payment of an amount equal to (i) three times the higher of the average annual base salary for the five years preceding the change in control and three times the average annual base salary on the date of termination of employment for Messrs. Cadman and Foster, (ii) three times current annual base salary for Messrs. Richard M. Haden and Rives, and (iii) two times current annual base salary for the remaining employees, (B) continued life, medical/dental and disability insurance coverage for three years for Messrs. Cadman, Foster, Haden and Rives and two years for the other employees, and (C) if the employee is subject to an excise tax imposed under Section 4999 of the Internal Revenue Code, an additional payment in an amount sufficient such that the employee retains an amount, after deduction of the excise tax and any federal, state or local income taxes on such additional payment, equal to the severance payment to which he is entitled under the employment agreement. Assuming a change in control and the employee's employment is terminated, such lump sum payments to Messrs. Brown, Cadman, Foster, Haines, and Rives would be $330,000, $897,000, $421,200, $324,000, and $471,000, respectively; and $3,862,200, for all Executive Officers as a group.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of December 27, 1991 the following shareholders were known to the management of the Company to be the beneficial owner of more than 5% of the outstanding shares of any class of voting securities as set forth below:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
4.32% Preferred Stock	Wellington Management Company Boston, MA 02109	11,900 shares, shared dispositive power	19.83%
Common Stock, no par value	Alpine Associates, A Limited Partnership 100 Union Avenue Cresskill, N.J. 07626	2,353,700 shares, no shared dispositive power	7.59%

Change in Control

In October 1990, the Company's Board of Directors approved an Agreement and Plan of Merger (the Merger Agreement) with The Kansas Power and Light Company (KPL), a Kansas corporation and KCA Corporation (KCA), a wholly-owned subsidiary of KPL, providing for the merger of the Company with and into KCA. The Company, KPL and KCA subsequently executed the Merger Agreement. Following the merger KCA will change its name to Kansas Gas and Electric Company.

See Item 7 and Note 11 of the Notes to Consolidated Financial Statements for additional information.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

See Item 10

PART IV

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

(a) Financial Statements - The financial statements and schedules are listed in the table of contents for Item 8 of this annual report.

(b) Exhibits:

* 2(a) Agreement and Plan of Merger (Files as Exhibit 2 to Form 10-K for the year ended December 31, 1990, File No. 1-7324).

* 2(b) Amendment No. 1 to Agreement and Plant of Merger (Filed as Exhibit 2 to Form 10-K for the year ended December 31, 1990, File No. 1-7324).

* 3(a) Restated Articles of Incorporation, as amended (Filed as Exhibit 3(a) to Form 10-Q, for the quarter ended March 31, 1987, File No. 1-7324).

* 3(b) By-laws, as amended (Filed as Exhibit 3(b) to Form 10-K for the year ended December 31, 1990, File No. 1-7324).

* 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-three 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, and June 1, 1991, (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; and Exhibit 4(d), File No. 2-78944; Exhibit 4(d), File No. 2-87532; and Exhibits 4(c)4, 4(c)5 and 4(c)6 to Form 10-K for December 31, 1989, File No. 1-7324.

4(c)2 Thirty-second Supplemental Indenture dated as of April 15, 1986, to the Company's Mortgage and Deed of Trust.

4(c)3 Thirty-third Supplemental Indenture dated as of June 1, 1991, to the Company's Mortgage and Deed of Trust.

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).

*10(a)2 Severance Agreement (Filed as Exhibit 10(a)2 to Form 10-K for the year ended December 31, 1990, File No. 1-7324).

*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).

10(b)1 Executive Salary Continuation Program.

*10(b)2 Amendment to Executive Salary Continuation Program (Filed as Exhibit 10(b)2 to Form 10-K for the year ended December 31, 1990, File No. 1-7324).

*10(c) La Cygne 2 Lease (Filed as Exhibit 10(a) to Form 10-K for the year ended December 31, 1988, File No. 1-7324).

*10(d)1 Long-Term Incentive Plan (Filed as Exhibit 10(d) to Form 10-K for the year ended December 31, 1989, File No. 1-7324).

*10(d)2 Amendment to Long-Term Incentive Plan (Filed as Exhibit 10(d)2 to Form 10-K for the year ended December 31, 1990, File No. 1-7324).

12 Computation of Ratio of Consolidated Earnings to Fixed Charges.

24 Independent Auditors' Consent.

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*Incorporated herein by reference as indicated.

(c) No reports on Form 8-K were filed in the fourth quarter of 1991.

A report on Form 8-K was filed on February 7, 1992, reporting the receipt of all required approvals in the merger with KPL.

A report on Form 8-K was filed on March 9, 1992, reporting the Company's 1991 earnings and providing the 1991 Consolidated Financial Statements including Notes to Consolidated Financial Statements.

A report on Form 8-K was filed on March 13, 1992, reporting the possible delay of the closing of the merger with KPL.

SIGNATURE

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

KANSAS GAS AND ELECTRIC COMPANY

BY: William B Moore

William B. Moore
Vice President - Finance and Treasurer

March 30, 1992

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
/s/Wilson K. Cadman Wilson K. Cadman (Principal Executive Officer and Director)	Chairman of the Board and President	March 30, 1992
/s/William B. Moore William B. Moore (Principal Financial Officer)	Vice President - Finance and Treasurer	March 30, 1992
/s/James T. Clark James T. Clark (Principal Accounting Officer)	Vice President - Accounting	March 30, 1992
/s/Frank J. Becker Frank J. Becker		
/s/Glenn Biggs Glenn Biggs		
/s/C. Q. Chandler C. Q. Chandler		
/s/Robert T. Crain Robert T. Crain		
/s/Ralph Foster Ralph Foster	Directors	March 30, 1992
/s/Donald A. Johnston Donald A. Johnston		
/s/Glenn L. Koester Glenn L. Koester		
/s/Russell W. Meyer, Jr. Russell W. Meyer, Jr.		
/s/James J. Noone James J. Noone		
/s/Marjorie I. Setter Marjorie I. Setter		
/s/Donald C. Slawson Donald C. Slawson		
/s/Newton C. Smith, M.D. Newton C. Smith, M.D.		

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements Nos. 33-26891, 2-64703 (Post-Effective Amendment No. 3), 33-28651 and 33-32515 of Kansas Gas and Electric Company on Form S-8, No. 33-2176 of Kansas Gas and Electric Company on Form S-3, No. 33-38967 of The Kansas Power and Light Company on Form S-4, and No. 33-40527 of The Kansas Power and Light Company on Form S-3 of our report dated March 6, 1992 appearing in this Annual Report on Form 10-K of Kansas Gas and Electric Company for the year ended December 31, 1991.

DELOITTE & TOUCHE

Kansas City, Missouri
March 30, 1992