
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2009

OR

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

For the transition period from _____ to _____

Commission File Number 1-3523

WESTAR ENERGY, INC.

(Exact name of registrant as specified in its charter)

Kansas

(State or other jurisdiction of
incorporation or organization)

48-0290150

(I.R.S. Employer
Identification Number)

818 South Kansas Avenue, Topeka, Kansas 66612 (785) 575-6300

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

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

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

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

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

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

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

Common Stock, par value \$5.00 per share

(Class)

109,029,629 shares

(Outstanding at October 22, 2009)

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FORWARD-LOOKING STATEMENTS

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

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

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

- regulated and competitive markets,
- economic and capital market conditions, including the impact of changes in interest rates and the cost and availability of capital,
- inflation,
- execution of our planned capital expenditure program,
- performance of our generating plants,
- changes in accounting requirements and other accounting matters,
- changing weather,
- the impact of the formation of regional transmission organizations and independent system operators such as the Southwest Power Pool, including changes in the energy markets in which we participate resulting from the development and implementation of real time and next day trading markets, and the effect of the retroactive repricing of transactions in such markets following execution because of changes or adjustments in market pricing mechanisms by regional transmission organizations and independent system operators,
- the impact of economic changes and downturns in the energy industry and the market for trading wholesale energy, including counterparty performance,
- the outcome of the lawsuit filed by the Department of Justice on behalf of the Environmental Protection Agency on February 4, 2009, alleging violations of the Federal Clean Air Act, and developments related to environmental matters including possible future legislative or regulatory mandates related to emissions of gases or substances, including what are now referred to as greenhouse gases,
- political, legislative, judicial and regulatory developments at the municipal, state and federal level that can affect us or our industry, including in particular those relating to environmental laws,
- the impact of our potential liability to former executive officers for unpaid compensation and the impact of claims they have made against us related to the termination of their employment,
- the outcome of the Federal Energy Regulatory Commission non-public investigation of our use of transmission service within the Southwest Power Pool,
- the impact of changes in interest rates on pension and other post-retirement and post-employment benefit liability calculations, as well as actual and assumed investment returns on invested plan assets,
- the impact of changes in estimates regarding our Wolf Creek Generating Station decommissioning obligation,
- the impact of adverse changes in market conditions potentially resulting in the need for additional funding for the nuclear decommissioning and pension trusts,

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- changes in regulation of nuclear generating facilities and nuclear materials and fuel, including possible shutdown or required modification of nuclear generating facilities,
- uncertainty regarding the establishment of interim or permanent sites for spent nuclear fuel storage and disposal,
- homeland and information security considerations,
- coal, natural gas, uranium, diesel, oil and wholesale electricity prices,
- cost, availability and timely provision of equipment, supplies, labor and fuel we need to operate our business, and
- other circumstances affecting anticipated operations, revenues and costs.

These lists are not all-inclusive because it is not possible to predict all factors. This report should be read in its entirety and in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2008. No one section of this report deals with all aspects of the subject matter and additional information on some matters that could impact our operations and financial results may be included in our Annual Report on Form 10-K for the year ended December 31, 2008. Any forward-looking statement speaks only as of the date such statement was made, and we are not obligated to update any forward-looking statement to reflect events or circumstances after the date on which such statement was made except as required by applicable laws or regulations.

GLOSSARY OF TERMS

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

<u>Abbreviation or Acronym</u>	<u>Definition</u>
2008 Form 10-K	Annual Report on Form 10-K for the year ended December 31, 2008
AFUDC	Allowance for Funds Used During Construction
ARO	Asset retirement obligation
CO₂	Carbon dioxide
Codification	FASB Accounting Standards Codification
COLI	Corporate-owned life insurance
DOJ	Department of Justice
EPA	Environmental Protection Agency
EPS	Earnings per share
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Fitch	Fitch Investors Service
GAAP	Generally Accepted Accounting Principles
IRS	Internal Revenue Service
KCC	Kansas Corporation Commission
KDHE	Kansas Department of Health and Environment
KGE	Kansas Gas and Electric Company
kV	Kilovolt
MMBtu	Millions of British Thermal Units
Moody's	Moody's Investors Service
MWh	Megawatt hours
OTC	Over-the-counter
RECA	Retail Energy Cost Adjustment
RSUs	Restricted share units
S&P	Standard & Poor's Ratings Group
SEC	Securities and Exchange Commission
SPP	Southwest Power Pool
Wolf Creek	Wolf Creek Generating Station

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WESTAR ENERGY, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)
(Unaudited)

	September 30, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,748	\$ 22,914
Accounts receivable, net of allowance for doubtful accounts of \$4,379 and \$4,810, respectively	213,434	199,116
Inventories and supplies, net	200,206	204,297
Energy marketing contracts	59,277	131,647
Taxes receivable	65,445	36,462
Deferred tax assets	13,379	16,416
Prepaid expenses	11,163	33,419
Regulatory assets	75,306	79,783
Other	15,652	19,077
Total Current Assets	<u>657,610</u>	<u>743,131</u>
PROPERTY, PLANT AND EQUIPMENT, NET	5,748,303	5,533,521
OTHER ASSETS:		
Regulatory assets	812,007	872,487
Nuclear decommissioning trust	106,063	85,555
Energy marketing contracts	11,762	25,601
Other	235,860	182,964
Total Other Assets	<u>1,165,692</u>	<u>1,166,607</u>
TOTAL ASSETS	<u>\$ 7,571,605</u>	<u>\$7,443,259</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 1,331	\$ 146,366
Short-term debt	167,232	174,900
Accounts payable	117,969	195,683
Accrued taxes	67,660	44,008
Energy marketing contracts	65,486	104,622
Accrued interest	65,757	42,142
Regulatory liabilities	33,763	31,123
Other	138,747	133,565
Total Current Liabilities	<u>657,945</u>	<u>872,409</u>
LONG-TERM LIABILITIES:		
Long-term debt, net	2,490,939	2,192,538
Obligation under capital leases	108,927	117,909
Deferred income taxes	975,380	1,004,920
Unamortized investment tax credits	128,452	59,386
Deferred gain from sale-leaseback	109,905	114,027
Accrued employee benefits	471,192	526,177
Asset retirement obligations	118,025	95,083
Energy marketing contracts	1,783	2,262
Regulatory liabilities	98,453	91,934
Other	123,183	155,612
Total Long-Term Liabilities	<u>4,626,239</u>	<u>4,359,848</u>
COMMITMENTS AND CONTINGENCIES (see Notes 7 and 8)		
TEMPORARY EQUITY	3,440	3,422
SHAREHOLDERS' EQUITY:		
Cumulative preferred stock, par value \$100 per share; authorized 600,000 shares; issued and outstanding 214,363 shares	21,436	21,436
Common stock, par value \$5 per share; authorized 150,000,000 shares; issued and outstanding 108,897,439 shares and 108,311,135 shares, respectively	544,487	541,556
Paid-in capital	1,335,901	1,326,391
Retained earnings	382,157	318,197
Total Shareholders' Equity	<u>2,283,981</u>	<u>2,207,580</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 7,571,605</u>	<u>\$7,443,259</u>

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

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

	Three Months Ended September 30,	
	2009	2008
REVENUES	\$ 528,534	\$ 574,853
OPERATING EXPENSES:		
Fuel and purchased power	141,470	220,140
Operating and maintenance	130,295	107,672
Depreciation and amortization	64,516	51,966
Selling, general and administrative	41,920	50,802
Total Operating Expenses	<u>378,201</u>	<u>430,580</u>
INCOME FROM OPERATIONS	<u>150,333</u>	<u>144,273</u>
OTHER INCOME (EXPENSE):		
Investment earnings (losses)	3,986	(2,986)
Other income	1,217	12,796
Other expense	(4,539)	(4,517)
Total Other Income	<u>664</u>	<u>5,293</u>
Interest expense	<u>41,599</u>	<u>31,920</u>
INCOME FROM OPERATIONS BEFORE INCOME TAXES	109,398	117,646
Income tax expense	<u>28,256</u>	<u>29,361</u>
NET INCOME	81,142	88,285
Preferred dividends	242	242
NET INCOME ATTRIBUTABLE TO COMMON STOCK	<u>\$ 80,900</u>	<u>\$ 88,043</u>
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING (See Note 2)	<u>\$ 0.73</u>	<u>\$ 0.80</u>
Average equivalent common shares outstanding	109,753,036	108,714,778
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.30	\$ 0.29

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

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

	Nine Months Ended September 30,	
	2009	2008
REVENUES	\$ 1,418,113	\$ 1,432,899
OPERATING EXPENSES:		
Fuel and purchased power	402,622	557,944
Operating and maintenance	392,272	354,656
Depreciation and amortization	186,544	150,467
Selling, general and administrative	143,540	136,712
Total Operating Expenses	<u>1,124,978</u>	<u>1,199,779</u>
INCOME FROM OPERATIONS	293,135	233,120
OTHER INCOME (EXPENSE):		
Investment earnings (losses)	8,516	(2,902)
Other income	5,627	22,956
Other expense	(11,441)	(11,179)
Total Other Income	<u>2,702</u>	<u>8,875</u>
Interest expense	116,769	72,920
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	179,068	169,075
Income tax expense	48,354	13,808
INCOME FROM CONTINUING OPERATIONS	130,714	155,267
Results of discontinued operations, net of tax	32,978	—
NET INCOME	163,692	155,267
Preferred dividends	727	727
NET INCOME ATTRIBUTABLE TO COMMON STOCK	<u>\$ 162,965</u>	<u>\$ 154,540</u>
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING (See Note 2):		
Basic earnings available from continuing operations	\$ 1.18	\$ 1.50
Discontinued operations, net of tax	0.30	—
Basic earnings per common share	<u>\$ 1.48</u>	<u>\$ 1.50</u>
Diluted earnings available from continuing operations	\$ 1.18	\$ 1.50
Discontinued operations, net of tax	0.30	—
Diluted earnings per common share	<u>\$ 1.48</u>	<u>\$ 1.50</u>
Average equivalent common shares outstanding	109,542,500	102,311,608
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.90	\$ 0.87

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

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

	<u>Nine Months Ended September 30,</u>	
	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net income	\$ 163,692	\$ 155,267
Discontinued operations, net of tax	(32,978)	—
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	186,544	150,467
Amortization of nuclear fuel	12,810	9,975
Amortization of deferred gain from sale-leaseback	(4,121)	(4,121)
Amortization of corporate-owned life insurance	15,746	8,616
Non-cash compensation	3,933	3,605
Net changes in energy marketing assets and liabilities	6,256	(5,790)
Accrued liability to certain former officers	1,386	(694)
Net deferred income taxes and credits	59,663	25,565
Stock-based compensation excess tax benefits	(359)	(470)
Allowance for equity funds used during construction	(4,064)	(13,365)
Changes in working capital items, net of acquisitions and dispositions:		
Accounts receivable	(14,317)	(31,962)
Inventories and supplies	4,091	(5,859)
Prepaid expenses and other	(7,042)	(47,501)
Accounts payable	(39,006)	(52,170)
Accrued taxes	28,280	84,697
Other current liabilities	74,511	(22,177)
Changes in other assets	24,485	11,237
Changes in other liabilities	(71,469)	(64,176)
Cash flows from operating activities	<u>408,041</u>	<u>201,144</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(460,779)	(709,795)
Investment in corporate-owned life insurance	(17,724)	(18,720)
Purchase of securities within the nuclear decommissioning trust fund	(36,651)	(188,959)
Sale of securities within the nuclear decommissioning trust fund	34,501	187,879
Proceeds from investment in corporate-owned life insurance	1,596	1,732
Investment in affiliated company	(800)	—
Other investing activities	2,157	1,081
Cash flows used in investing activities	<u>(477,700)</u>	<u>(726,782)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short-term debt, net	(7,668)	110,367
Proceeds from long-term debt	297,507	200,524
Retirements of long-term debt	(146,494)	(50,997)
Repayment of capital leases	(9,682)	(9,467)
Borrowings against cash surrender value of corporate-owned life insurance	8,530	62,525
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(3,422)	(2,383)
Stock-based compensation excess tax benefits	359	470
Issuance of common stock, net	3,279	292,712
Cash dividends paid	(91,916)	(79,567)
Cash flows from financing activities	<u>50,493</u>	<u>524,184</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,166)	(1,454)
CASH AND CASH EQUIVALENTS:		
Beginning of period	22,914	5,753
End of period	<u>\$ 3,748</u>	<u>\$ 4,299</u>

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

WESTAR ENERGY, INC.

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

1. DESCRIPTION OF BUSINESS

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

We provide electric generation, transmission and distribution services to approximately 684,000 customers in Kansas. Westar Energy provides these services in central and northeastern Kansas, including the cities of Topeka, Lawrence, Manhattan, Salina and Hutchinson. Kansas Gas and Electric Company (KGE), Westar Energy’s wholly owned subsidiary, provides these services in south-central and southeastern Kansas, including the city of Wichita. KGE owns a 47% interest in the Wolf Creek Generating Station (Wolf Creek), a nuclear power plant located near Burlington, Kansas. Both Westar Energy and KGE conduct business using the name Westar Energy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

We prepare our condensed consolidated financial statements in accordance with generally accepted accounting principles (GAAP) for the United States of America for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements presented in accordance with GAAP have been condensed or omitted. In our opinion, all adjustments, consisting only of normal recurring adjustments considered necessary for a fair presentation of the financial statements, have been included. We evaluated subsequent events up to the time we issued our condensed consolidated financial statements on October 29, 2009.

The accompanying condensed consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2008 (2008 Form 10-K).

Use of Management’s Estimates

When we prepare our condensed consolidated financial statements, we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of our condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an on-going basis, including those related to bad debts, inventories, valuation of commodity contracts, depreciation, unbilled revenue, investments, valuation of our energy marketing portfolio, intangible assets, forecasted fuel costs included in our retail energy cost adjustment (RECA) billed to customers, income taxes, pension and other post-retirement benefits, our asset retirement obligations (ARO) including the decommissioning of Wolf Creek, environmental issues, contingencies and litigation. Actual results may differ from those estimates under different assumptions or conditions. The results of operations for the three and nine months ended September 30, 2009, are not necessarily indicative of the results to be expected for the full year.

Allowance for Funds Used During Construction

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
	(In Thousands)			
Borrowed funds	\$ 1,003	\$ 4,581	\$3,849	\$15,269
Equity funds	787	4,165	4,064	13,365
Total	<u>\$ 1,790</u>	<u>\$ 8,746</u>	<u>\$7,913</u>	<u>\$28,634</u>
Average AFUDC Rates	3.3%	6.3%	4.3%	6.4%

Earnings Per Share

Effective January 1, 2009, we adopted guidance issued by the Financial Accounting Standards Board (FASB) for determining whether instruments granted in share-based payment transactions are participating securities. According to the provisions of this guidance, we have participating securities related to unvested restricted share units (RSUs) with nonforfeitable rights to dividend equivalents that receive dividends as declared on an equal basis with common shares. As a result, we apply the two-class method of computing basic and diluted earnings per share (EPS). We adopted this guidance with retrospective application to prior periods which resulted in a decrease in basic and diluted EPS for the three months ended September 30, 2008, from \$0.81 per share as previously reported in the third quarter 2008 Form 10-Q to \$0.80 per share as reported in this Form 10-Q. Basic EPS for the nine months ended September 30, 2008, also decreased from \$1.51 per share as previously reported in the third quarter 2008 Form 10-Q to \$1.50 per share as reported in this Form 10-Q.

Under the two-class method, we reduce net income attributable to common stock by the amount of dividends declared in the current period. We allocate the remaining earnings to common stock and RSUs to the extent that each security may share in earnings as if all of the earnings for the period had been distributed. We determine the total earnings allocated to each security by adding together the amount allocated for dividends and the amount allocated for a participation feature. To compute basic EPS, we divide the earnings allocated to common stock by the weighted average number of common shares outstanding. Diluted EPS includes the effect of potential issuances of common shares resulting from the exercise of all outstanding stock options issued pursuant to the terms of our stock-based compensations plans. We compute the dilutive effect of shares issuable under our stock-based compensation plans using the treasury stock method.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
	(Dollars in Thousands, Except Per Share Amounts)			
Income from continuing operations	\$ 81,142	\$ 88,285	\$ 130,714	\$ 155,267
Less: Preferred dividends	242	242	727	727
Income from continuing operations allocated to RSUs	299	610	531	1,233
Income from continuing operations attributable to common stock	\$ 80,601	\$ 87,433	\$ 129,456	\$ 153,307
Weighted average equivalent common shares outstanding – basic	109,753,036	108,714,778	109,542,500	102,311,608
Effect of dilutive securities:				
Employee stock options	552	746	435	797
Weighted average equivalent common shares outstanding – diluted (a)	109,753,588	108,715,524	109,542,935	102,312,405
Earnings from continuing operations per common share, basic and diluted	\$ 0.73	\$ 0.80	\$ 1.18	\$ 1.50

(a) For the three and nine months ended September 30, 2009, we did not have any antidilutive shares. For the three and nine months ended September 30, 2008, potentially dilutive shares are not included in the denominator because they are antidilutive totaled 21,300 shares for each period.

Supplemental Cash Flow Information

	Nine Months Ended September 30,	
	2009	2008
	(In Thousands)	
CASH PAID FOR (RECEIVED FROM):		
Interest on financing activities, net of amount capitalized	\$ 101,556	\$ 84,500
Income taxes, net of refunds	(9,128)	710
NON-CASH INVESTING TRANSACTIONS:		
Property, plant and equipment additions	25,939	70,766
NON-CASH FINANCING TRANSACTIONS:		
Issuance of common stock for reinvested dividends and compensation plans	8,803	9,421
Assets acquired through capital leases	1,533	3,858

New Accounting Pronouncements

We prepare our condensed consolidated financial statements in accordance with GAAP for the United States of America for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. To address current issues in accounting, regulatory bodies have issued the following new accounting pronouncements that may affect our accounting and/or disclosure.

FASB Codification

In June 2009, FASB approved its Accounting Standards Codification (Codification) as the exclusive authoritative reference for U.S. GAAP to be applied by nongovernmental entities. Securities and Exchange Commission (SEC) rules and interpretive releases are still considered authoritative GAAP for SEC registrants. The Codification, which changes the referencing of accounting standards, is effective for interim and annual reporting periods ending after September 15, 2009. We adopted the Codification effective July 1, 2009, without a material impact on our consolidated financial statements.

Variable Interest Entities

In June 2009, FASB issued guidance that changes the approach to determining a variable interest entity's primary beneficiary and requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. This guidance is effective for annual reporting periods beginning after November 15, 2009. We are currently evaluating what impact the adoption of this guidance will have on our consolidated financial statements.

Subsequent Events

In May 2009, FASB issued guidance on subsequent events that sets forth the period after the balance sheet date during which a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. This guidance is effective for interim or annual financial periods ending after June 15, 2009. We adopted this guidance without a material impact on our consolidated financial statements.

Recognition and Presentation of Other-Than-Temporary Impairments

In April 2009, FASB issued guidance that addresses the measurement and recognition of other-than-temporary impairments of investments in debt securities. The guidance also provides for changes in the presentation and disclosure requirements surrounding other-than-temporary impairments of investments in debt and equity securities. This guidance is effective for interim and annual reporting periods ending after June 15, 2009. We adopted this guidance effective April 1, 2009, without a material impact on our consolidated financial statements.

Employers' Disclosures about Post-retirement Benefit Plan Assets

In December 2008, FASB issued guidance that requires enhanced disclosures about the plan assets of defined benefit pension and other post-retirement benefit plans. These disclosures include how investment allocation decisions are made, the factors pertinent to understanding investment policies and strategies, the fair value of each major category of plan assets for pension plans and other post-retirement benefit plans separately, the inputs and valuation techniques used to measure the fair value of plan assets, the effect of fair value measurements using significant unobservable inputs on changes in plan assets and significant concentrations of risk within plan assets. This guidance is effective for fiscal years ending after December 15, 2009. We are currently evaluating what impact the adoption of this guidance will have on our consolidated financial statements.

Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities

In June 2008, FASB issued guidance for determining whether instruments granted in share-based payment transactions are participating securities. The guidance provides that all outstanding unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents are participating securities and shall be included in the computation of EPS pursuant to the two-class method. This guidance is effective for fiscal years beginning after December 15, 2008, with retrospective application to prior periods. We adopted this guidance effective January 1, 2009. See "—Earnings Per Share" above for additional information.

Disclosures about Derivative Instruments and Hedging Activities

In March 2008, FASB issued guidance that requires expanded disclosure to help investors better understand how derivative instruments and hedging activities affect an entity's financial position, financial performance and cash flows. The guidance amends and expands the disclosure requirements related to derivative instruments and hedging activities by requiring qualitative disclosure about objectives and strategies for using derivatives, quantitative disclosure about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. This guidance is effective for fiscal years beginning after November 15, 2008. We adopted this guidance effective January 1, 2009. See Note 3, "Financial and Derivative Instruments, Trading Securities, Energy Marketing and Risk Management," for additional information.

Fair Value Measurements

In September 2006, FASB issued guidance that defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. This guidance is effective for fiscal years beginning after November 15, 2007, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. We adopted the guidance for financial assets and liabilities recognized at fair value on a recurring basis effective January 1, 2008, and for non-financial assets and liabilities recognized at fair value on a nonrecurring basis effective January 1, 2009. The adoption of this guidance did not have a material impact on our consolidated financial statements. See Note 3, “Financial and Derivative Instruments, Trading Securities, Energy Marketing and Risk Management,” for additional information.

In April 2009, FASB issued guidance on two separate fair value issues. Both of the releases are effective for interim and annual reporting periods ending after June 15, 2009, and we adopted both of them effective April 1, 2009. One of the releases provides guidance for determining fair value when the volume and level of activity for an asset or liability have significantly decreased and for identifying transactions that are not orderly. We adopted this guidance without a material impact on our consolidated financial statements. The other release requires disclosures about the fair value of financial instruments in interim reporting periods as well as in annual financial statements. See Note 3, “Financial and Derivative Instruments, Trading Securities, Energy Marketing and Risk Management,” for additional information.

3. FINANCIAL AND DERIVATIVE INSTRUMENTS, TRADING SECURITIES, ENERGY MARKETING AND RISK MANAGEMENT

Values of Financial and Derivative Instruments

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

Most of our investments in equity, debt and commodity instruments are recorded at fair value using quoted market prices or valuation models utilizing observable market data when available. A portion of our investments is comprised of private equity investments, debt or real estate securities that require significant unobservable market information to measure the fair value of the investments. The fair value of private equity investments is initially measured at cost or at the value derived from subsequent financing with adjustments when actual performance differs significantly from expected performance; when market, economic or company-specific conditions change; or when other news or events have a material impact on the security. Debt investments for which we apply unobservable information to measure fair value are principally invested in mortgage-backed securities and collateralized loans. These investments are measured at fair value using subjective estimates such as projected cash flows and future interest rates. Real estate securities are measured at fair value using market discount rates, projected cash flows and the estimated value into perpetuity.

Energy marketing contracts can be exchange-traded or over-the-counter (OTC). Fair value measurements of exchange-traded contracts typically utilize quoted prices in active markets. OTC contracts are valued using market transactions and other market evidence whenever possible, including market-based inputs to models, model calibration to market clearing transactions or alternative pricing sources with reasonable levels of price transparency. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, nonperformance risk, measures of volatility and correlations of such inputs. Certain OTC contracts trade in less liquid markets with limited pricing information and the determination of fair value for these derivatives is inherently more subjective. In these situations, management estimations are a significant input. See “—Recurring Fair Value Measurements” and “—Derivative Instruments” below for additional information.

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We measure fair value based on information available as of the measurement date. The following table provides the carrying values and measured fair values of our financial instruments as of September 30, 2009.

	<u>Carrying Value</u>	<u>Fair Value</u>
	<u>(In Thousands)</u>	
Fixed-rate debt, net of current maturities	\$ 2,323,723	\$2,442,027

Recurring Fair Value Measurements

GAAP establishes a hierarchal framework for disclosing the transparency of the inputs utilized in measuring assets and liabilities at fair value. The three levels of the hierarchy and examples are as follows:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities. The types of assets and liabilities included in level 1 are highly liquid and actively traded instruments with quoted prices, such as equities listed on public exchanges and exchange-traded futures contracts.
- Level 2 – Pricing inputs are not quoted prices in active markets, but are either directly or indirectly observable. The types of assets and liabilities included in level 2 are typically either comparable to actively traded securities or contracts, such as treasury securities with pricing interpolated from recent trades of similar securities, or priced with models using highly observable inputs, such as commodity options priced using observable forward prices and volatilities.
- Level 3 – Significant inputs to pricing have little or no transparency. The types of assets and liabilities included in level 3 are those with inputs requiring significant management judgment or estimation, such as the complex and subjective models and forecasts used to determine the fair value of options, real estate investments and long-term fuel supply contracts.

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	(In Thousands)			
As of September 30, 2009				
Assets:				
Energy Marketing Contracts	\$10,183	\$ 41,063	\$19,793	\$ 71,039
Nuclear Decommissioning Trust:				
Equity securities	42,501	27,606	1,858	71,965
Debt securities	16,806	5,454	5,048	27,308
Real estate securities	—	—	3,635	3,635
Commodities	1,730	—	—	1,730
Cash equivalents	1,425	—	—	1,425
Total Nuclear Decommissioning Trust	<u>62,462</u>	<u>33,060</u>	<u>10,541</u>	<u>106,063</u>
Trading Securities:				
Equity securities	—	21,536	—	21,536
Debt securities	—	—	11,649	11,649
Total Trading Securities	<u>—</u>	<u>21,536</u>	<u>11,649</u>	<u>33,185</u>
Total Assets Measured at Fair Value	<u>\$72,645</u>	<u>\$ 95,659</u>	<u>\$41,983</u>	<u>\$210,287</u>
Liabilities:				
Energy Marketing Contracts	\$10,569	\$ 40,067	\$16,633	\$ 67,269
As of December 31, 2008				
Assets:				
Energy Marketing Contracts	\$ 1,600	\$104,821	\$50,827	\$157,248
Nuclear Decommissioning Trust:				
Equity securities	31,875	20,511	2,006	54,392
Debt securities	12,622	10,013	—	22,635
Real estate securities	—	—	6,028	6,028
Commodities	1,459	—	—	1,459
Cash equivalents	1,041	—	—	1,041
Total Nuclear Decommissioning Trust	<u>46,997</u>	<u>30,524</u>	<u>8,034</u>	<u>85,555</u>
Trading Securities (a):				
Equity securities	13,420	—	—	13,420
Debt securities	—	9,503	—	9,503
Total Trading Securities	<u>13,420</u>	<u>9,503</u>	<u>—</u>	<u>\$ 22,923</u>
Total Assets Measured at Fair Value	<u>\$62,017</u>	<u>\$144,848</u>	<u>\$58,861</u>	<u>\$265,726</u>
Liabilities:				
Energy Marketing Contracts	\$ 1,594	\$ 99,004	\$ 6,286	\$106,884

(a) Does not include cash and cash equivalents recorded at cost.

We do not offset the fair value of energy marketing contracts executed with the same counterparty. As of September 30, 2009, we have recorded \$2.2 million for our right to reclaim cash collateral and \$0.2 million for our obligation to return cash collateral. As of December 31, 2008, we had recorded \$5.1 million for our right to reclaim cash collateral and \$4.5 million for our obligation to return cash collateral.

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The following table provides a reconciliation of assets and liabilities measured at fair value using significant level 3 inputs for the three and nine months ended September 30, 2009.

	Energy Marketing Contracts, net	Nuclear Decommissioning Trust			Trading Securities Debt	Net Balance
		Equity	Debt	Real Estate Securities		
(In Thousands)						
Balance as of June 30, 2009	\$ 2,634	\$1,791	\$4,684	\$ 3,930	\$10,211	\$ 23,250
Total realized and unrealized gains (losses) included in:						
Earnings (a)	1,748	—	—	—	731	2,479
Regulatory assets	(5,423)(b)	—	—	—	—	(5,423)
Regulatory liabilities	1,524 (b)	67	364	(295)	—	1,660
Purchases, issuances and settlements	2,677	—	—	—	707	3,384
Balance as of September 30, 2009	<u>\$ 3,160</u>	<u>\$1,858</u>	<u>\$5,048</u>	<u>\$ 3,635</u>	<u>\$11,649</u>	<u>\$ 25,350</u>
Balance as of December 31, 2008	\$ 44,541	\$2,006	\$ —	\$ 6,028	\$ —	\$ 52,575
Total realized and unrealized gains (losses) included in:						
Earnings (a)	2,562	—	—	—	1,403	3,965
Regulatory assets	(23,581)(b)	—	—	—	—	(23,581)
Regulatory liabilities	(16,131)(b)	(268)	751	(2,393)	—	(18,041)
Purchases, issuances and settlements	(4,231)	120	4,297	—	10,246	10,432
Balance as of September 30, 2009	<u>\$ 3,160</u>	<u>\$1,858</u>	<u>\$5,048</u>	<u>\$ 3,635</u>	<u>\$11,649</u>	<u>\$ 25,350</u>

(a) Unrealized and realized gains and losses resulting from energy marketing activities are reported in revenues. Unrealized and realized gains and losses resulting from trading securities are included in other income.

(b) Includes changes in the fair value of certain fuel supply and electricity sale contracts.

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The following table provides a reconciliation of assets and liabilities measured at fair value using significant level 3 inputs for the three and nine months ended September 30, 2008.

	Energy Marketing Contracts, net	Nuclear Decommissioning Trust		Net Balance
		Equity	Real Estate Securities	
		(In Thousands)		
Balance as of June 30, 2008	\$ 78,149	\$ 1,606	\$ 6,000	\$ 85,755
Total realized and unrealized gains (losses) included in:				
Earnings (a)	6,339	—	—	6,339
Regulatory liabilities	(29,101)(b)	60	(24)	(29,065)
Purchases, issuances and settlements	1,218	158	—	1,376
Transfers in/out	235	—	—	235
Balance as of September 30, 2008	<u>\$ 56,840</u>	<u>\$ 1,824</u>	<u>\$ 5,976</u>	<u>\$ 64,640</u>
Balance as of January 1, 2008	\$ 41,141	\$ 1,251	\$ —	\$ 42,392
Total realized and unrealized gains (losses) included in:				
Earnings (a)	(3,566)	—	—	(3,566)
Regulatory liabilities	23,197(b)	60	(24)	23,233
Purchases, issuances and settlements	(3,932)	513	6,000	2,581
Balance as of September 30, 2008	<u>\$ 56,840</u>	<u>\$ 1,824</u>	<u>\$ 5,976</u>	<u>\$ 64,640</u>

(a) Unrealized and realized gains and losses included in earnings are reported in revenues.

(b) Includes changes in the fair value of certain fuel supply and electricity sale contracts.

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A portion of the gains and losses contributing to changes in net assets in the above tables is unrealized. The following tables summarize the unrealized gains and losses we recorded on our consolidated financial statements during the three and nine months ended September 30, 2009 and 2008, attributed to level 3 assets and liabilities still held as of September 30, 2009 and 2008, respectively.

	Three Months Ended September 30, 2009					
	Energy Marketing Contracts, net	Nuclear Decommissioning Trust			Trading Securities Debt	Net Balance
		Equity	Debt	Real Estate Securities		
(In Thousands)						
Total unrealized gains (losses) included in:						
Earnings (a)	\$ 219	\$ —	\$ —	\$ —	\$ 731	\$ 950
Regulatory assets	4,641 (b)	—	—	—	—	4,641
Regulatory liabilities	(794) (b)	67	364	(295)	—	(658)
Total	\$ 4,066	\$ 67	\$ 364	\$ (295)	\$ 731	\$ 4,933

	Nine Months Ended September 30, 2009					
	Energy Marketing Contracts, net	Nuclear Decommissioning Trust			Trading Securities Debt	Net Balance
		Equity	Debt	Real Estate Securities		
(In Thousands)						
Total unrealized gains (losses) included in:						
Earnings (a)	\$ (434)	\$ —	\$ —	\$ —	\$ 1,403	\$ 969
Regulatory assets	(10,615)(b)	—	—	—	—	(10,615)
Regulatory liabilities	(16,791)(b)	(268)	751	(2,393)	—	(18,701)
Total	\$ (27,840)	\$ (268)	\$ 751	\$ (2,393)	\$ 1,403	\$ (28,347)

(a) Unrealized gains and losses included in earnings resulting from energy marketing activities are reported in revenues. Unrealized gains and losses resulting from trading securities are reported in other income.

(b) Includes changes in the fair value of certain fuel supply and electricity sale contracts.

	Energy Marketing Contracts, net	
	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2008
	(In Thousands)	
Total unrealized gains (losses) included in:		
Earnings (a)	\$ 7,536	\$ 1,284
Regulatory liabilities (b)	(26,445)	23,613
Total	\$ (18,909)	\$ 24,897

(a) Unrealized gains and losses included in earnings are reported in revenues.

(b) Regulatory liabilities include changes in the fair value of certain fuel supply and electricity sale contracts.

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Nonrecurring Fair Value Measurements

In 2009, we recorded a \$20.3 million increase in our ARO to reflect revisions to the estimated costs to decommission Wolf Creek. The increase in the ARO is measured at fair value. See Note 9, "Asset Retirement Obligations," for additional information.

Derivative Instruments

We are exposed to market risks from commodity price changes for electricity and other energy-related products and interest rates that could affect our consolidated financial statements. We manage our exposure to these market risks through our regular operating and financing activities and, when we deem appropriate, we economically hedge a portion of these risks through the use of derivative financial instruments. We use the term economic hedge to mean a strategy intended to manage risks of volatility in prices or rate movements on selected assets, liabilities or anticipated transactions by creating a relationship in which gains or losses on derivative instruments are expected to offset the losses or gains on the assets, liabilities or anticipated transactions exposed to such market risks. We do not hold derivative instruments that are designated as hedging instruments.

We engage in both financial and physical trading with the goal of increasing profits, managing our commodity price risk and enhancing system reliability. Within our energy trading portfolio, we may establish certain positions intended to economically hedge a portion of physical sale or purchase contracts and we may enter into certain positions attempting to take advantage of market trends and conditions. We use financial instruments to help us manage our contractual commitments, reduce our exposure to changes in market prices and take advantage of opportunities in the energy markets. As of September 30, 2009, we had under contract the following energy-related products.

	<u>Unit of Measure</u>	<u>Net Quantity</u>
Electricity	MWh	4,028,459
Natural Gas	MMBtu	6,876,500
Coal	Ton	4,937,500

Net open positions exist, or are established, due to the origination of new transactions and our assessment of, and response to, changing market conditions. To the extent we have net open positions, we are exposed to the risk that changing market prices could have a material adverse impact on our consolidated financial statements.

To manage our exposure to commodity price changes, we use derivative contracts for non-trading purposes. We trade various types of fuel primarily to reduce exposure relative to the volatility of commodity prices. The wholesale power and fuel markets are volatile. This degree of volatility impacts our costs of purchased power and our participation in energy trades. If we were unable to generate an adequate supply of electricity for our customers, we would purchase power in the wholesale market to the extent it is available, subject to possible transmission constraints, and/or implement curtailment or interruption procedures as permitted in our tariffs and terms and conditions of service.

Additional factors that affect our commodity price exposure are the quantity and availability of fuel used for generation and the quantity of electricity customers consume. Quantities of fossil fuel we use to generate electricity fluctuate from period to period based on availability, price and deliverability of a given fuel type, as well as planned and unscheduled outages at our generating plants that use fossil fuels. Our commodity exposure is also affected by our nuclear plant refueling schedule. Our customers' electricity usage also varies based on weather, the economy and other factors.

We classify derivative instruments that we use to manage commodity price risk inherent in fossil fuel and electricity purchases and sales as energy marketing contracts on our consolidated balance sheets. We report energy marketing contracts representing unrealized gains as assets; energy marketing contracts representing unrealized losses are reported as liabilities. With the exception of certain fuel supply and electricity sale contracts, which we record as regulatory assets or regulatory liabilities, we include the change in the fair value of energy marketing contracts in revenues on our consolidated statements of income.

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The following table presents the fair value of derivative instruments reflected on our consolidated balance sheet.

Commodity Derivatives Not Designated as Hedging Instruments as of September 30, 2009

Asset Derivatives		Liability Derivatives	
<u>Balance Sheet Location</u>	<u>Fair Value</u> (In Thousands)	<u>Balance Sheet Location</u>	<u>Fair Value</u> (In Thousands)
Current assets:		Current liabilities:	
Energy marketing contracts	\$ 59,277	Energy marketing contracts	\$ 65,486
Other assets:		Other liabilities:	
Energy marketing contracts	11,762	Energy marketing contracts	1,783
Total	\$ 71,039	Total	\$ 67,269

The following table presents how changes in the fair value of commodity derivative instruments affected our consolidated financial statements for the three and nine months ended September 30, 2009.

<u>Location</u>	<u>Three Months Ended</u> <u>September 30, 2009</u>		<u>Nine Months Ended</u> <u>September 30, 2009</u>	
	<u>Net Gain</u>	<u>Net Loss</u>	<u>Net Gain</u>	<u>Net Loss</u>
				(In Thousands)
Revenues increase	\$ 3,148	\$ —	\$ 5,665	\$ —
Regulatory assets increase	—	1,917	—	10,195
Regulatory liabilities increase (decrease)	2,551	—	—	(27,831)

In addition to commodity price risk, we are exposed to credit risks associated with the financial condition of counterparties, product location (basis) pricing differentials, physical liquidity constraint and other risks. Declines in the creditworthiness of our counterparties could have a material adverse impact on our overall exposure to credit risk. We maintain credit policies with regard to our counterparties intended to reduce our overall credit risk exposure to a level we deem acceptable and include the right to offset derivative assets and liabilities by counterparty.

We have derivative instruments with commodity exchanges and other counterparties that do not contain objective credit-risk-related contingent features. However, certain of our derivative instruments contain collateral provisions subject to credit rating agencies' assessments of our senior unsecured debt. If our senior unsecured debt ratings were to decrease or fall below investment grade, the counterparties to the derivative instruments, pursuant to such provisions, could require us to post collateral on derivative instruments. The aggregate fair value of all derivative instruments with objective credit-risk-related contingent features that were in a liability position as of September 30, 2009, was \$3.2 million, for which we had posted no collateral. If all credit-risk-related contingent features underlying these agreements had been triggered as of September 30, 2009, we would have been required to provide to our counterparties \$2.6 million of additional collateral after taking into consideration the offsetting impact of derivative assets and net accounts receivable.

4. RATE MATTERS AND REGULATION

KCC Proceedings

Changes in Prices

On January 21, 2009, the Kansas Corporation Commission (KCC) issued an order designed to increase our annual retail prices by \$130.0 million. The new prices became effective on February 3, 2009.

On March 6, 2009, the KCC issued an order allowing us to adjust our prices to include updated transmission costs attributable to the retail portion of our transmission service. This change went into effect on March 13, 2009, and was designed to increase our annual retail revenues by \$31.8 million.

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On May 29, 2009, the KCC issued an order allowing us to adjust our prices to include costs associated with environmental investments made in 2008. This change went into effect on June 1, 2009, and was designed to increase our annual retail revenues by \$32.5 million.

On September 11, 2009, the KCC issued an order allowing us to establish a regulatory asset or liability to track the cumulative difference between current year pension and post-retirement benefits expense and the amount of such expense recognized in setting our prices. This change was effective as of January 1, 2009, resulting in a \$5.1 million net regulatory asset as well as a corresponding decrease in expense.

We filed an abbreviated rate case application with the KCC on June 2, 2009, designed to increase our retail prices by \$19.7 million per year. This increase represents costs associated with our remaining investments in natural gas and wind generation facilities that were not included in the price increase approved by the KCC in its January 21, 2009, order mentioned above. On September 30, 2009, the KCC staff filed its testimony in the case using updated figures from our filing and recommended an increase of \$17.1 million, with which we largely agree. We expect the KCC to issue an order in this proceeding early next year.

FERC Proceedings

In July and August 2009, the Federal Energy Regulatory Commission (FERC) approved our requests to implement a cost-based formula rate for two of our wholesale full-requirements customers. The use of a cost-based formula rate allows for more timely recognition in rates changes in our cost of service. On September 28, 2009, we filed an application for authority to implement a cost-based formula rate schedule for our wholesale customers which is practically identical to the formula approved for the two customers referenced above. We have proposed an effective date of December 1, 2009.

5. DEBT FINANCINGS

On October 15, 2009, KGE refinanced \$50.0 million of auction rate bonds at a fixed interest rate of 5.00% and a maturity date of June 1, 2031.

On August 3, 2009, we repaid \$145.1 million principal amount of 7.125% unsecured senior notes with borrowings under Westar Energy's revolving credit facility.

On June 11, 2009, KGE issued \$300.0 million principal amount of first mortgage bonds at a discount yielding 6.725%, bearing stated interest at 6.70% and maturing on June 15, 2019. Net proceeds of \$297.5 million were used to repay borrowings under Westar Energy's revolving credit facility, with those borrowed amounts principally related to investments in capital equipment.

In addition, KGE amended its Mortgage and Deed of Trust, dated April 1, 1940, as supplemented, in June 2009 to increase the maximum amount of KGE first mortgage bonds authorized to be issued from \$2.0 billion to \$3.5 billion.

6. TAXES

We recorded income tax expense of \$28.3 million with an effective income tax rate of 26% for the three months ended September 30, 2009, and income tax expense of \$29.4 million with an effective income tax rate of 25% for the same period of 2008; and income tax expense of \$48.4 million with an effective income tax rate of 27% for the nine months ended September 30, 2009, and an income tax expense of \$13.8 million with an effective income tax rate of 8% for the same period of 2008. The increase in the effective income tax rate for the nine months ended September 30, 2009, was due primarily to the recognition of previously unrecognized income tax benefits during the first quarter of 2008 as discussed below.

In February 2008, we reached a settlement with the Internal Revenue Service (IRS) for 1995 through 2002 on issues related principally to the method used to capitalize overheads to electric plant. This settlement resulted in a net earnings benefit of approximately \$39.4 million, including interest, in the first quarter of 2008 due to the recognition of previously unrecognized income tax benefits.

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In January 2009, the Joint Committee on Taxation of the U.S. Congress approved a settlement with the IRS Office of Appeals regarding the re-characterization of a portion of the loss we incurred on the sale of Protection One, Inc., a former subsidiary, from a capital loss to an ordinary loss. The settlement involved a determination of the amount of the net capital loss and net operating loss carryforwards available as of December 31, 2004, to offset income in years after 2004. On March 31, 2009, we filed amended federal income tax returns for years 2005, 2006 and 2007 to claim a portion of the tax benefits from the net operating loss carryforward. We expect to realize the remainder of the tax benefits from the net operating loss carryforward in future years. Under an agreement relating to the sale transaction, this settlement will result in our making a payment to Protection One in an amount equal to 50% of the net tax benefit (less certain adjustments) that we receive from the net operating loss carryforward arising from the sale. We recorded a non-cash net earnings benefit of approximately \$33.0 million, net of the amount we have determined we owe Protection One under the aforementioned agreement, in discontinued operations in the first quarter of 2009 in recognition of this settlement.

In April 2009, the IRS commenced examinations of our 2007 federal income tax return and the amended federal income tax returns we filed for prior years.

At December 31, 2008, our liability for unrecognized income tax benefits (including amounts claimed on amended returns filed in 2007) was \$92.1 million. During the first quarter of 2009, unrecognized income tax benefits decreased from \$92.1 million to \$8.0 million. The net decrease in unrecognized income tax benefits was attributable primarily to the recognition of \$31.8 million of unrecognized income tax benefits (net of credit carryforwards of \$24.0 million utilized on settlement of the uncertain income tax positions) due to the completion of the IRS examination of years 2003 and 2004 and the resulting approval by the Joint Committee on Taxation of the U.S. Congress of our settlement with the IRS Office of Appeals regarding the re-characterization of the loss incurred on the sale of Protection One, Inc. At September 30, 2009, the liability related to unrecognized income tax benefits was \$8.3 million. We do not believe that it is reasonably possible that there will be a significant change in the liability for unrecognized income tax benefits in the next 12 months. Included in this unrecognized income tax benefits balance was \$2.1 million (net of tax) of tax positions, which if recognized, would favorably impact our effective income tax rate.

At September 30, 2009, and December 31, 2008, we had accrued \$1.6 million and \$3.8 million, respectively, for interest on our liability related to unrecognized income tax benefits. The decrease was attributable to the reduction in the liability for unrecognized income tax benefits. We had accrued no penalties as of either September 30, 2009, or December 31, 2008.

As of September 30, 2009, and December 31, 2008, we maintained reserves of \$3.9 million and \$3.5 million, respectively, for probable assessments of taxes other than income taxes.

7. COMMITMENTS AND CONTINGENCIES

Environmental Projects

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

The environmental cost recovery rider allows for the more timely inclusion in retail prices the costs of capital expenditures associated with environmental improvements, including those required by the Federal Clean Air Act. In order to change our prices to recognize increased operating and maintenance costs, however, we must still file a general rate case with the KCC.

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On February 28, 2008, we reached an agreement with the Kansas Department of Health and Environment (KDHE) to implement a plan to install new equipment to reduce regulated emissions from our generating fleet. The projects are designed to meet requirements of the Clean Air Visibility Rule and significantly reduce plant emissions.

While an earlier issued EPA rule on mercury was vacated by a U.S. Court of Appeals ruling, we believe that mercury emissions will still be subject to strict future regulations and our costs to comply with these requirements could be material.

EPA Lawsuit

Under Section 114(a) of the Federal Clean Air Act, the EPA is conducting investigations nationwide to determine whether modifications at coal-fired power plants are subject to the New Source Review permitting program or New Source Performance Standards. These investigations focus on whether projects at coal-fired plants were routine maintenance or whether the projects were substantial modifications that could reasonably have been expected to result in a significant net increase in emissions. The New Source Review program requires companies to obtain permits and, if necessary, install control equipment to address emissions when making a major modification or a change in operation if either is expected to cause a significant net increase in emissions.

On January 22, 2004, the EPA notified us that certain projects completed at Jeffrey Energy Center violated certain requirements of the New Source Review program. On February 4, 2009, the Department of Justice (DOJ), on behalf of the EPA, filed a lawsuit against us in U.S. District Court in the District of Kansas asserting substantially the same claims. The court has entered a scheduling order that provides for a trial ready date of April 2011. A decision in favor of the DOJ and EPA, or a settlement prior to such a decision, if reached, could require us to update or install additional emissions controls at Jeffrey Energy Center. Additionally, we might be required to update or install emissions controls at our other coal-fired plants, pay fines or penalties or take other remedial action. Our ultimate costs to resolve this lawsuit could be material. We believe that costs related to updating or installing emissions controls would qualify for recovery in the prices we are allowed to charge our customers. However, if a penalty is assessed against us, the penalty could be material and possibly may not be recovered in prices. We expect to incur substantial legal fees and expenses related to the defense of this lawsuit. We are not able to estimate the possible loss or range of loss at this time.

FERC Investigation

We continue to respond to a non-public investigation by FERC of our use of transmission service between July 2006 and February 2008. On May 7, 2009, FERC staff advised us that it had preliminarily concluded that we improperly used secondary network transmission service to facilitate off-system wholesale power sales in violation of applicable FERC orders and Southwest Power Pool (SPP) tariffs. FERC staff alleges we received \$14.3 million of unjust profits through such activities. We believe that our use of transmission service was in compliance with FERC orders and SPP tariffs. We have sent a response to FERC staff disputing both the legal basis for its allegations and their factual underpinnings. We are unable to predict the outcome of this investigation or its impact on our consolidated financial statements, but an adverse outcome could result in refunds and fines, the amounts of which could be material, and potentially could alter the manner in which we are permitted to buy and sell energy and use transmission service.

Manufactured Gas Sites

We have been identified as being partially responsible for remediating a number of former manufactured gas sites located in Kansas and Missouri. We and the KDHE entered into a consent agreement governing all future work at the Kansas sites. Under the terms of the consent agreement, we agreed to investigate and, if necessary, remediate these sites. Pursuant to an environmental indemnity agreement with ONEOK, Inc., the current owner of some of the sites, ONEOK assumed total liability for remediation of seven sites and we share liability for remediation with ONEOK for five sites. Our total liability for the five shared sites is capped at \$3.8 million. We have sole responsibility for remediation with respect to three sites.

Our liability for the former manufactured gas sites identified in Missouri is limited to \$7.5 million by the terms of an environmental indemnity agreement with the purchaser of our former Missouri assets.

8. LEGAL PROCEEDINGS

In late 2002, two of our executive officers resigned or were placed on administrative leave from their positions. Our board of directors determined that their employment was terminated for cause. In June 2003, we filed a demand for arbitration with the American Arbitration Association asserting claims against them arising out of their previous employment and seeking to avoid payment of compensation not yet paid to them under various plans and agreements. They filed counterclaims against us alleging substantial damages related to the termination of their employment. As of September 30, 2009, we had accrued liabilities of \$76.6 million for compensation not yet paid to them and \$6.7 million for legal fees and expenses they have incurred. As of December 31, 2008, we had accrued liabilities of \$74.9 million for compensation not yet paid to them and \$6.8 million for legal fees and expenses they have incurred. The arbitration has been stayed pending final resolution of criminal charges filed by the United States Attorney's Office against them in U.S. District Court in the District of Kansas. We intend to vigorously defend against the counterclaims they filed in the arbitration. We are unable to predict the ultimate impact of this matter on our consolidated financial statements.

We and our subsidiaries are involved in various other legal, environmental and regulatory proceedings. We believe that adequate provisions have been made and accordingly believe that the ultimate disposition of such matters will not have a material adverse effect on our consolidated financial statements.

See also Note 7, "Commitments and Contingencies."

9. ASSET RETIREMENT OBLIGATIONS

Wolf Creek files a nuclear decommissioning study with the KCC every three years. In 2009, we recorded a \$20.3 million increase in our ARO to reflect revisions to the estimated costs to decommission Wolf Creek. The increase in the ARO is measured at fair value. The fair value of the ARO is measured by estimating the cost to decommission Wolf Creek at the end of its license life then discounting that value at a risk- and inflation-adjusted rate. To determine the cost to decommission Wolf Creek at the end of its license life, we must estimate the cost of basic inputs such as labor, energy, materials and burial, and the probability that costs may change. To determine the appropriate discount rate, we use inputs such as inflation rates, short and long-term yields for U.S. government securities and our nonperformance risk. Due to the significant unobservable inputs required in our measurement, we have determined that this ARO is a level 3 liability in the fair value hierarchy.

The change in the balance of our ARO liability from December 31, 2008, through September 30, 2009, is summarized in the following table.

Balance as of December 31, 2008	\$ 95,083
Liabilities incurred	1,288
Liabilities settled	(1,693)
Accretion expense	3,005
Increase in nuclear decommissioning ARO liability	20,342
Balance as of September 30, 2009	<u>\$118,025</u>

10. INTERIM PENSION AND POST-RETIREMENT BENEFIT DISCLOSURE

The following table summarizes the net periodic costs for the Westar Energy pension and post-retirement benefit plans.

<u>Three Months Ended September 30,</u>	<u>Pension Benefits</u>		<u>Post-retirement Benefits</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(In Thousands)			
Components of Net Periodic Cost (Benefit):				
Service cost	\$ 3,790	\$ 2,436	\$ 343	\$ 334
Interest cost	9,503	8,890	1,206	1,719
Expected return on plan assets	(9,518)	(10,123)	(1,174)	(1,395)
Amortization of unrecognized:				
Transition obligation, net	—	—	968	983
Prior service costs	669	640	390	353
Actuarial loss (gain), net	3,567	2,141	(667)	(24)
Net periodic cost	\$ 8,011	\$ 3,984	\$ 1,066	\$ 1,970
	(In Thousands)			
	<u>Pension Benefits</u>		<u>Post-retirement Benefits</u>	
<u>Nine Months Ended September 30,</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Components of Net Periodic Cost (Benefit):				
Service cost	\$ 9,662	\$ 7,576	\$ 1,147	\$ 1,084
Interest cost	28,621	26,844	5,188	5,727
Expected return on plan assets	(28,369)	(30,248)	(3,567)	(3,521)
Amortization of unrecognized:				
Transition obligation, net	—	—	2,934	2,949
Prior service costs	2,001	1,912	1,185	1,059
Actuarial loss (gain), net	10,697	6,311	(29)	678
Net periodic cost	\$ 22,612	\$ 12,395	\$ 6,858	\$ 7,976

As a result of guidance issued by the U.S. Department of the Treasury clarifying the assumptions underlying Westar Energy's pension plan, we contributed \$37.3 million to the plan in 2009 compared to \$51.9 million we earlier indicated in our 2008 Form 10-K. We do not plan to make additional contributions to Westar Energy's pension plan for the remainder of this year.

11. WOLF CREEK INTERIM PENSION AND POST-RETIREMENT BENEFIT DISCLOSURE

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

<u>Three Months Ended September 30,</u>	<u>Pension Benefits</u>		<u>Post-retirement Benefits</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(In Thousands)			
Components of Net Periodic Cost:				
Service cost	\$ 976	\$ 855	\$ 40	\$ 51
Interest cost	1,669	1,420	139	129
Expected return on plan assets	(1,365)	(1,177)	—	—
Amortization of unrecognized:				
Transition obligation, net	15	14	14	14
Prior service costs	10	14	—	—
Actuarial loss, net	710	424	75	58
Net periodic cost	\$ 2,015	\$ 1,550	\$ 268	\$ 252

<u>Nine Months Ended September 30,</u>	<u>Pension Benefits</u>		<u>Post-retirement Benefits</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(In Thousands)			
Components of Net Periodic Cost:				
Service cost	\$ 2,733	\$ 2,565	\$ 141	\$ 152
Interest cost	4,801	4,260	404	388
Expected return on plan assets	(3,732)	(3,530)	—	—
Amortization of unrecognized:				
Transition obligation, net	43	42	43	43
Prior service costs	32	42	—	—
Actuarial loss, net	1,903	1,272	193	173
Net periodic cost	\$ 5,780	\$ 4,651	\$ 781	\$ 756

As a result of guidance issued by the U.S. Department of the Treasury clarifying the assumptions underlying Wolf Creek's pension plan, we funded \$7.3 million of the plan in 2009 compared to \$11.8 million we earlier indicated in our 2008 Form 10-K. We do not expect to fund any more of Wolf Creek's pension plan this year.

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

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

INTRODUCTION

We are the largest electric utility in Kansas. We produce, transmit and sell electricity at retail in Kansas and at wholesale in a multi-state region in the central United States under the regulation of the KCC and FERC.

In Management's Discussion and Analysis, we discuss our general financial condition, significant changes that occurred during 2009 and our operating results for the three and nine months ended September 30, 2009 and 2008. As you read Management's Discussion and Analysis, please refer to our condensed consolidated financial statements and the accompanying notes, which contain our operating results.

SUMMARY OF SIGNIFICANT ITEMS

Weather

The weather in our service territory during the third quarter of 2009 was the coolest in over 40 years. As measured by cooling degree days, the weather during this period was 14% cooler than the same period last year and 27% cooler than the 20-year average. The unusual third quarter weather also resulted in much cooler weather for the nine months ended September 30, 2009. During this nine month period, the weather was 4% cooler than the same period last year and 13% cooler than the 20-year average. The cooler weather was a key contributor to the decrease in residential and commercial megawatt hour (MWh) sales for both the three and nine months ended September 30, 2009.

Relationship between Revenues and Fuel and Purchased Power Expense

We adjust our retail prices to reflect changes in the costs of fuel and purchased power needed to serve our retail customers. Changes in fuel and purchased power costs are offset in revenues with a minimal impact on net income. As a result, when fuel and purchased power costs change, we are allowed to adjust our retail prices to reflect the change in costs.

Changes in Net Income

Net income for the three months ended September 30, 2009, decreased \$7.1 million compared to the same period last year due primarily to lower MWh sales and lower average wholesale prices. Retail MWh sales were 7% lower than last year due principally to cooler weather and the effects of recessionary conditions particularly impacting our industrial MWh sales. Higher operating and maintenance and depreciation expense of \$22.6 million and \$12.6 million, respectively, also contributed to the decrease in net income for the three months ended September 30, 2009.

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Net income for the nine months ended September 30, 2009, increased \$8.4 million compared to the same period last year due primarily to higher retail revenues. Retail revenues increased \$41.6 million for the nine months ended September 30, 2009, primarily as a result of price increases authorized by the KCC. Offsetting price increases were lower retail MWh sales. Retail MWh sales declined 5% for the nine months ended September 30, 2009, due primarily to the effects of recessionary conditions particularly impacting our industrial MWh sales and cooler weather. Higher expenses and significantly reduced wholesale revenues also served to offset partially the price increases.

In January 2009, we reached a settlement with the IRS for 2003 and 2004 associated with re-characterizing a portion of the loss we incurred on the sale of Protection One from a capital loss to an ordinary loss. This settlement resulted in a first quarter 2009 net earnings benefit from discontinued operations of approximately \$33.0 million, net of the amounts due to Protection One pursuant to an agreement related to the sale transaction. We did not record a similar benefit from discontinued operations for the nine months ended September 30, 2008.

During the first quarter of 2008, we reached a settlement with the IRS for 1995 through 2002 regarding issues principally related to the method used to capitalize overheads to electric plant. This settlement resulted in a first quarter 2008 net earnings benefit from continuing operations of approximately \$39.4 million, including interest. This settlement also reduced our assessment of uncertain income tax liabilities; therefore, we reversed \$17.8 million of accrued interest related to uncertain income tax liabilities in the first quarter of 2008. Ultimately, this settlement resulted in a substantial income tax benefit that significantly reduced interest expense for the nine months ended September 30, 2008. We did not record a similar settlement in continuing operations during the same period this year, and, as a result, report much higher income tax and interest expense for the nine months ended September 30, 2009. Also contributing to the increase in interest expense for the three and nine months ended September 30, 2009, was interest on additional debt issued to fund capital investments.

Increases in Prices

On January 21, 2009, the KCC issued an order designed to increase our annual retail prices by \$130.0 million. The new prices became effective on February 3, 2009.

On March 6, 2009, the KCC issued an order allowing us to adjust our prices to include updated transmission costs attributable to the retail portion of our transmission service. This change went into effect on March 13, 2009, and was designed to increase our annual retail revenues by \$31.8 million.

On May 29, 2009, the KCC issued an order allowing us to adjust our prices to include costs associated with environmental investments made in 2008. This change went into effect on June 1, 2009, and was designed to increase our annual retail revenues by \$32.5 million.

Reduction in Planned Capital Expenditures

Due to the continued volatility in the capital markets and higher capital costs generally, in particular the cost of equity, we have reduced our anticipated capital expenditures for 2010 and 2011 by \$366.8 million and \$134.1 million, respectively, from what we reported as our expectations in our 2008 Form 10-K. See “—Future Cash Requirements” below for additional information.

CURRENT TRENDS

Energy Marketing

Conditions in the wholesale energy markets have made it more difficult for us to produce energy marketing margins at levels to which we have been historically accustomed. We expect these conditions to persist. As a result, we anticipate lower energy marketing margins during the remainder of the year and beyond. Wholesale power market conditions include: low electricity prices relative to historical levels, lower natural gas prices, reduced demand for electricity in general and, due to an increase in the number of parties transacting through exchanges and power pools, fewer customers willing to enter into bilateral wholesale energy contracts.

CRITICAL ACCOUNTING ESTIMATES

Our discussion and analysis of financial condition and results of operations are based on our consolidated financial statements, which have been prepared in conformity with GAAP. Note 2 of the Notes to Condensed Consolidated Financial Statements, "Summary of Significant Accounting Policies," contains a summary of our significant accounting policies, many of which require the use of estimates and assumptions by management. The policies highlighted in our 2008 Form 10-K have an impact on our reported results that may be material due to the levels of judgment and subjectivity necessary to account for uncertain matters or their susceptibility to change.

In 2009, we recorded a \$20.3 million increase in our ARO to reflect revisions to the estimated costs to decommission Wolf Creek. See Note 9 of the Notes to Condensed Consolidated Financial Statements, "Asset Retirement Obligations," for additional information.

From December 31, 2008 through September 30, 2009, we have not experienced any other significant changes in our critical accounting estimates. For additional information, see our 2008 Form 10-K.

OPERATING RESULTS

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

Retail: Sales of energy made to residential, commercial and industrial customers.

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

Wholesale: Sales of energy to electric cooperatives, municipalities and other electric utilities, the prices for which are generally either based on cost or based on prevailing market prices as prescribed by FERC authority. This category also includes changes in valuations of contracts for the sale of such energy that have yet to settle. Margins realized from these sales serve to lower our retail prices.

Energy marketing: Includes: (i) transactions based on market prices and volumes generally unrelated to the production of our generating assets; (ii) financially settled products and physical transactions sourced outside of our control area; (iii) fees we earn for marketing services that we provide for third parties; and (iv) changes in valuations of contracts related to such transactions that have yet to settle.

Transmission: Reflects transmission revenues, including those based on tariffs with the SPP.

Other: Miscellaneous electric revenues including ancillary service revenues and rent from electric property leased to others.

Electric utility revenues are significantly impacted by such things as rate regulation, customer conservation efforts, the economy of our service area and competitive forces. Changing weather also affects the amount of electricity customers use. Hot summer temperatures and cold winter temperatures prompt more demand, especially among our residential customers. Mild weather serves to reduce customer demand. Our wholesale revenues are impacted by, among other factors, demand, cost and availability of fuel and purchased power, price volatility, available generation capacity and transmission availability.

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Three and Nine Months Ended September 30, 2009, Compared to Three and Nine Months Ended September 30, 2008

Below we discuss our operating results for the three and nine months ended September 30, 2009, compared to the results for the three and nine months ended September 30, 2008. Significant changes in results of operations shown in the table immediately below are further explained in the descriptions that follow.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009	2008	Change	% Change	2009	2008	Change	% Change
	(Dollars In Thousands, Except Per Share Amounts)				(Dollars In Thousands, Except Per Share Amounts)			
REVENUES:								
Residential	\$ 179,012	\$ 183,344	\$ (4,332)	(2.4)	\$ 447,970	\$ 414,919	\$ 33,051	8.0
Commercial	156,509	156,265	244	0.2	410,031	382,010	28,021	7.3
Industrial	81,936	89,643	(7,707)	(8.6)	223,422	230,025	(6,603)	(2.9)
Other retail	(58)	(6,938)	6,880	99.2	(18,322)	(5,476)	(12,846)	(234.6)
Total Retail Revenues	417,399	422,314	(4,915)	(1.2)	1,063,101	1,021,478	41,623	4.1
Wholesale	70,383	114,566	(44,183)	(38.6)	221,779	305,490	(83,711)	(27.4)
Energy marketing	2,013	8,845	(6,832)	(77.2)	15,720	12,539	3,181	25.4
Transmission (a)	32,833	22,946	9,887	43.1	100,902	74,710	26,192	35.1
Other	5,906	6,182	(276)	(4.5)	16,611	18,682	(2,071)	(11.1)
Total Revenues	528,534	574,853	(46,319)	(8.1)	1,418,113	1,432,899	(14,786)	(1.0)
OPERATING EXPENSES:								
Fuel and purchased power	141,470	220,140	(78,670)	(35.7)	402,622	557,944	(155,322)	(27.8)
Operating and maintenance	130,295	107,672	22,623	21.0	392,272	354,656	37,616	10.6
Depreciation and amortization	64,516	51,966	12,550	24.2	186,544	150,467	36,077	24.0
Selling, general and administrative	41,920	50,802	(8,882)	(17.5)	143,540	136,712	6,828	5.0
Total Operating Expenses	378,201	430,580	(52,379)	(12.2)	1,124,978	1,199,779	(74,801)	(6.2)
INCOME FROM OPERATIONS	150,333	144,273	6,060	4.2	293,135	233,120	60,015	25.7
OTHER INCOME (EXPENSE):								
Investment earnings (losses)	3,986	(2,986)	6,972	233.5	8,516	(2,902)	11,418	393.5
Other income	1,217	12,796	(11,579)	(90.5)	5,627	22,956	(17,329)	(75.5)
Other expense	(4,539)	(4,517)	(22)	(0.5)	(11,441)	(11,179)	(262)	(2.3)
Total Other Income	664	5,293	(4,629)	(87.5)	2,702	8,875	(6,173)	(69.6)
Interest expense	41,599	31,920	9,679	30.3	116,769	72,920	43,849	60.1
INCOME FROM CONTINUING OPERATIONS								
BEFORE INCOME TAXES	109,398	117,646	(8,248)	(7.0)	179,068	169,075	9,993	5.9
Income tax expense	28,256	29,361	(1,105)	(3.8)	48,354	13,808	34,546	250.2
INCOME FROM CONTINUING OPERATIONS	81,142	88,285	(7,143)	(8.1)	130,714	155,267	(24,553)	(15.8)
Results of discontinued operations, net of tax	—	—	—	—	32,978	—	32,978	(b)
NET INCOME	81,142	88,285	(7,143)	(8.1)	163,692	155,267	8,425	5.4
Preferred dividends	242	242	—	—	727	727	—	—
NET INCOME ATTRIBUTABLE TO COMMON STOCK	\$ 80,900	\$ 88,043	\$ (7,143)	(8.1)	\$ 162,965	\$ 154,540	\$ 8,425	5.5
BASIC EARNINGS PER SHARE	\$ 0.73	\$ 0.80	\$ (0.07)	(8.8)	\$ 1.48	\$ 1.50	\$ (0.02)	(1.3)

(a) **Transmission:** Reflects revenue derived from an SPP network transmission tariff. For the three months ended September 30, 2009, our SPP network transmission costs were \$25.8 million. This amount, less \$2.9 million retained by the SPP as administration cost, was returned to us as revenue. For the three months ended September 30, 2008, our SPP network transmission costs were \$15.1 million. This amount, plus an additional \$1.4 million, was returned to us as revenue. For the nine months ended September 30, 2009, our SPP network transmission costs were \$79.3 million. This amount, less \$10.5 million retained by the SPP as administration cost, was returned to us as revenue. For the nine months ended September 30, 2008, our SPP network transmission costs were \$59.1 million with an administration cost of \$4.3 million retained by the SPP.

(b) Change greater than 1000%.

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	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009	2008	Change	% Change	2009	2008	Change	% Change
	(Revenues in Thousands of Dollars, Volumes in Thousands of MWh)				(Revenues in Thousands of Dollars, Volumes in Thousands of MWh)			
Residential revenues	\$ 179,012	\$ 183,344	\$(4,332)	(2.4)	\$ 447,970	\$ 414,919	\$ 33,051	8.0
Residential sales volumes	1,869	2,027	(158)	(7.8)	4,944	5,073	(129)	(2.5)
Commercial revenues	156,509	156,265	244	0.2	410,031	382,010	28,021	7.3
Commercial sales volumes	2,007	2,063	(56)	(2.7)	5,522	5,617	(95)	(1.7)
Industrial revenues	81,936	89,643	(7,707)	(8.6)	223,422	230,025	(6,603)	(2.9)
Industrial sales volumes	1,402	1,595	(193)	(12.1)	3,921	4,446	(525)	(11.8)
Other retail revenues	(58)	(6,938)	6,880	99.2	(18,322)	(5,476)	(12,846)	(234.6)
Other retail sales volumes	22	22	—	—	66	66	—	—
Total retail revenues	\$417,399	\$422,314	\$(4,915)	(1.2)	\$1,063,101	\$1,021,478	\$ 41,623	4.1
Total retail sales volumes	5,300	5,707	(407)	(7.1)	14,453	15,202	(749)	(4.9)

Retail revenues decreased for the three months ended September 30, 2009, compared to the same period last year due primarily to our having included in our prices \$45.8 million less for fuel costs and reduced retail MWh sales. Industrial MWh sales decreased due primarily to the effects of recessionary conditions, which served to reduce industrial demand for electricity. Residential and commercial MWh sales decreased due principally to cooler weather. Price increases during the past year served to offset the lower fuel costs included in our prices and decreases in MWh sales. In addition, the change in other retail revenues reflects our having had transmission refunds last year and a reduction in our refund obligation related to the recovery of fuel and purchased power costs in excess of actual costs.

Retail revenues increased for the nine months ended September 30, 2009, compared to the same period last year due primarily to increases in our prices that more than offset lower fuel costs included in our prices of \$46.1 million and reduced retail MWh sales. Industrial MWh sales decreased due principally to the effects of recessionary conditions, which served to reduce industrial demand for electricity. The decreases in residential and commercial MWh sales were attributable primarily to cooler weather. Additionally, the change in other retail revenues reflects our refund obligation related to the recovery of fuel and purchased power costs in excess of actual costs partially offset by our having had transmission refunds last year.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009	2008	Change	% Change	2009	2008	Change	% Change
	(Revenues in Thousands of Dollars, Volumes in Thousands of MWh)				(Revenues in Thousands of Dollars, Volumes in Thousands of MWh)			
Wholesale revenues	\$70,383	\$114,566	\$(44,183)	(38.6)	\$221,779	\$305,490	\$(83,711)	(27.4)
Wholesale sales volumes	2,011	2,332	(321)	(13.8)	6,578	6,808	(230)	(3.4)

Wholesale revenues decreased for the three and nine months ended September 30, 2009, compared to the same periods last year due principally to 21% lower average market prices for each period. The lower average market prices were primarily a result of reduced demand for electricity in the wholesale markets and lower natural gas prices.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009	2008	Change	% Change	2009	2008	Change	% Change
	(Dollars in Thousands)				(Dollars in Thousands)			
Energy marketing	\$ 2,013	\$ 8,845	\$(6,832)	(77.2)	\$15,720	\$12,539	\$3,181	25.4

Energy marketing decreased for the three months ended September 30, 2009, compared to the same period last year due primarily to lower demand generally, lower market prices and more customers transacting through power pools and exchanges instead of entering into bilateral agreements.

Energy marketing increased for the nine months ended September 30, 2009, compared to the same period last year due primarily to our having settled forward contracts for the sale of electricity on favorable terms in the first quarter of 2009. See “—Other Information – Energy Marketing,” below for our expectations regarding future energy marketing margins.

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	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009	2008	Change	% Change	2009	2008	Change	% Change
Fuel and purchased power	\$141,470	\$220,140	\$(78,670)	(35.7)	\$402,622	\$557,944	\$(155,322)	(27.8)

For the three and nine months ended September 30, 2009, fuel and purchased power expense decreased due principally to our having purchased less power and lower unit costs for both fuel and purchased power. During the nine month period last year, scheduled maintenance outages at some of our plants resulted in us having purchased more power from other sources. We purchased 17% and 38% less power during the three and nine months ended September 30, 2009, respectively, due primarily to reduced demand and Wolf Creek not having had a scheduled maintenance outage during the nine month period this year. This, in addition to decreases in the cost of purchased power of 33% and 45%, resulted in decreases in purchased power expense of \$9.9 million and \$79.6 million for the respective three and nine months ended September 30, 2009. Furthermore, the average cost of fuel used for generation decreased 19% and 16% for the three and nine months ended September 30, 2009, respectively. This decrease is due primarily to significantly lower costs for natural gas for both periods and Wolf Creek having produced more power during the nine month period this year. For the three and nine months ended September 30, 2009, the cost of natural gas used in our power plants decreased 53% and 56%, respectively. Another reason for lower fuel and purchased power expense during the three months ended September 30, 2009, was that we deferred \$0.4 million of fuel and purchased power expense compared to recovering \$21.8 million of previously deferred fuel expense during the same period the prior year resulting in a \$22.2 million decrease in fuel and purchased power expense.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009	2008	Change	% Change	2009	2008	Change	% Change
Operating and maintenance	\$130,295	\$107,672	\$22,623	21.0	\$392,272	\$354,656	\$37,616	10.6

Operating and maintenance expense increased for the three and nine months ended September 30, 2009, compared to the same periods last year due primarily to increases in SPP network transmission costs of \$10.7 million and \$20.2 million, respectively. These increases were offset in large part by higher transmission revenues of \$9.9 million and \$26.2 million, respectively. Maintenance expense increased \$7.8 million for the three months ended September 30, 2009, due principally to higher maintenance costs at our power plants, including our new generating facilities. The \$8.3 million increase in maintenance expense for the nine months ended September 30, 2009, was due primarily to higher maintenance costs for our electrical distribution system and power plants, including our new generating facilities.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009	2008	Change	% Change	2009	2008	Change	% Change
Depreciation and amortization	\$64,516	\$51,966	\$12,550	24.2	\$186,544	\$150,467	\$36,077	24.0

We completed a number of large construction projects in the past year. Consequently, depreciation and amortization expense increased for the three and nine months ended September 30, 2009, compared to the same periods last year primarily as a result of the addition of generating plant assets, emission control equipment, wind generation and transmission facilities.

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	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009	2008	Change	% Change	2009	2008	Change	% Change
	(Dollars In Thousands)							
Selling, general and administrative	\$41,920	\$50,802	\$(8,882)	(17.5)	\$143,540	\$136,712	\$6,828	5.0

The decrease in selling, general and administrative expense for the three months ended September 30, 2009, compared to the same period last year was due primarily to a \$7.1 million decrease in pension and other employee benefit costs. This decrease was attributable principally to our having recorded a \$5.1 million credit to expense in accordance with the September 11, 2009, KCC order as discussed in Note 4 of the Notes to Condensed Consolidated Financial Statements, "Rate Matters and Regulation."

The increase in selling, general and administrative expense for the nine months ended September 30, 2009, compared to the same period last year was due primarily to a \$4.6 million increase in pension and other employee benefit costs. The increase in pension costs was attributable primarily to lower than expected investment returns on pension assets during 2008.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009	2008	Change	% Change	2009	2008	Change	% Change
	(Dollars In Thousands)							
Investment earnings (losses)	\$3,986	\$(2,986)	\$6,972	233.5	\$8,516	\$(2,902)	\$11,418	393.5

Investment earnings increased for the three and nine months ended September 30, 2009, compared to the same periods last year due principally to our having recorded gains of \$4.0 million and \$6.9 million, respectively, on investments held in a trust to fund retirement benefits. We recorded losses on these investments of \$3.4 million and \$3.3 million, respectively, in the same periods of 2008.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009	2008	Change	% Change	2009	2008	Change	% Change
	(Dollars In Thousands)							
Other income	\$1,217	\$12,796	\$(11,579)	(90.5)	\$5,627	\$22,956	\$(17,329)	(75.5)

Other income decreased for the three and nine months ended September 30, 2009, compared to the same periods last year due principally to our having recorded less equity AFUDC and corporate-owned life insurance (COLI) proceeds this year. For the three and nine months ended September 30, 2009, we recorded \$0.8 million and \$4.1 million, respectively, of equity AFUDC compared to our having recorded \$4.2 million and \$13.4 million of equity AFUDC for the same periods last year. These decreases reflect the completion of several large construction projects in the past year. In addition, we recorded no COLI proceeds for the three months ended September 30, 2009, and \$0.3 million in COLI proceeds for the nine months ended September 30, 2009, compared to our having recorded \$5.7 million in COLI proceeds for the three and nine months ended September 30, 2008.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009	2008	Change	% Change	2009	2008	Change	% Change
	(Dollars In Thousands)							
Interest expense	\$41,599	\$31,920	\$9,679	30.3	\$116,769	\$72,920	\$43,849	60.1

Interest expense increased for the three months ended September 30, 2009, compared to the same period last year due primarily to interest on additional debt issued to fund capital investments.

During the nine months ended September 30, 2008, we reversed \$17.8 million of accrued interest associated with uncertain income tax liabilities, which reduced interest expense. We did not record such a reversal for the nine months ended September 30, 2009, and as a result, our interest expense is much higher this year. Absent this reversal, interest expense increased \$26.0 million compared to last year due principally to interest on additional debt issued to fund capital investments. These increases were offset partially by a \$6.0 million decrease in interest related to lower interest rates and less borrowing under Westar Energy's revolving credit facility.

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	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009	2008	Change	% Change	2009	2008	Change	% Change
Income tax expense	\$28,256	\$29,361	\$(1,105)	(3.8)	\$48,354	\$13,808	\$34,546	250.2

During the nine months ended September 30, 2008, we recognized \$28.7 million of previously unrecognized income tax benefits associated with uncertain income tax liabilities. We did not recognize similar income tax benefits in continuing operations during the same period this year resulting in higher income tax expense.

FINANCIAL CONDITION

Below we discuss significant balance sheet changes as of September 30, 2009, compared to December 31, 2008.

Conditions in capital markets for short-term borrowing have improved from earlier this year as evidenced by historically low London Interbank Offer Rates. Therefore, we decided to decrease cash holdings to levels more consistent with our historical practice resulting in a \$19.2 million decrease in cash and cash equivalents.

Prior to June 2009, we prepaid interest on debt secured by COLI policies. Now we pay interest in arrears. This policy change is the primary driver for a \$22.3 million decrease in prepaid expense and a \$23.6 million increase in accrued interest since December 31, 2008.

The fair market value of net energy marketing contracts decreased \$46.6 million to \$3.8 million at September 30, 2009. This was due primarily to decreases in coal prices which resulted in \$29.3 million decrease in the market value of a fuel supply contract that was outstanding the entire period and the settlement of a \$10.0 million net gain position.

Regulatory assets, net of regulatory liabilities, decreased \$74.1 million to \$755.1 million at September 30, 2009, from \$829.2 million at December 31, 2008. Total regulatory assets decreased \$65.0 million due primarily to a \$35.4 million reduction for deferred employee benefits, the amortization of \$13.6 million of previously deferred costs to repair damage to our electrical system following storms and an \$11.4 million decrease in previously deferred fuel expense. Regulatory liabilities increased \$9.1 million due principally to a \$24.0 million increase in fuel expense to be refunded to customers, \$20.5 million increase in the fair value of nuclear decommissioning trust assets, and a \$17.8 million increase in removal costs for amounts collected, but not yet spent to remove retired assets. Increases in regulatory liabilities were offset by a \$27.8 million decrease in the fair value of fuel supply contracts.

Current maturities of long-term debt decreased \$145.0 million due primarily to the repayment of \$145.1 million principal amount of 7.125% unsecured senior notes. See Note 5 of the Notes to Condensed Consolidated Financial Statements, "Debt Financings," for additional information.

Long-term debt increased \$298.4 million due to KGE having issued \$300.0 million of first mortgage bonds. See Note 5 of the Notes to Condensed Consolidated Financial Statements, "Debt Financings," for additional information.

Unamortized investment tax credits increased \$69.1 million due to incentives we earned related to investments in plant within the state of Kansas.

Accrued employee benefits decreased \$55.0 million due primarily to our having contributed \$37.3 million to the Westar Energy pension plan and an actuarial change in the estimate for our post-retirement medical liability.

Asset retirement obligations increased \$22.9 million due predominately to a \$20.3 million increase in our ARO to reflect revisions to the estimated costs to decommission Wolf Creek. See Note 9 of the Notes to Condensed Consolidated Financial Statements, "Asset Retirement Obligations," for additional information.

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Other long-term liabilities decreased \$32.4 million due primarily to a decrease in our liability for uncertain income tax positions and related accrued interest upon settlement of an IRS examination. See Note 6 of the Notes to Condensed Consolidated Financial Statements, "Taxes," for additional detail on our uncertain income taxes positions.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Available sources of funds to operate our business include internally generated cash, Westar Energy's revolving credit facility and access to capital markets. In the latter part of 2008 and continuing into 2009, capital markets have experienced unprecedented volatility. As a result, capital, particularly equity, became more costly to obtain. In light of this volatility and the unpredictability of how long these capital market conditions will persist, we elected to reduce or delay planned construction spending. See "Future Cash Requirements" below for additional information. Uncertainties affecting our ability to meet cash requirements include, among others, factors affecting revenues described in "Operating Results" above, economic conditions, regulatory actions, compliance with environmental regulations and conditions in the capital markets.

Capital Resources

As of October 22, 2009, Westar Energy had a \$730.0 million revolving credit facility under which \$151.4 million had been borrowed and an additional \$23.9 million of letters of credit had been issued. In addition, we had \$3.0 million in cash and cash equivalents as of the same date.

Debt Financings

On October 15, 2009, KGE refinanced \$50.0 million of auction rate bonds at a fixed interest rate of 5.00% and a maturity date of June 1, 2031.

On August 3, 2009, we repaid \$145.1 million principal amount of 7.125% unsecured senior notes with borrowings under Westar Energy's revolving credit facility.

On June 11, 2009, KGE issued \$300.0 million principal amount of first mortgage bonds at a discount yielding 6.725%, bearing stated interest at 6.70% and maturing on June 15, 2019. Net proceeds of \$297.5 million were used to repay borrowings under Westar Energy's revolving credit facility, with those borrowed amounts principally related to investments in capital equipment.

In addition, the KGE Mortgage and Deed of Trust, dated April 1, 1940, as supplemented, was amended in June 2009 to increase the maximum amount of KGE first mortgage bonds authorized to be issued from \$2.0 billion to \$3.5 billion.

Cash Flows from Operating Activities

Operating activities provided \$408.0 million of cash in the nine months ended September 30, 2009, compared to \$201.1 million during the same period of 2008. The increase in cash provided by operating activities was due principally to our having paid \$361.2 million less for fuel, purchased power and energy marketing activities and \$39.4 million less to repair damage to our electrical system following storms. Partially offsetting these factors was a \$203.9 million decrease in customer receipts during 2009 due primarily to lower receipts from our wholesale customers which have more than offset higher cash receipts from our retail customers.

Cash Flows used in Investing Activities

Investing activities used \$477.7 million of cash in the nine months ended September 30, 2009, compared to \$726.8 million during the same period of 2008. We spent \$460.8 million in the nine months ended September 30, 2009, and \$709.8 million in the same period of 2008 on additions to property, plant and equipment. The decrease in 2009 was due primarily to our having spent less for emission control and generation projects.

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Cash Flows from Financing Activities

Financing activities in the nine months ended September 30, 2009, provided \$50.5 million of cash compared to \$524.2 million in the same period of 2008. In the nine months ended September 30, 2009, proceeds from long-term debt provided \$297.5 million and we used cash to repay \$146.5 million of long-term debt and to pay \$91.9 million in dividends. In the nine months ended September 30, 2008, proceeds from the issuance of common stock provided \$292.7 million, proceeds from long-term debt provided \$200.5 million, proceeds from short-term debt provided \$110.4 million and borrowings from COLI provided \$62.5 million. We used cash to pay \$79.6 million in dividends and to repay \$51.0 million of long-term debt during this period. The increase in cash paid for dividends was attributable to the issuance of additional shares of common stock coupled with an increase in our dividend rate. The overall decrease in cash provided from financing activities was due to a decrease in our financing needs as a result of our having completed emission control and generation projects in 2008 that required substantial amounts of capital.

Future Cash Requirements

Due to the continued volatility in the capital markets and higher capital costs generally, in particular the cost of equity, we have reduced our anticipated capital expenditures for 2010 and 2011 by \$366.8 million and \$134.1 million, respectively, from what we reported in our 2008 Form 10-K. Our current plans anticipate capital expenditures for 2009 through 2011 as shown in the following table. We expect to meet these cash needs with internally generated cash flow, borrowings under Westar Energy's revolving credit facility and through the issuance of securities in the capital markets.

	<u>2009</u>	<u>2010</u>	<u>2011</u>
	(In Thousands)		
Generation:			
Replacements and other	\$ 113,700	\$ 82,600	\$ 86,900
Additional capacity	39,200	12,300	10,200
Wind generation	2,200	—	—
Environmental	83,900	127,900	357,700
Nuclear fuel	23,000	30,100	24,400
Transmission (a)	132,500	214,800	163,400
Distribution:			
Replacements and other	47,800	53,700	52,600
New customers	51,300	53,900	56,300
Other	7,700	20,200	21,400
Total capital expenditures	<u>\$ 501,300</u>	<u>\$ 595,500</u>	<u>\$ 772,900</u>

(a) Includes \$9,000 in 2010 and \$26,100 in 2011 for expenditures related to Prairie Wind Transmission.

Debt Covenants

Some debt instruments contain restrictions that require us to maintain leverage ratios as defined in the credit agreements. We were in compliance with these covenants as of September 30, 2009.

Credit Ratings

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

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In August 2009, Moody's upgraded its credit rating for Westar Energy and KGE first mortgage bonds/senior secured debt securities. In April 2009, S&P changed its rating outlook for Westar Energy and KGE debt securities from stable to positive. As of October 22, 2009, our ratings with the agencies and the outlooks for these ratings are as shown in the table below.

	<u>Westar Energy First Mortgage Bond Rating</u>	<u>KGE First Mortgage Bond Rating</u>	<u>Westar Energy Unsecured Debt</u>	<u>Rating Outlook</u>
Moody's	Baa1	Baa1	Baa3	Stable
S&P	BBB	BBB	BBB-	Positive
Fitch	BBB+	BBB+	BBB	Stable

In general, less favorable credit ratings make borrowing more difficult and costly. Under our revolving credit facility our cost of borrowing is determined in part by our credit ratings. However, our ability to borrow under the revolving credit facility is not conditioned on maintaining a particular credit rating. We may enter into new credit agreements that contain credit rating conditions, which could affect our liquidity and/or our borrowing costs.

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

Certain of our derivative instruments contain collateral provisions subject to credit agency ratings of our senior unsecured debt. If our senior unsecured debt ratings were to decrease or fall below investment grade, the counterparties to the derivative instruments, pursuant to the provisions, could require collateralization on derivative instruments. The aggregate fair value of all derivative instruments with objective credit-risk-related contingent features that were in a liability position as of September 30, 2009, was \$3.2 million, for which we had posted no collateral. If all credit-risk-related contingent features underlying these agreements had been triggered as of September 30, 2009, we would have been required to provide to our counterparties \$2.6 million of additional collateral after taking into consideration the offsetting impact of derivative assets and net accounts receivable.

OFF-BALANCE SHEET ARRANGEMENTS

From December 31, 2008, through September 30, 2009, there have been no material changes in our off-balance sheet arrangements. For additional information, see our 2008 Form 10-K.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

Pension and Post-Retirement Benefit Obligations

As a result of guidance issued by the U.S. Department of the Treasury clarifying the assumptions underlying the Westar Energy and Wolf Creek pension and post-retirement benefit plans, we contributed \$52.5 million to the plans in 2009 compared to \$76.0 million we earlier indicated we would contribute in our 2008 Form 10-K. We do not expect to contribute to the Westar Energy or Wolf Creek pension plans for the remainder of this year.

From December 31, 2008, through September 30, 2009, there have been no other material changes outside the ordinary course of business in our contractual obligations and commercial commitments. For additional information, see our 2008 Form 10-K.

OTHER INFORMATION

Environmental Legislation

Our activities are subject to extensive and changing environmental regulation. On May 22, 2009, the State of Kansas enacted legislation that mandates, among other requirements, that more energy be derived from renewable sources. According to the law, in years 2011 through 2015 net renewable generation capacity must be 10% of the average peak demand for the three prior years. This requirement increases to 15% for years 2016 through 2019 and 20% for 2020 and thereafter. We estimate that we may need to add about 150 to 200 megawatts of additional renewable generating capacity to meet the 2011 requirement.

In addition to laws currently in effect, numerous laws and regulations have been proposed related to what are referred to as greenhouse gases, including carbon dioxide (CO₂). We emit large amounts of CO₂ and other gasses through the operation of our power plants. On June 26, 2009, the U.S. House of Representatives passed a proposal that, if passed by the Senate and signed into law by the President, would require reductions in greenhouse gas emissions and, even beyond that, would impose additional expense for virtually all such emissions, even those below the stated targeted emission levels. The proposal identifies seven gasses, including CO₂, as greenhouse gasses. In addition, the proposal mandates utilities to meet an increasing percentage of energy demand from a combination of energy efficiency and renewable energy.

The degree to which we may need to reduce emissions or produce renewable energy and the timing of when such equipment may be required is uncertain. Both the timing and the nature of required investments and actions depend on specific outcomes that result from interpretation of new and existing regulation and legislation. Although we would expect to recover in the prices we charge our customers the costs that we incur to comply with environmental regulations, we can provide no assurance that we will be able to fully and timely do so. Failure to recover these associated costs could have a material adverse effect on our consolidated financial statements.

Abbreviated Rate Case Application

We filed an abbreviated rate case application with the KCC on June 2, 2009, designed to increase our retail prices by \$19.7 million per year. This increase represents costs associated with our remaining investments in natural gas and wind generation facilities that were not included in the price increase approved by the KCC in its January 21, 2009, order. On September 30, 2009, the KCC staff filed its testimony in the case using updated figures from our filing and recommended an increase of \$17.1 million, with which we largely agree. We expect the KCC to issue an order in this proceeding early next year.

Transmission Formula Rate

On October 15, 2009, we posted our updated transmission formula rate to include projected 2010 transmission capital expenditures and operating costs. Our updated transmission formula rate is designed to increase our annual transmission revenues by \$16.8 million.

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Fair Value of Energy Marketing and Fuel Contracts

The table below shows the fair value of energy marketing contracts outstanding as of September 30, 2009.

	<u>Fair Value of Contracts</u> <u>(In Thousands)</u>
Net fair value of contracts outstanding as of December 31, 2008	\$ 50,364
Contracts outstanding at the beginning of the period that were realized or otherwise settled during the period	(16,284)
Changes in fair value of contracts outstanding at the beginning and end of the period	(28,832)
Fair value of new contracts entered into during the period	(1,478)
Fair value of contracts outstanding as of September 30, 2009 (a)	<u>\$ 3,770</u>

(a) Approximately \$10.7 million and \$8.5 million of the fair value of energy marketing contracts is recognized as a regulatory asset and regulatory liability, respectively.

The sources of the fair values of the financial instruments related to these contracts and the maturity periods for the contracts as of September 30, 2009, are summarized in the following table.

<u>Sources of Fair Value</u>	<u>Fair Value of Contracts at End of Period</u>				
	<u>Total</u> <u>Fair Value</u>	<u>Maturity</u> <u>Less Than</u> <u>1 Year</u>	<u>Maturity</u> <u>1-3 Years</u> <u>(In Thousands)</u>	<u>Maturity</u> <u>4-5 Years</u>	<u>Maturity</u> <u>Over 5 Years</u>
Prices actively quoted (futures)	\$ (386)	\$ (386)	\$ —	\$ —	\$ —
Prices provided by other external sources (swaps and forwards)	3,272	(6,987)	5,311	4,416	532
Prices based on option pricing models (options and other) (a)	884	1,164	(219)	(61)	—
Total fair value of contracts outstanding	<u>\$ 3,770</u>	<u>\$ (6,209)</u>	<u>\$ 5,092</u>	<u>\$ 4,355</u>	<u>\$ 532</u>

(a) Options are priced using a series of techniques, such as the Black option pricing model.

New Accounting Pronouncements

We prepare our condensed consolidated financial statements in accordance with GAAP for the United States of America for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. To address current issues in accounting, regulatory bodies have issued the following new accounting pronouncements that may affect our accounting and/or disclosure.

FASB Codification

In June 2009, FASB approved its Codification as the exclusive authoritative reference for U.S. GAAP to be applied by nongovernmental entities. SEC rules and interpretive releases are still considered authoritative GAAP for SEC registrants. The Codification, which changes the referencing of accounting standards, is effective for interim and annual reporting periods ending after September 15, 2009. We adopted the Codification effective July 1, 2009, without a material impact on our consolidated financial statements.

Variable Interest Entities

In June 2009, FASB issued guidance that changes the approach to determining a variable interest entity's primary beneficiary and requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. This guidance is effective for annual reporting periods beginning after November 15, 2009. We are currently evaluating what impact the adoption of this guidance will have on our consolidated financial statements.

Subsequent Events

In May 2009, FASB issued guidance on subsequent events that sets forth the period after the balance sheet date during which a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. This guidance is effective for interim or annual financial periods ending after June 15, 2009. We adopted this guidance without a material impact on our consolidated financial statements.

Recognition and Presentation of Other-Than-Temporary Impairments

In April 2009, FASB issued guidance that addresses the measurement and recognition of other-than-temporary impairments of investments in debt securities. The guidance also provides for changes in the presentation and disclosure requirements surrounding other-than-temporary impairments of investments in debt and equity securities. This guidance is effective for interim and annual reporting periods ending after June 15, 2009. We adopted this guidance effective April 1, 2009, without a material impact on our consolidated financial statements.

Employers' Disclosures about Post-retirement Benefit Plan Assets

In December 2008, FASB issued guidance that requires enhanced disclosures about the plan assets of defined benefit pension and other post-retirement benefit plans. These disclosures include how investment allocation decisions are made, the factors pertinent to understanding investment policies and strategies, the fair value of each major category of plan assets for pension plans and other post-retirement benefit plans separately, the inputs and valuation techniques used to measure the fair value of plan assets, the effect of fair value measurements using significant unobservable inputs on changes in plan assets and significant concentrations of risk within plan assets. This guidance is effective for fiscal years ending after December 15, 2009. We are currently evaluating what impact the adoption of this guidance will have on our consolidated financial statements.

Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities

In June 2008, FASB issued guidance for determining whether instruments granted in share-based payment transactions are participating securities. The guidance provides that all outstanding unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents are participating securities and shall be included in the computation of EPS pursuant to the two-class method. This guidance is effective for fiscal years beginning after December 15, 2008, with retrospective application to prior periods. We adopted this guidance effective January 1, 2009. See Note 2 of the Notes to Condensed Consolidated Financial Statements, "Summary of Significant Accounting Policies," for additional information.

Disclosures about Derivative Instruments and Hedging Activities

In March 2008, FASB issued guidance that requires expanded disclosure to help investors better understand how derivative instruments and hedging activities affect an entity's financial position, financial performance and cash flows. The guidance amends and expands the disclosure requirements related to derivative instruments and hedging activities by requiring qualitative disclosure about objectives and strategies for using derivatives, quantitative disclosure about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. This guidance is effective for fiscal years beginning after November 15, 2008. We adopted this guidance effective January 1, 2009. See Note 3 of the Notes to Condensed Consolidated Financial Statements, "Financial and Derivative Instruments, Trading Securities, Energy Marketing and Risk Management," for additional information.

Fair Value Measurements

In September 2006, FASB issued guidance that defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. This guidance is effective for fiscal years beginning after November 15, 2007, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. We adopted the guidance for financial assets and liabilities recognized at fair value on a recurring basis effective January 1, 2008, and for non-financial assets and liabilities recognized at fair value on a nonrecurring basis effective January 1, 2009. The adoption of this guidance did not have a material impact on our consolidated financial statements. See Note 3 of the Notes to Condensed Consolidated Financial Statements, "Financial and Derivative Instruments, Trading Securities, Energy Marketing and Risk Management," for additional information.

In April 2009, FASB issued guidance on two separate fair value issues. Both of the releases are effective for interim and annual reporting periods ending after June 15, 2009, and we adopted both of them effective April 1, 2009. One of the releases provides guidance for determining fair value when the volume and level of activity for an asset or liability have significantly decreased and for identifying transactions that are not orderly. We adopted this guidance without a material impact on our consolidated financial statements. The other release requires disclosures about the fair value of financial instruments in interim reporting periods as well as in annual financial statements. See Note 3 of the Notes to Condensed Consolidated Financial Statements, "Financial and Derivative Instruments, Trading Securities, Energy Marketing and Risk Management," for additional information.

Prairie Wind Transmission, LLC

On July 24, 2009, the KCC approved an agreement between Prairie Wind Transmission, LLC, a joint venture company of which we own 50%, ITC Great Plains, LLC, Sunflower Electric Power Corporation and Mid-Kansas Electric Company regarding the segments of a proposed 765 kilovolt (kV) transmission project the companies will construct in Kansas. Under the agreement, upon approval of the project from the SPP Board of Directors and appropriate regional cost allocation, Prairie Wind Transmission intends to construct a new substation near Wichita and one near Medicine Lodge as well as a transmission line connecting the two substations. Prairie Wind Transmission also plans to construct a 765 kV transmission line south to the Kansas-Oklahoma border from either the Medicine Lodge substation or one of the substations that will be built by ITC Great Plains, LLC.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk, including changes in commodity prices, debt and equity instrument values and interest rates. Experience in the capital markets in the latter part of 2008 and thus far in 2009 has revealed more volatility in these markets than typically has been exhibited in the past. This results in greater market risk. For additional information, see our 2008 Form 10-K, "Item 7A. Quantitative and Qualitative Disclosures About Market Risk."

ITEM 4. CONTROLS AND PROCEDURES

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

There were no changes in our internal control over financial reporting during the three months ended September 30, 2009, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information on other legal proceedings is set forth in Notes 7 and 8 of the Notes to Condensed Consolidated Financial Statements, “Commitments and Contingencies – EPA Lawsuit – FERC Investigation” and “Legal Proceedings,” respectively, which are incorporated herein by reference.

ITEM 1A. RISK FACTORS

There were no material changes in our risk factors from December 31, 2008, through September 30, 2009. For additional information, see our 2008 Form 10-K.

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

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

- 4(a) Fifty-Fifth Supplemental Indenture dated as of October 1, 2009, by and among Kansas Gas and Electric Company and The Bank of New York Mellon Trust Company, N.A., as Trustee.
- 31(a) Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 certifying the quarterly report provided for the period ended September 30, 2009
- 31(b) Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 certifying the quarterly report provided for the period ended September 30, 2009
- 32 Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 certifying the quarterly report provided for the quarter ended September 30, 2009 (furnished and not to be considered filed as part of the Form 10-Q)

SIGNATURE

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

WESTAR ENERGY, INC.

Date: October 29, 2009

By: /s/ Mark A. Ruelle
Mark A. Ruelle,
Executive Vice President and
Chief Financial Officer

KANSAS GAS AND ELECTRIC COMPANY

TO

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
(successor to BNY Midwest Trust Company)

and

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

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

FIFTY-FIFTH SUPPLEMENTAL INDENTURE

Providing, among other things, for

First Mortgage Bonds, Burlington Series 2009 Due 2031

Dated as of October 1, 2009

FIFTY-FIFTH SUPPLEMENTAL INDENTURE

INDENTURE, dated as of October 1, 2009, between KANSAS GAS AND ELECTRIC COMPANY, a corporation of the State of Kansas (formerly named KCA Corporation and successor by merger to Kansas Gas and Electric Company, a corporation of the State of Kansas, hereinafter sometimes called the "Company-Kansas"), whose post office address is 100 North Broadway Street, Suite 800, Wichita, Kansas 67202 (hereinafter sometimes called the "Company"), and The Bank of New York Mellon Trust Company, N.A., a national banking association, whose post office address is 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602 (successor to BNY Midwest Trust Company (the "Corporate Trustee")), and JUDITH L. BARTOLINI (successor to W.A. Spooner, Henry A. Theis, Oliver R. Brooks, Wesley L. Baker, Edwin F. McMichael and R. Amundsen, and being hereinafter sometimes called the "Individual Trustee"), whose post office address is 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602 (the Corporate Trustee and the Individual Trustee being hereinafter together sometimes called the "Trustees"), as Trustees under the Mortgage and Deed of Trust, dated as of April 1, 1940 (hereinafter called the "Mortgage"), which Mortgage was originally executed and delivered by Kansas Gas and Electric Company, a corporation of the State of West Virginia to which the Company-Kansas was successor by merger (hereinafter sometimes called the "Company-West Virginia"), to secure the payment of bonds issued or to be issued under and in accordance with the provisions of the Mortgage, reference to which Mortgage is hereby made, this Indenture (hereinafter sometimes called the "Fifty-fifth Supplemental Indenture") being supplemental thereto;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Designation</u>	<u>Dated as of</u>
Fourteenth Supplemental Indenture	July 1, 1975
Fifteenth Supplemental Indenture	December 1, 1975
Sixteenth Supplemental Indenture	September 1, 1976
Seventeenth Supplemental Indenture	March 1, 1977
Eighteenth Supplemental Indenture	May 1, 1977
Nineteenth Supplemental Indenture	October 1, 1977
Twentieth Supplemental Indenture	March 15, 1978
Twenty-first Supplemental Indenture	January 1, 1979
Twenty-second Supplemental Indenture	April 1, 1980
Twenty-third Supplemental Indenture	July 1, 1980
Twenty-fourth Supplemental Indenture	October 1, 1980
Twenty-fifth Supplemental Indenture	June 1, 1981
Twenty-sixth Supplemental Indenture	December 1, 1981
Twenty-seventh Supplemental Indenture	May 1, 1982
Twenty-eighth Supplemental Indenture	March 15, 1984
Twenty-ninth Supplemental Indenture	September 1, 1984
Thirtieth Supplemental Indenture	September 1, 1984
Thirty-first Supplemental Indenture	February 1, 1985
Thirty-second Supplemental Indenture	April 15, 1986
Thirty-third Supplemental Indenture	June 1, 1991
Thirty-fourth Supplemental Indenture	March 31, 1992
Thirty-fifth Supplemental Indenture	December 17, 1992
Thirty-sixth Supplemental Indenture	October 12, 1993
Thirty-seventh Supplemental Indenture	January 15, 1994
Thirty-eighth Supplemental Indenture	March 1, 1994
Thirty-ninth Supplemental Indenture	April 15, 1994
Fortieth Supplemental Indenture	June 28, 2000

Forty-first Supplemental Indenture	June 6, 2002
Forty-second Supplemental Indenture	March 12, 2004
Forty-third Supplemental Indenture	June 1, 2004
Forty-fourth Supplemental Indenture	May 6, 2005
Forty-fifth Supplemental Indenture	March 17, 2006
Forty-sixth Supplemental Indenture	June 1, 2006
Forty-seventh Supplemental Indenture	March 16, 2007
Forty-eighth Supplemental Indenture	July 10, 2007
Forty-ninth Supplemental Indenture	October 12, 2007
Fiftieth Supplemental Indenture	February 22, 2008
Fifty-first Supplemental Indenture	May 15, 2008
Fifty-second Supplemental Indenture	August 1, 2008
Fifty-third Supplemental Indenture	October 1, 2008
Fifty-fourth Supplemental Indenture	June 11, 2009

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

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

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

WHEREAS, the Company-Kansas caused the Sixteenth Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on September 29, 1976, Film 21 1, page 363), and as a chattel mortgage in the Office of the Secretary of State of Kansas (filed on September 29, 1976 and indexed as No. 363,835); and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WHEREAS, the Company-Kansas caused the Thirty-third Supplemental Indenture to be filed for record as a mortgage of real property in the office of the Register of Deeds of Sedgwick County, Kansas (filed on June 18, 1991, Film 1 177, page 0876), and as a security agreement in the Office of Secretary of State of Kansas (filed on June 18, 1991 and indexed as No. 1,693,446); and

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

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

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

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

<u>Date</u>	<u>Amount</u>
July 2, 1975	\$ 100,000
December 10, 1975	48,750
September 29, 1976	62,500
March 16, 1977	62,500
May 26, 1977	25,000
August 31, 1977	6,100
March 29, 1978	62,500
January 9, 1979	36,250
April 2, 1980	67,500
July 1, 1980	37,500
August 28, 1980	63,750
June 30, 1981	75,000
December 30, 1981	62,500
May 6, 1982	100,000
March 22, 1984	93,750
September 5, 1984	75,000
September 12, 1984	50,000
June 18, 1991	334,100
June 28, 2000	1,780,539
May 15, 2008	188,864
June 11, 2009	780,000

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Series</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Outstanding</u>
6 1/2% Series due 1983	15,000,000	None
7 1/4% Series due 1983	25,500,000	None
14 7/8% Series due 1987-1991	30,000,000	None
16% Series due 1996	25,000,000	None
15 3/4% Series due 1989	40,000,000	None
13 1/2% Series due 1989	100,000,000	None
14.05% Series due 1991	30,000,000	None
14 1/8% Series due 1991	20,000,000	None
10 7/8% Series due 1987	30,000,000	None
9 3/4% Series due 2016	50,000,000	None
7.00% Series A due 2031	18,900,000	None
7.00% Series B due 2031	308,600,000	None
7.60% Series due 2003	135,000,000	None
6 1/2% Series due 2005	65,000,000	None
6.20% Series due 2006	100,000,000	None
5.10% Series due 2023	13,462,500	13,462,500
7 1/2% Series A due 2032	14,500,000	14,500,000
7 1/2% Series B due 2027	21,940,000	21,940,000
7 1/2% Series C due 2032	10,000,000	10,000,000
9 1/2% Series due 2003	702,200,000	None
8% Series due 2005	735,000,000	None
3 1/2% Series due 2007	300,000,000	None
5.30% Series due 2031	18,900,000	18,900,000
5.30% Series A due 2031	108,600,000	108,600,000
2.65% Series B due 2031	100,000,000	None
Variable Rate Series C due 2031	100,000,000	50,000,000*
4.60% Series due 2010	350,000,000	None
5.57% Series due 2011	500,000,000	None
Burlington Series 2004B-1 due 2031	50,000,000	50,000,000
5.57% Series due 2012	500,000,000	None
6.53% Series due 2037	175,000,000	175,000,000
5.57% Series due 2012	750,000,000	750,000,000
6.15% Series A due 2023	50,000,000	50,000,000
6.64% Series B due 2038	100,000,000	100,000,000
Burlington Series 2008 due 2031	50,000,000	50,000,000
Burlington Series 2008A due 2031	50,000,000	50,000,000
6.70% Series due 2019	300,000,000	300,000,000

* Upon issuance of the bonds of the Sixty-first Series pursuant to this Supplemental Indenture, Variable Rate Series C due 2031 will be retired.

hereinafter sometimes called Bonds of the First through Sixtieth Series; and

WHEREAS, Section 8 of the Mortgage provides that the form of each series of bonds (other than the First Series) issued thereunder and of the coupons to be attached to the coupon bonds of such series shall be established by Resolution of the Board of Directors of the Company and that the form of such series, as established by said Board of Directors, shall specify the descriptive title of the bonds and various other

terms thereof, and may also contain such provisions not inconsistent with the provisions of the Mortgage as the Board of Directors may, in its discretion, cause to be inserted therein expressing or referring to the terms and conditions upon which such bonds are to be issued and/or secured under the Mortgage; and

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

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

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

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

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

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

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

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

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

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

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

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

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

ARTICLE I

SIXTY-FIRST SERIES OF BONDS

SECTION 1. (I) There shall be a series of bonds designated "Burlington Series 2009 due 2031" (herein sometimes referred to as the "Sixty-first Series"), each of which shall also bear the descriptive title, First Mortgage Bond, and the form thereof, which is established by Resolution of the Board of Directors of the Company, shall contain suitable provisions with respect to the matters hereinafter in this Article I specified. Bonds of the Sixty-first Series shall be limited to \$50,000,000 in aggregate principal amount, except as provided in Section 16 of the Mortgage, shall mature on June 1, 2031, and shall be issued as fully registered bonds in denominations of Five Thousand Dollars and in any multiple or multiples of Five Thousand Dollars. Bonds of the Sixty-first Series shall bear interest from time to time at a rate equal to the interest rate then borne by the City of Burlington, Kansas, Pollution Control Refunding Revenue Bonds (Kansas Gas and Electric Company Project), Series 2009 (hereinafter referred to as the "Burlington Bonds Series 2009"), issued under the Indenture of Trust, dated as of October 1, 2009 (hereinafter referred to as the "Burlington Indenture"), of the City of Burlington, Kansas, which rate shall initially be 5.0% per annum, payable at the same times as interest is payable on the Burlington Bonds Series 2009, the first payment to be made on December 1, 2009 for the period from October 15, 2009 to, but not including, December 1, 2009. The principal of and interest on bonds of the Sixty-first Series shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts. Bonds of the Sixty-first Series shall be dated as in Section 10 of the Mortgage provided.

(II) Upon the redemption, in whole or in part, of the Burlington Bonds Series 2009, bonds of the Sixty-first Series shall be redeemed in whole or in like part. To effect the redemption of bonds of the Sixty-first Series, the trustee under the Burlington Indenture (hereinafter referred to as the "Burlington Trustee") shall deliver to the Corporate Trustee (and mail a copy thereof to the Company) a written demand (hereinafter referred to as a "Burlington Redemption Demand") for the redemption of bonds of the Sixty-first Series equal in principal amount to the principal amount of the Burlington Bonds Series 2009 to be redeemed. The Burlington Redemption Demand shall be signed by the President, a Vice President, an Assistant Vice President or a Trust Officer of the Burlington Trustee and shall state: (1) the aggregate principal amount of the Burlington Bonds Series 2009 then outstanding under the Burlington Indenture; (2) the principal amount of the Burlington Bonds Series 2009 to be redeemed; (3) the interest thereon and premium, if any, to be payable on the redemption date; (4) the redemption date and that notice thereof has been given as required in the Burlington Indenture; (5) that the Corporate Trustee is thereby instructed to call for redemption bonds of the Sixty-first Series equal in principal amount to the principal amount of the Burlington Bonds Series 2009 specified in (2) above and on the same date and at the same price as the Burlington Bonds Series 2009. The Burlington Redemption Demand shall also contain a waiver of notice of such redemption by the Burlington Trustee, as holder of all bonds of the Sixty-first Series then outstanding. The Corporate Trustee may conclusively presume the statements contained in the Burlington Redemption Demand to be correct. Redemption of the bonds of the Sixty-first Series shall be at the principal amount of the bonds to be redeemed, together with premium, if any, and the accrued interest to the redemption date and such amount shall become and be due and payable on the redemption date.

In the event of a defeasance of all or any portion of Burlington Bonds Series 2009, the delivery of a Burlington Redemption Demand to the Corporate Trustee shall not be required. Upon receipt by the Corporate Trustee from the Burlington Trustee of the principal amount of bonds of the Sixty-first Series equal to the principal amount of Burlington Bonds Series 2009 defeased, the Corporate Trustee shall (1) cancel such bonds of the Sixty-first Series as of the date of defeasance of the Burlington Bonds Series 2009 and (2) promptly provide evidence of such cancellation to the Company.

If the Burlington Trustee has declared the principal of and accrued interest on the Burlington Bonds Series 2009 to be immediately due and payable pursuant to Section 7.2 of the Burlington Indenture as a result of an Event of Default under Section 7.1 of the Burlington Indenture (except 7.1(f) thereof), and if the Burlington Trustee shall deliver to the Corporate Trustee (and mail a copy thereof to the Company) a written demand (hereinafter referred to as a "Burlington Bonds Acceleration Notice") for the immediate redemption of bonds of the Sixty-first Series in whole, the bonds of the Sixty-first Series shall be immediately redeemed at the principal amount thereof and accrued interest thereon. The Burlington Bonds

Acceleration Notice shall be signed by the President, a Vice President, an Assistant Vice President or a Trust Officer of the Burlington Trustee and shall state: (1) the aggregate principal amount of the Burlington Bonds Series 2009 then outstanding under the Burlington Indenture; (2) that the entire principal amount of the Burlington Bonds Series 2009 has been declared by the Burlington Trustee to be immediately due and payable pursuant to Section 7.2 of the Burlington Indenture; (3) that the Corporate Trustee is thereby instructed to call for immediate redemption bonds of the Sixty-first Series in whole; and (4) that the Burlington Trustee, as holder of all bonds of the Sixty-first Series, waives notice of such redemption.

The Company hereby covenants that if a Burlington Redemption Demand or a Burlington Bonds Acceleration Notice shall be delivered to the Corporate Trustee, the Company, subject to subdivision (III) of this Article I, will deposit, on or before the redemption date, with the Corporate Trustee, in accordance with Article X of the Mortgage, an amount in cash sufficient to redeem the bonds of the Sixty-first Series so called for redemption.

The bonds of the Sixty-first Series shall not be subject to redemption prior to maturity except as provided in this Section 1(II).

(III) All bonds of the Sixty-first Series shall be issued and pledged by the Company with the Burlington Trustee to secure the payment of the principal of, and interest on the Burlington Bonds Series 2009. The obligation of the Company to make payments with respect to the principal of and interest on bonds of the Sixty-first Series shall be fully or partially, as the case may be, satisfied and discharged to the extent that, at the time that any such payment shall be due, the then due principal of and interest on the Burlington Bonds Series 2009 shall have been fully or partially paid, or there shall be in the Bond Fund established pursuant to the Burlington Indenture sufficient available funds to fully or partially pay the then due principal of and interest on the Burlington Bonds Series 2009. The Corporate Trustee may conclusively presume that the obligation of the Company to make payments with respect to the principal of and interest on bonds of the Sixty-first Series shall have been fully satisfied and discharged unless and until the Corporate Trustee shall have received a written notice from the Burlington Trustee, signed by its President, a Vice President, or a Trust Officer, stating (i) that timely payment of the principal of or interest on the Burlington Bonds Series 2009 required to be made by the Company has not been made, (ii) that there are not sufficient available funds held in the Bond Fund to make such payment and (iii) the amount of funds, in addition to available funds held in the Bond Fund, required to make such payment. For the avoidance of doubt, notwithstanding anything to the contrary provided in the Mortgage, the Company shall not be obligated to make interest payments on overdue interest or principal to the extent such payments are not contemplated in the Burlington Indenture.

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

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

(VI) The Company may deliver to the Burlington Trustee in substitution for any bonds of the Sixty-first Series, mortgage bonds or other similar instruments of the Company or any successor entity, whether by merger, combination or acquisition of all or substantially all of the assets of the Company, or otherwise, issued under the Mortgage in the event of a reallocation of the Burlington Bonds Series 2009 in connection with a change in Mode as provided in Section 2.1 of the Burlington Indenture or under a mortgage and deed of trust or similar instrument of the Company or any successor entity, in each case, in like principal amount of like term and bearing interest from time to time at a rate equal to the interest rate then borne by the Burlington Bonds Series 2009 (such substituted bonds hereinafter being referred to as the "Substituted Mortgage Bonds"). The Substituted Mortgage Bonds may only be delivered to the Burlington Trustee upon receipt by the Burlington Trustee of (i) if not delivered under the Mortgage, a letter from Moody's (as

hereinafter defined), dated within ten days prior to the date of delivery of the Substituted Mortgage Bonds, stating that its rating of the Substituted Mortgage Bonds is at least equal to its then current rating on the bonds of the Sixty-first Series, (ii) if not delivered under the Mortgage, a letter from S&P (as hereinafter defined), dated within ten days prior to the date of delivery of the Substituted Mortgage Bonds, stating that its rating of the Substituted Mortgage Bonds is at least equal to its then current rating on the bonds of the Sixty-first Series, (iii) an opinion of counsel which may be in-house counsel or counsel to the Company or any successor entity, to the effect that the Substituted Mortgage Bonds shall have been duly and validly authorized, executed, authenticated, and delivered and shall constitute the valid, legally binding and enforceable obligations of the Company or any successor entity enforceable in accordance with their terms, except as limited by bankruptcy, insolvency or other laws affecting the enforcement of mortgagees' and other creditors' rights and shall be entitled to the benefit of the Mortgage or the mortgage and deed of trust or similar instrument pursuant to which they shall have been issued, (iv) an opinion of Bond Counsel, as defined in the Burlington Indenture, to the effect that the substitution of the Substituted Mortgage Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Burlington Bonds Series 2009 and (v) such other certificates and documents with respect to the issuance and delivery of the Substituted Mortgage Bonds as may be required by law or as the Burlington Trustee may reasonably request.

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

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

ARTICLE II

AMENDMENTS TO THE MORTGAGE AND RESERVATION OF RIGHTS

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

SECTION 2. The Company reserves the right, subject to appropriate action, but without any consent or other action by holders of Bonds of the Sixty-first Series, or of any subsequent series of bonds, to amend the Mortgage to eliminate the requirements for the provision by the Company of a Net Earning Certificate by deleting Section 27, Section 28(6) and Section 30(3) and deleting the following language from the end of Section 26: "and, in case the bonds are to be authenticated and delivered under the provisions of the next preceding paragraph of this Section by reason of an increase in the aggregate principal amount of bonds authenticated and delivered under this Indenture having increased the aggregate principal amount of bonds which may be authenticated and delivered within the limitations prescribed by this Section, a Net Earning Certificate showing the Net Earnings of the Company to be as required by Section 27 hereof." The Company may make such other amendments to the Mortgage as may be necessary or desirable in the opinion of the Company to effect the foregoing.

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

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

SECTION 4. The Company reserves the right, subject to appropriate action, but without any consent or other action by holders of Bonds of the Sixty-first Series, or of any subsequent series of bonds, to amend the Mortgage to:

- (I) Simplify the provisions for release of obsolete property, de minimis property releases and substitution of property and unfunded property;
- (II) Permit additional terms of bonds or forms of bond in supplemental indentures, including terms for uncertificated and global securities and medium-term notes;
- (III) Make any changes necessary to conform the Mortgage with the requirements of the Trust Indenture Act;
- (IV) Eliminate the requirement to have an individual trustee under the Mortgage; and
- (V) Replace the phrase “two and one-half (2 1/2)” in Section 27 of the Mortgage with “two (2)”.

ARTICLE III

MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

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

IN WITNESS WHEREOF, KANSAS GAS AND ELECTRIC COMPANY has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by Anthony D. Somma, Assistant Treasurer, and its corporate seal to be attested by Larry D. Irick, its Secretary for and on its behalf, The Bank of New York Mellon Trust Company, N.A. has caused its corporate name to be hereunto affixed, and this instrument to be signed and sealed by one of its duly authorized officers and its corporate seal to be attested by one of its Assistant Secretaries for and on its behalf, and D. G. Donovan has hereunto set his hand and all as of the day and year first above written.

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KANSAS GAS AND ELECTRIC COMPANY

By: /s/ Anthony D. Somma

Anthony D. Somma

Assistant Treasurer

Attest:

/s/ Larry D. Irick

Larry D. Irick

Secretary

(corporate seal)

Executed, sealed and delivered by

KANSAS GAS AND ELECTRIC COMPANY,

in the presence of:

/s/ Sally Wilson

/s/ Peter L. Summers

THE BANK OF NEW YORK MELLON TRUST COMPANY,

N.A., as Trustee

By: /s/ L. Garcia

Vice President

Attest:

/s/ M. Callahan

Vice President

(corporate seal)

/s/ D.G. Donovan

(D. G. Donovan)

Executed, sealed and delivered by

THE BANK OF NEW YORK MELLON TRUST

COMPANY, N.A.

and D. G. DONOVAN, in the

presence of:

/s/ Robert Cafarelli

/s/ Julie Meadors

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

BE IT REMEMBERED, that on this 15th day of October, A.D. 2009, before me, the undersigned, a Notary Public within and for the County and State aforesaid, came Anthony D. Somma, the Assistant Treasurer of KANSAS GAS AND ELECTRIC COMPANY, a corporation duly organized, incorporated and existing under the laws of the State of Kansas, who is personally known to me to be such officer, and who is personally known to me to be the same person who executed, as such officer, the within instrument of writing, and such person duly acknowledged the execution of the same to be the act and deed of said corporation and that said instrument of writing was so executed by order of the Board of Directors of said corporation.

On this 15th day of October, 2009, before me appeared Larry D. Irick, to me personally known, who being by me duly sworn did say that he is the Secretary of KANSAS GAS AND ELECTRIC COMPANY, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Larry D. Irick acknowledged said instrument to be the free act and deed of said corporation.

On the 15th day of October in the year 2009, before me personally appeared Anthony D. Somma to me known, who, being by me duly sworn, did depose and say that he is the Assistant Treasurer of KANSAS GAS AND ELECTRIC COMPANY; that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Anthony D. Somma acknowledged said instrument to be the free act and of said corporation.

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

/s/ Patti Beasley

(notary seal)

NOTARY PUBLIC - STATE OF KANSAS
MY APPOINTMENT EXPIRES —

STATE OF ILLINOIS)
 : ss.:
COUNTY OF COOK)

BE IT REMEMBERED, that on this 13th day of October, A.D. 2009, before me, the undersigned, a Notary Public within and for the County and State aforesaid, came L. Garcia, a Vice President of The Bank of New York Mellon Trust Company, N.A., as trustee, a national banking association, who is personally known to me to be such officer, and who is personally known to me to be the same person who executed, as such officer, the within instrument of writing, and such person duly acknowledged the execution of the same to be the act and deed of said corporation and that said instrument of writing was so executed by authority of the Board of Directors of said corporation.

On this 13th day of October, 2009, before me appeared M. Callahan, to me personally known, who being by me duly sworn did say that she is a Vice President of The Bank of New York Mellon Trust Company, N.A., and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said M. Callahan acknowledged said instrument to be the free act and deed of said corporation.

On the 13th day of October in the year 2009, before me personally came L. Garcia, to me known, who, being by me duly sworn, did depose and say that she resides at 2 N. LaSalle Street, Chicago, Illinois, that she is a Vice President of The Bank of New York Mellon Trust Company, N.A., one of the corporations described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

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

/s/ Julie Meadors
NOTARY PUBLIC, STATE OF ILLINOIS
COMMISSION EXPIRES //

(notary seal)

STATE OF ILLINOIS)
 : ss.:
COUNTY OF COOK)

On this 13th day of October in the year 2009, before me, the undersigned, a Notary Public in and for the State of Illinois, in the County of Cook, personally appeared and came D. G. Donovan, to me known and known to me to be the person described in and who executed the within and foregoing instrument and whose name is subscribed thereto and acknowledged to me that she executed the same.

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

/s/ Julie Meadors
NOTARY PUBLIC, STATE OF ILLINOIS
COMMISSION EXPIRES / /

(notary seal)

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

I, William B. Moore, certify that:

1. I have reviewed this annual report on Form 10-Q for the period ended September 30, 2009, of Westar Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2009

By: /s/ William B. Moore
 William B. Moore
 Director, President and Chief Executive Officer
 Westar Energy, Inc.
 (Principal Executive Officer)

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

I, Mark A. Ruelle, certify that:

1. I have reviewed this annual report on Form 10-Q for the period ended September 30, 2009, of Westar Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2009

By: /s/ Mark A. Ruelle
 Mark A. Ruelle,
 Executive Vice President and Chief Financial Officer
 Westar Energy, Inc.
 (Principal Accounting Officer)

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

In connection with the Quarterly Report of Westar Energy, Inc. (the Company) on Form 10-Q for the quarter ended September 30, 2009 (the Report), which this certification accompanies, William B. Moore, in my capacity as Director, President and Chief Executive Officer of the Company, and Mark A. Ruelle, in my capacity as Executive Vice President and Chief Financial Officer of the Company, certify that the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2009

By: /s/ William B. Moore
William B. Moore
Director, President and Chief Executive Officer

Date: October 29, 2009

By: /s/ Mark A. Ruelle
Mark A. Ruelle,
Executive Vice President and
Chief Financial Officer