SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 1994

OR

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

For the transition period from ____________________ to _____________________

Commission File Number 1-3523

WESTERN RESOURCES, INC.
(Exact Name of Registrant as Specified in Its Charter)

KANSAS	48-0290150
(State or Other Jurisdiction of Incorporation or Organization)	(Employer Identification No.)

818 KANSAS AVENUE, TOPEKA, KANSAS	66612
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number Including Area Code (913) 575-6300

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

Yes X No

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

Class	Outstanding at November 10, 1994
Common Stock, $5.00 par value	61,617,873

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WESTERN RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS
(Thousands of Dollars)

	September 30, 1994 (Unaudited)	December 31, 1993
ASSETS		
UTILITY PLANT:		
Electric plant in service	$5,212,122	$5,110,617
Natural gas plant in service	724,922	1,111,866
	5,937,044	6,222,483
Less - Accumulated depreciation	1,806,795	1,821,710
	4,130,249	4,400,773
Construction work in progress	79,646	80,192
Nuclear fuel (net)	37,909	29,271
Net utility plant	4,247,804	4,510,236
OTHER PROPERTY AND INVESTMENTS:		
Net non-utility investments	72,815	61,497
Decommissioning trust	15,951	13,204
Other	12,128	10,658
	100,894	85,359
CURRENT ASSETS:		
Cash and cash equivalents	2,111	1,217
Accounts receivable and unbilled revenues (net)	162,093	238,137
Fossil fuel, at average cost	36,407	30,934
Gas stored underground, at average cost	42,601	51,788
Materials and supplies, at average cost	57,065	55,156
Prepayments and other current assets	31,547	34,128
	331,824	411,360
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes	101,863	111,159
Deferred coal contract settlement costs	35,124	40,522
Phase-in revenues	65,792	78,950
Corporate-owned life insurance (net)	14,464	4,743
Other deferred plant costs	31,840	32,008
Unamortized debt expense	59,384	55,999
Other	86,761	81,712
	395,228	405,093
TOTAL ASSETS	$5,075,750	$5,412,048
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (see statement)	$3,006,823	$3,121,021
CURRENT LIABILITIES:		
Short-term debt	219,300	440,895
Long-term debt due within one year	-	3,204
Accounts payable	103,841	172,338
Accrued taxes	140,218	46,076
Accrued interest and dividends	58,958	65,825
Other	55,791	65,492
	578,108	793,830
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	916,059	968,637
Deferred investment tax credits	139,330	150,289
Deferred gain from sale-leaseback	254,751	261,981
Other	180,679	116,290
	1,490,819	1,497,197
COMMITMENTS AND CONTINGENCIES (Notes 4, 5 and 6)		
TOTAL CAPITALIZATION AND LIABILITIES	$5,075,750	$5,412,048

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

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Thousands of Dollars)
(Unaudited)

	Three Months Ended September 30, 1994	Three Months Ended September 30, 1993
OPERATING REVENUES:		
Electric.	$ 338,812	$ 342,019
Natural gas	40,401	76,999
Total operating revenues.	379,213	419,018
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	66,563	68,074
Nuclear fuel.	3,638	4,179
Power purchased	2,760	6,908
Natural gas purchases	17,758	37,251
Other operations.	76,099	91,789
Maintenance	25,871	29,748
Depreciation and amortization	38,145	40,846
Amortization of phase-in revenues	4,386	4,386
Taxes:		
Federal income.	27,648	19,579
State income.	6,832	4,978
General	25,629	30,055
Total operating expenses.	295,329	337,793
OPERATING INCOME.	83,884	81,225
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net).	(1,728)	5,969
Miscellaneous (net)	2,059	4,729
Income taxes (net).	2,027	(19)
Total other income and deductions	2,358	10,679
INCOME BEFORE INTEREST CHARGES.	86,242	91,904
INTEREST CHARGES:		
Long-term debt.	23,872	31,187
Other	5,343	4,545
Allowance for borrowed funds used during construction (credit)	(652)	(635)
Total interest charges.	28,563	35,097
NET INCOME.	57,679	56,807
PREFERRED AND PREFERENCE DIVIDENDS.	3,355	3,402
EARNINGS APPLICABLE TO COMMON STOCK	$ 54,324	$ 53,405
AVERAGE COMMON SHARES OUTSTANDING	61,617,873	59,441,111
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING	$ .88	$ .90
DIVIDENDS DECLARED PER COMMON SHARE	$ .495	$ .485

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

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Thousands of Dollars)
(Unaudited)

	Nine Months Ended September 30, 1994	1993
OPERATING REVENUES:		
Electric.	$ 868,814	$ 859,873
Natural gas	389,903	539,137
Total operating revenues.	1,258,717	1,399,010
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	172,756	181,266
Nuclear fuel.	11,733	9,028
Power purchased	9,656	14,519
Natural gas purchases	250,889	324,295
Other operations.	230,528	261,411
Maintenance	81,760	85,644
Depreciation and amortization	115,622	122,524
Amortization of phase-in revenues	13,158	13,158
Taxes:		
Federal income.	62,385	50,567
State income.	15,443	12,414
General	83,222	96,727
Total operating expenses.	1,047,152	1,171,553
OPERATING INCOME.	211,565	227,457
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net).	(3,721)	9,337
Gain on sale of Missouri Properties (see Note 2).	30,701	-
Miscellaneous (net)	7,614	14,940
Income taxes (net).	(5,622)	(1,877)
Total other income and deductions	28,972	22,400
INCOME BEFORE INTEREST CHARGES.	240,537	249,857
INTEREST CHARGES:		
Long-term debt.	74,695	95,732
Other	14,013	13,899
Allowance for borrowed funds used during construction (credit)	(2,230)	(2,118)
Total interest charges.	86,478	107,513
NET INCOME.	154,059	142,344
PREFERRED AND PREFERENCE DIVIDENDS.	10,064	10,151
EARNINGS APPLICABLE TO COMMON STOCK	$ 143,995	$ 132,193
AVERAGE COMMON SHARES OUTSTANDING	61,617,873	58,515,849
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING	$ 2.34	$ 2.26
DIVIDENDS DECLARED PER COMMON SHARE	$ 1.485	$ 1.455

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

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Thousands of Dollars)
(Unaudited)

	Twelve Months Ended September 30, 1994	1993
OPERATING REVENUES:		
Electric	$1,113,478	$1,094,012
Natural gas	655,588	765,166
Total operating revenues	1,769,066	1,859,178
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	228,543	233,942
Nuclear fuel	15,980	12,966
Power purchased	11,533	18,445
Natural gas purchases	426,783	464,144
Other operations	318,277	334,817
Maintenance	113,959	117,598
Depreciation and amortization	157,462	162,601
Amortization of phase-in revenues	17,545	17,544
Taxes:		
Federal income	74,238	61,578
State income	18,587	11,910
General	109,988	122,531
Total operating expenses	1,492,895	1,558,076
OPERATING INCOME	276,171	301,102
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(5,217)	11,748
Gain on sale of Missouri Properties (see Note 2)	30,701	-
Miscellaneous (net)	11,092	18,838
Income taxes (net)	(4,522)	(2,907)
Total other income and deductions	32,054	27,679
INCOME BEFORE INTEREST CHARGES	308,225	328,781
INTEREST CHARGES:		
Long-term debt	102,514	129,754
Other	19,369	20,132
Allowance for borrowed funds used during construction (credit)	(2,743)	(2,729)
Total interest charges	119,140	147,157
NET INCOME	189,085	181,624
PREFERRED AND PREFERENCE DIVIDENDS	13,419	13,610
EARNINGS APPLICABLE TO COMMON STOCK	$ 175,666	$ 168,014
AVERAGE COMMON SHARES OUTSTANDING	61,614,235	58,397,308
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING	$ 2.85	$ 2.88
DIVIDENDS DECLARED PER COMMON SHARE	$ 1.97	$ 1.93

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

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of Dollars)
(Unaudited)

	Nine Months Ended September 30, 1994	Nine Months Ended September 30, 1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 154,059	$ 142,344
Depreciation and amortization	115,622	122,524
Other amortization (including nuclear fuel)	8,390	8,208
Gain on sale of utility plant (net of tax)	(19,296)	-
Deferred taxes and investment tax credits (net)	(35,005)	11,450
Amortization of phase-in revenues	13,158	13,158
Corporate-owned life insurance	(13,600)	(18,586)
Amortization of gain from sale-leaseback	(7,230)	(7,230)
Changes in working capital items (net of effects from the sale of the Missouri Properties):		
Accounts receivable and unbilled revenues (net)	(17,963)	61,420
Fossil fuel	(5,473)	17,655
Gas stored underground	(2,782)	(47,047)
Accounts payable	(68,457)	(81,415)
Accrued taxes	74,008	54,585
Other	(7,067)	(8,772)
Changes in other assets and liabilities	46,568	(13,068)
Net cash flows from operating activities	234,932	255,226
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant	154,929	152,163
Sale of utility plant	(402,076)	-
Non-utility investments	4,680	16,297
Corporate-owned life insurance policies	24,588	25,687
Death proceeds of corporate-owned life insurance policies	-	(10,160)
Net cash flows (from) used in investing activities	(217,879)	183,987
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	(221,595)	140,125
Bank term loan retired	-	(230,000)
Bonds issued	235,923	223,500
Bonds retired	(223,906)	(214,000)
Revolving credit agreement (net)	(115,000)	(150,000)
Other long-term debt (net)	(67,893)	(46,870)
Borrowings against life insurance policies (net)	41,504	182,079
Common stock issued	-	122,021
Dividends on preferred, preference and common stock	(100,950)	(94,083)
Net cash flows from (used in) financing activities	(451,917)	(67,228)
INCREASE IN CASH AND CASH EQUIVALENTS	894	4,011
CASH AND CASH EQUIVALENTS:		
BEGINNING OF THE PERIOD	1,217	875
END OF THE PERIOD	$ 2,111	$ 4,886
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized)	$ 109,104	$ 139,485
Income taxes	72,204	27,648

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

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of Dollars)
(Unaudited)

	Twelve Months Ended September 30, 1994	Twelve Months Ended September 30, 1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 189,085	$ 181,624
Depreciation and amortization	157,462	162,601
Other amortization (including nuclear fuel)	11,436	11,160
Gain on sale of utility plant (net of tax)	(19,296)	-
Deferred taxes and investment tax credits (net)	(18,769)	42,051
Amortization of phase-in revenues	17,545	17,544
Corporate-owned life insurance	(16,664)	(22,710)
Amortization of gain from sale-leaseback	(9,640)	(9,640)
Changes in working capital items (net of effects from the sale of the Missouri Properties):		
Accounts receivable and unbilled revenues (net)	(94,919)	(27,677)
Fossil fuel	(5,055)	28,307
Gas stored underground	7,121	(40,322)
Accounts payable	(30,211)	25,871
Accrued taxes	26,908	15,313
Other	(1,460)	8,811
Changes in other assets and liabilities	41,067	(39,717)
Net cash flows from operating activities	254,610	353,216
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant	240,397	237,298
Utility investment	2,500	-
Sale of utility plant	(402,076)	-
Non-utility investments	2,654	35,868
Corporate-owned life insurance policies	26,169	21,032
Death proceeds of corporate-owned life insurance policies	-	(10,912)
Net cash flows (from) used in investing activities	(130,356)	283,286
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	(143,050)	126,950
Bank term loan retired	-	(230,000)
Bonds issued	235,923	358,500
Bonds retired	(376,372)	(341,466)
Revolving credit agreement (net)	-	(150,000)
Other long-term debt (net)	(13,980)	(230)
Common stock issued (net)	3,970	122,021
Preference stock redeemed	(2,734)	(2,600)
Borrowings against life insurance policies (net)	42,685	176,713
Dividends on preferred, preference and common stock	(134,183)	(125,638)
Net cash flows from (used in) financing activities	(387,741)	(65,750)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,775)	4,180
CASH AND CASH EQUIVALENTS:		
BEGINNING OF THE PERIOD	4,886	706
END OF THE PERIOD	$ 2,111	$ 4,886
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized)	$ 141,353	$ 172,779
Income taxes	93,664	28,685

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

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CAPITALIZATION
(Thousands of Dollars)

	September 30, 1994 (Unaudited)		December 31, 1993	
COMMON STOCK EQUITY (see statement):				
Common stock, par value $5 per share, authorized 85,000,000 shares, outstanding 61,617,873 shares.	$ 308,089		$ 308,089	
Paid-in capital.	667,992		667,738	
Retained earnings.	498,840		446,348	
	1,474,921	49%	1,422,175	45%
CUMULATIVE PREFERRED AND PREFERENCE STOCK:				
Not subject to mandatory redemption,				
Par value $100 per share, authorized 600,000 shares, outstanding -				
4 1/2% Series, 138,576 shares	13,858		13,858	
4 1/4% Series, 60,000 shares.	6,000		6,000	
5% Series, 50,000 shares.	5,000		5,000	
	24,858		24,858	
Subject to mandatory redemption,				
Without par value, $100 stated value, authorized 4,000,000 shares, outstanding -				
7.58% Series, 500,000 shares.	50,000		50,000	
8.50% Series, 1,000,000 shares.	100,000		100,000	
	150,000		150,000	
	174,858	6%	174,858	6%
LONG-TERM DEBT:				
First mortgage bonds	841,000		842,466	
Pollution control bonds.	521,922		508,440	
Other pollution control obligations.	-		13,980	
Revolving credit agreement	-		115,000	
Other long-term agreement.	-		53,913	
Less:				
Unamortized premium and discount (net)	5,878		6,607	
Long-term debt due within one year	-		3,204	
	1,357,044	45%	1,523,988	49%
TOTAL CAPITALIZATION	$3,006,823	100%	$3,121,021	100%

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

WESTERN RESOURCES, INC.
CONSOLIDATED STATEMENTS OF COMMON STOCK EQUITY
(Thousands of Dollars)
(Unaudited)

	Common Stock	Paid-in Capital	Retained Earnings
BALANCE DECEMBER 31, 1992, 58,045,550 shares.	$290,228	$559,636	$398,503
Net income.			142,344
Cash dividends:			
Preferred and preference stock.			(10,151)
Common stock, $1.455 per share			(84,456)
Expenses on preference stock.		(556)	
Issuance of 3,460,517 shares of common stock.	17,302	104,719	
BALANCE SEPTEMBER 30, 1993, 61,506,067 shares	307,530	663,799	446,240
Net income.			35,026
Cash dividends:			
Preferred and preference stock.			(3,355)
Common stock, $0.97 per share			(31,563)
Expenses on common stock.		(2,897)	
Issuance of 111,806 shares of common stock.	559	6,836	
BALANCE DECEMBER 31, 1993, 61,617,873 shares	308,089	667,738	446,348
Net income.			154,059
Cash dividends:			
Preferred and preference stock.			(10,064)
Common stock, $1.485 per share.			(91,503)
Expenses on common stock.		(228)	
Distribution of common stock under the Customer Stock Purchase Plan		482	
BALANCE SEPTEMBER 30, 1994, 61,617,873 shares	$308,089	$667,992	$498,840

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

WESTERN RESOURCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. ACCOUNTING POLICIES AND OTHER INFORMATION

General. The condensed consolidated financial statements of the Company include the accounts of its wholly-owned subsidiaries, Astra Resources, Inc. (Astra Resources), Kansas Gas and Electric Company (KG&E), and KPL Funding Corporation. KG&E owns 47% of the Wolf Creek Nuclear Operating Corporation (WCNOC), the operating company for the Wolf Creek Generating Station (Wolf Creek). The Company records its proportionate share of all transactions of WCNOC as it does other jointly-owned facilities. All significant intercompany transactions have been eliminated. The Company is conducting its utility business as KPL, Gas Service, and through its wholly-owned subsidiary, KG&E. The Company is conducting its non-utility business through Astra Resources.

The financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles, have been condensed or omitted pursuant to such rules and regulations. In the opinion of the Company, the accompanying condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of the Company as of September 30, 1994 and December 31, 1993, and the results of its operations for the three, nine, and twelve month periods ended September 30, 1994 and 1993. These condensed consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's 1993 Annual Report on Form 10-K and the KG&E Annual Report on Form 10-K incorporated by reference in the Company's 1993 Annual Report on Form 10-K.

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

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

	September 30, 1994	December 31, 1993
Cash surrender value of contracts	$405.7	$326.3
Borrowings against contracts	(391.2)	(321.6)
COLI (net)	$ 14.5	$ 4.7

Interest expense included in other income and deductions, net of taxes, related to COLI for the three, nine, and twelve months ended September 30, 1994, was $5.6, $15.4, and $20.1 million, respectively. Interest expense for the three, nine, and twelve months ended September 30, 1993, was $3.3, $6.2, and $7.9 million, respectively.

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

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

2. SALE OF MISSOURI NATURAL GAS DISTRIBUTION PROPERTIES

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

The portion of the Missouri Properties purchased by Southern Union was sold for an estimated sale price of $400 million, in cash, based on a calculation as of December 31, 1993. The sale agreement provided for estimated amounts in the sale price calculation to be adjusted to actual as of January 31, 1994, within 120 days of closing. Disputes with respect to proposed adjustments based upon differences between estimates and actuals were to be resolved within 60 days of submission of the disputes (which were submitted within 15 days of the adjustment proposals) or submitted to arbitration by an accounting firm to be agreed to by both parties. Southern Union proposed a number of adjustments to the purchase price which the Company has disputed. The Company maintains the disputed adjustments are not permitted under the sale agreement and are not subject to the arbitration provisions. In the opinion of the Company's management the resolution of these purchase price adjustments will not have a material impact on the Company's financial position or results of operations.

For information regarding litigation in connection with the sale of the Missouri Properties to Southern Union, see Note 5, LEGAL PROCEEDINGS.

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

During the first quarter of 1994, the Company recognized a gain of approximately $19.3 million, net of tax, on the sale of the Missouri Properties. As of the respective dates of the sales of the Missouri Properties, the Company ceased recording the results of operations, and removed the assets and liabilities from the consolidated balance sheet related to the Missouri Properties. The gain is reflected in other income and deductions on the nine and twelve months ended September 30, 1994 consolidated income statements.

The Company's operating revenues and operating income for the third quarter of 1994 do not include any results related to the Missouri Properties following the sale of those properties in the first quarter of 1994. The consolidated income statements for the nine and twelve months ended September 30, 1994, include revenues and operating income (unaudited) related to the Missouri Properties for a portion of these periods compared to the inclusion of such revenues and operating income for the full nine and twelve months ended September 30, 1993.

The following table reflects the approximate operating revenues (unaudited) and operating income (unaudited) related to the Missouri Properties for the three, nine, and twelve months ended September 30, 1994 and 1993, through the sale to Southern Union on January 31, 1994 and United Cities on February 28, 1994 (millions of dollars):

	Operating Revenues	Percent of Total Company	Operating Income	Percent of Total Company
Three months ended September 30,				
1994	$ 0	-	$ 0	-
1993	$ 34.0	8.1%	$ (2.8)	(3.4)%
Nine months ended September 30,				
1994	$ 77.0	6.1%	$ 5.0	2.4%
1993	$234.5	16.8%	$ 9.4	4.1%
Twelve months ended September 30,				
1994	$192.3	10.9%	$ 16.3	5.9%
1993	$331.7	17.8%	$ 16.0	5.3%

Net utility plant (unaudited) for the Missouri Properties, at December 31, 1993, approximated $296 million. This represents approximately seven percent of the total Company net utility plant at December 31, 1993.

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

3. SHORT-TERM DEBT

The Company's short-term financing requirements are satisfied through the sale of commercial paper, short-term bank loans and borrowings under unsecured lines of credit maintained with banks. At September 30, 1994, the Company had bank credit arrangements available of $145 million.

4. COMMITMENTS AND CONTINGENCIES

As a part of its ongoing operations and construction program, the Company had commitments under purchase orders and contracts which had an unexpended balance of approximately $86 million at December 31, 1993.

Approximately $36 million was attributable to modifications to upgrade the three turbines at Jeffrey Energy Center to be completed by December 31, 1998.

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

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

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

Decommissioning costs are being charged to operating expenses. Electric rates charged to customers provide for recovery of these decommissioning costs over the life of Wolf Creek. Amounts so expensed ($3.5 million in 1993 increasing annually to $5.5 million in 2024) and earnings on trust fund assets are deposited in an external trust fund. The assumed return on trust assets is 5.9%.

The Company's investment in the decommissioning fund, including reinvested earnings was $16.0 and $13.2 million at September 30, 1994 and December 31, 1993, respectively. These amounts are reflected in OTHER PROPERTY AND INVESTMENTS, Decommissioning Trust, and the related liability is included in DEFERRED CREDITS AND OTHER LIABILITIES, Other, on the consolidated balance sheets.

The Company carries $117 million in premature decommissioning insurance. The insurance coverage has several restrictions. One of these is that it can only be used if Wolf Creek incurs an accident exceeding $500 million in expenses to safely stabilize the reactor, to decontaminate the reactor and reactor station site in accordance with a plan approved by the Nuclear Regulatory Commission (NRC), and to pay for on-site property damages. If the amount designated as decommissioning insurance is needed to implement the NRC-approved plan for stabilization and decontamination, it would not be available for decommissioning purposes.

Nuclear Insurance. The Price-Anderson Act limits the combined public liability of the owners of nuclear power plants to $9.0 billion for a single nuclear incident. The Wolf Creek owners (Owners) have purchased the maximum available private insurance of $200 million and the balance is provided by an assessment plan mandated by the NRC. Under this plan, the Owners are jointly and severally subject to a retrospective assessment of up to $79.3 million ($37.3 million, Company's share) in the event there is a nuclear incident involving any of the nation's licensed reactors. This assessment is subject to an inflation adjustment based on the Consumer Price Index and applicable premium taxes. There is a limitation of $10 million ($4.7 million, Company's share) in retrospective assessments per incident per year.

The Owners carry decontamination liability, premature decommissioning liability, and property damage insurance for Wolf Creek totalling approximately $2.8 billion ($1.3 billion, Company's share). This insurance is provided by a combination of "nuclear insurance pools" ($500 million) and Nuclear Electric Insurance Limited (NEIL) ($2.3 billion). In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination. The remaining proceeds from the $2.8 billion insurance coverage ($1.3 billion, Company's share), if any, can be used for property damage up to $1.2 billion (Company's share) and premature decommissioning costs up to $117 million (Company's share) in excess of funds previously collected for decommissioning (as discussed under "Decommissioning").

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

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

Clean Air Act. The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in sulfur dioxide and oxides of nitrogen (NOx) emissions effective in 1995 and 2000 and a probable reduction in toxic emissions. To meet the monitoring and reporting requirements under the acid rain program, the Company is installing continuous monitoring and reporting equipment at a total cost of approximately $10 million. At December 31, 1993, the Company had completed approximately $4 million of these capital expenditures with the remaining $6 million of capital expenditures to be completed in 1994. The Company does not expect additional equipment to reduce sulfur emissions to be necessary under Phase II. Although the Company currently has no Phase I affected units, the Company applied for an early substitution permit to bring the co-owned LaCygne Generating Station under the Phase I guidelines.

The NOx and toxic limits, which were not set in the law, will be specified in future EPA regulations. Until such time as the Phase I group 1 NOx regulations are final, the Company will be unable to determine its compliance options or related compliance costs.

Fuel Commitments. To supply a portion of the fuel requirements for its generating plants, the Company has entered into various commitments to obtain nuclear fuel, coal, and natural gas. Some of these contracts contain provisions for price escalation and minimum purchase commitments. At December 31, 1993, WCNOC's nuclear fuel commitments (Company's share) were approximately $18.0 million for uranium concentrates expiring at various times through 1997, $123.6 million for enrichment expiring at various times through 2014, and $45.5 million for fabrication through 2012. At December 31, 1993, the Company's coal and natural gas contract commitments in 1993 dollars under the remaining term of the contracts were $2.8 billion and $20.4 million, respectively. The largest coal contract was renegotiated early in 1993 and expires in 2020 with the remaining coal contracts expiring at various times through 2013. The majority of natural gas contracts continue through 1995 with automatic one-year extension provisions. In the normal course of business, additional commitments and spot market purchases will be made to obtain adequate fuel supplies.

Environmental. The Company was previously associated with 20 former manufactured gas sites located in Kansas which may contain coal tar and other potentially harmful materials. These sites were operated decades ago by other companies, and may have been owned by the Company for a period of time after they had ceased operation. The Company and the Kansas Department of Health and Environment (KDHE) have conducted preliminary assessments of the sites at a cost of approximately $500,000. The results of the preliminary investigations determined the Company does not have a connection to four of the sites. Of the remaining 16 sites, the Company has initiated site investigation and risk assessment of the highest priority site and anticipates a total cost for site investigations of approximately $500,000 to $700,000 in 1994.

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

The Company has been identified as one of numerous potentially responsible parties in four hazardous waste sites listed by the EPA as Superfund sites. One site is a groundwater contamination site in Wichita, Kansas, and two are soil contamination sites in Missouri. The other site is a solid waste land-fill located in Edwardsville, Kansas. The Company's obligation at these sites appears to be limited based on the Company's experience. In the opinion of the Company's management, the resolution of these matters will not have a material impact on the financial position of the Company or results of operations.

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

For more information with respect to Commitments and Contingencies, see Note 4, COMMITMENTS AND CONTINGENCIES of the Company's 1993 Annual Report on Form 10-K.

5. LEGAL PROCEEDINGS

On June 1, 1994, Southern Union filed an action against the Company, The Bishop Group, Ltd., and other entities affiliated with The Bishop Group, in the Federal District Court for the Western District of Missouri (Southern Union Company v. Western Resources, Inc. et al., Case No 94-509-CV-W-1) alleging, among other things, breach of the Missouri Properties sale agreement relating to certain gas supply contracts between the Company and various Bishop entities that Southern Union assumed, and requesting unspecified monetary damages as well as declaratory relief. On August 1, 1994, the Company filed its answer and counterclaim denying all claims asserted against it by Southern Union and requesting declaratory judgment with respect to certain adjustments in the purchase price for the Missouri Properties proposed by Southern Union and disputed by the Company. On August 24, 1994, Southern Union filed claims against the Company for alleged purchase price adjustments totalling $19 million. In the Company's opinion, the disputed adjustments are not proper adjustments to the purchase price. See Note 2, SALE OF MISSOURI NATURAL GAS DISTRIBUTION PROPERTIES.

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

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

For additional information with respect to Legal Proceedings see Note 15, LEGAL PROCEEDINGS of the Company's 1993 Annual Report on Form 10-K.

6. RATE MATTERS AND REGULATION

On June 20, 1994, Williams Natural Gas Company (WNG) filed an application with FERC to direct bill approximately $29.9 million of FERC Order No. 636 transition costs to the Company related to natural gas sales service in Kansas, Missouri, and Oklahoma. FERC issued an order authorizing the direct billing, subject to refund, beginning July 20, 1994. The Company believes substantially all of these costs and any future transition costs ultimately will be recovered through charges to its current Kansas and Oklahoma and former Missouri customers, and any unrecovered transition costs will not be material to the Company's financial position or results of operations. For additional information with respect to FERC Order No. 636 see Management's Discussion and Analysis, OTHER INFORMATION of the Company's 1993 Annual Report on Form 10-K.

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

Gas Transportation Charges. On September 12, 1991, the KCC authorized the Company to begin recovering, through the Purchase Gas Adjustment (PGA), deferred supplier gas transportation costs of $9.9 million incurred through December 31, 1990, based on a three-year amortization schedule. On December 30, 1991, the KCC authorized the Company to recover deferred transportation costs of approximately $2.8 million incurred subsequent to December 31, 1990 through the PGA over a 32-month period. At September 30, 1994, approximately $830 thousand of these deferrals remain in other deferred charges on the consolidated balance sheet. In September, 1994 the Company received a refund from the Panhandle Eastern Pipeline Company (Panhandle) of $1.4 million due to the disallowance by FERC of some of Panhandle's charges in their rates billed to the Company.

KCC Rate Proceedings. On January 24, 1992, the KCC issued an order allowing the Company to continue the deferral of service line replacement program costs incurred since January 1, 1992, including depreciation, property taxes, and carrying costs for recovery in the next general rate case. At September 30, 1994, approximately $5.7 million of these deferrals have been included in other deferred charges on the consolidated balance sheet.

On December 30, 1991, the KCC approved a permanent natural gas rate increase of $39 million annually and the Company discontinued the deferral of accelerated line survey costs on January 1, 1992. Approximately $4.4 million of deferred costs remain in other deferred charges on the consolidated balance sheet at September, 30, 1994, with the balance being included in rates and amortized to expense during a 43-month period, commencing January 1, 1992.

For additional information with respect to Rate Matters and Regulation see Note 5, RATE MATTERS AND REGULATION of the Company's 1993 Annual Report on Form 10-K.

7. INCOME TAXES

Total income tax expense included in the Consolidated Statements of Income reflects the Federal statutory rate of 35% since January 1, 1993 and 34% for all prior periods. The Federal statutory rate produces effective income tax rates of 36.5% and 30.2% for the three month periods, 35.6% and 31.3% for the nine month periods, and 34.4% and 29.6% for the twelve month periods ended September 30, 1994 and 1993, respectively. The effective income tax rates vary from the Federal statutory rate due to permanent differences, including the amortization of investment tax credits, and accelerated amortization of certain deferred income taxes.

For additional information with respect to Income Taxes see Note 12, INCOME TAXES of the Notes to Consolidated Financial Statements in the Company's 1993 Annual Report on Form 10-K.

8. EMPLOYEE BENEFIT PLANS

The Company adopted Statement of Financial Accounting Standards No. 112 (SFAS 112) in the first quarter of 1994, which established accounting and reporting standards for postemployment benefits. The statement requires the Company to recognize the liability to provide postemployment benefits when the liability has been incurred. To mitigate the impact adopting SFAS 112 will have on rate increases, the Company received an order from the KCC permitting the initial deferral of SFAS 112 transition costs and expenses and its inclusion in the future computation of cost of service net of an income stream generated from corporate-owned life insurance (COLI). At September 30, 1994, the Company's SFAS 112 liability recorded on the consolidated balance sheet was approximately $8.9 million.

At December 31, 1993, the Company's total Statement of Financial Accounting Standards No. 106 (SFAS 106) obligation was approximately $166.5 million and the SFAS 106 expense was approximately $26.5 million for 1993. With the sale of the Missouri Properties, the Company's SFAS 106 obligation at December 31, 1993 would have been lower by approximately $40.1 million and the 1993 expense would have been $5.3 million lower. To mitigate the impact SFAS 106 expense will have on rate increases, the Company will include in the future computation of cost of service the actual SFAS 106 expense and an income stream generated from COLI. To the extent SFAS 106 expense exceeds income from the COLI program, this excess is being deferred and will be offset by income generated through the deferral period by the COLI program in accordance with the provisions of the FASB Emerging Issues Task Force Issue No. 92-12.

9. LONG-TERM DEBT

The Company had a long-term debt agreement which contained provisions for the sale of accounts receivable and unbilled revenues (receivables) and phase-in revenues up to a total of $180 million. This agreement was terminated on November 1, 1994. Amounts related to receivables were accounted for as sales while those related to phase-in revenues were accounted for as collateralized borrowings. Additional receivables were continually sold to replace those collected. At September 30, 1994 and December 31, 1993, outstanding receivables amounting to $20.1 million and $56.8 million, respectively, were considered sold under the agreement.

On October 5, 1994, the Company extended its $350 million revolving credit facility which will expire on October 5, 1999.

For additional information with respect to Long-Term Debt see Note 8, LONG-TERM DEBT of the Notes to Financial Statements in the Company's 1993 Annual Report on Form 10-K.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with MANAGEMENT'S DISCUSSION AND ANALYSIS of the Company's 1993 Annual Report on Form 10-K.

The following updates the information provided in the 1993 Annual Report on Form 10-K and analyzes the changes in the results of operations between the three, nine, and twelve month periods ended September 30, 1994 and comparable periods of 1993.

As a result of the sale of the Missouri Properties, as described in Note 2, SALE OF MISSOURI NATURAL GAS DISTRIBUTION PROPERTIES, of the Notes to Consolidated Financial Statements (Note 2), the Company recognized a gain of approximately $19.3 million, net of tax, and ceased recording the results of operations for the Missouri Properties during the first quarter of 1994. Consequently, the Company's results of operations for the three, nine, and twelve months ended September 30, 1994 are not fully comparable to the results of operations for the same periods ending September 30, 1993.

For additional information regarding the sale of the Missouri Properties and the pending litigation see Note 2 and Note 5, LEGAL PROCEEDINGS, of the Notes to Consolidated Financial Statements.

FINANCIAL CONDITION

General. Net income for the third quarter of 1994 was $58 million, up two percent from net income of $57 million for the same period of 1993. The Company earned $0.88 per share of common stock for the third quarter of 1994, a decrease of $0.02 per share from the third quarter of 1993. There were

61,617,873 and 59,441,111 average shares outstanding for the third quarter of 1994 compared to 1993, respectively.

The increase in net income is primarily due to lower operating expenses as a result of the sale of the Missouri Properties and reduced interest expense from lower debt balances. Partially offsetting the increase were higher income taxes caused by the completion of the KG&E accelerated amortization of certain deferred income tax reserves. As of December 31, 1993, KG&E had fully amortized these deferred income tax reserves related to the allowance for borrowed funds used during construction capitalized for Wolf Creek. The absence of the amortization of these deferred income tax reserves reduces net income by approximately $3 million per quarter or approximately $12 million per year.

Operating revenues were $379 million and $419 million for the three months ended September 30, 1994 and 1993, respectively. The decrease in revenues is caused by lower natural gas revenues as a result of the sale of the Missouri Properties (see Note 2) and lower electric revenues resulting from cooler summer temperatures in the third quarter of 1994 compared to 1993.

Net income for the nine and twelve months ended September 30, 1994, was $154 million and $189 million, respectively, compared to $142 million and $182 million for the comparable periods of 1993. The increase for both periods is primarily the result of increased electric sales, reduced interest costs, and the gain on the sale of the Missouri Properties. Partially offsetting these increases was the completion of the amortization of certain deferred income tax reserves discussed previously.

Operating revenues were $1.3 billion and $1.8 billion, respectively, for the nine and twelve months ended September 30, 1994 compared to $1.4 billion and $1.9 billion for the same periods of 1993. The decrease in revenues is primarily a result of the sale of the Missouri Properties.

The quarterly dividend rate is $0.495 per share, for an indicated annual rate of $1.98 per share. The book value per share was $23.94 at September 30, 1994, up from $23.08 at December 31, 1993.

Liquidity and Capital Resources. The Company's short-term debt balance at September 30, 1994, decreased approximately $222 million from December 31, 1993, primarily as a result of the use of the proceeds from the sale of the Missouri Properties and the issuance, on January 20, 1994, of $100 million of KG&E first mortgage bonds to retire such debt.

At September 30, 1994, the Company had bank credit arrangements available of $145 million. On October 5, the Company extended its $350 million revolving credit facility which will now expire on October 5, 1999.

On April 28, 1994, two series of Market-Adjusted Tax Exempt Securities (MATES) totalling $75.5 million were sold on behalf of the Company at a rate of 2.95% for the initial auction period. The interest rate is being reset periodically via an auction process. As of September 30, 1994, the rate on these bonds was 3.25% for $45 million and 3.375% for the remaining $30.5 million. The net proceeds from the new issues, together with available cash, were used to refund two series of pollution control bonds totalling $75.5 million bearing interest rates of 5.9% and 6.75%.

On April 28, 1994, three series of MATES totalling $46.4 million were sold on behalf of KG&E at a rate of 2.95% for the initial auction period. The interest rate is being reset periodically via an auction process. As of September 30, 1994, the rate on these bonds ranged from 3.15% to 3.19%. The net proceeds from the new issues, together with available cash, were used to refund three series of pollution control bonds totalling $46.4 million bearing interest rates between 5 7/8% and 6.8%.

In 1986 KG&E purchased corporate-owned life insurance policies (COLI) on certain of its employees. For the nine months ended September 30, 1994, KG&E increased its borrowings against the accumulated cash surrender values of the policies by $39.9 million and received $1.6 million from increased borrowings on Wolf Creek Nuclear Operating Company policies.

OPERATING RESULTS

Revenues. The Company's revenues vary with levels of usage as a result of changing weather conditions during comparable periods and are sensitive to seasonal fluctuations between consecutive periods. Future electric and natural gas sales will continue to be affected by weather conditions, competing fuel sources, wholesale demand, and the overall economy of the Company's service area.

The following table reflects changes in electric sales for the three, nine, and twelve months ended September 30, 1994 from the comparable periods of 1993.

Increase (decrease) in electric sales volumes:

	3 Months ended	9 Months ended	12 Months ended
Residential	(6.8)%	(1.1)%	-
Commercial	1.7%	4.2%	2.8%
Industrial	3.8%	1.8%	0.9%
Total retail sales	(0.7)%	1.6%	1.2%
Wholesale and interchange	(32.0)%	(3.3)%	4.8%
Total electric sales	(7.9)%	0.6%	2.0%

Electric revenues decreased one percent for the three months ended September 30, 1994 compared to the same period of 1993. The decrease is due to lower residential and wholesale and interchange sales. Residential sales were down because of milder temperatures for the third quarter of 1994, which was eight percent cooler than the third quarter of 1993. Wholesale and interchange sales were lower because of high sales in the third quarter of 1993 to other utilities while their generating units were down due to the flooding of 1993.

Electric revenues increased one percent for the nine months ended September 30, 1994, primarily as a result of increased commercial and industrial sales resulting from customer growth. Partially offsetting these higher sales were lower residential and wholesale and interchange sales due to the mild 1994 temperatures and one-time interchange sales as discussed previously. Partially offsetting the loss of the one-time interchange sales in 1993 was the addition of new interchange customers. In February 1994, the Company joined the Western Systems Power Pool which opened additional markets for interchange power.

Electric revenues for the twelve months ended September 30, 1994, increased two percent as a result of higher revenues from all classes of customers. Increased commercial sales had the largest impact on the increased revenues.

The following table reflects changes in natural gas sales for the three, nine, and twelve months ended September 30, 1994 from the comparable periods of 1993.

Increase (decrease) in natural gas sales volumes (decrease):

	3 Months ended	9 Months ended	12 Months ended
Residential	(47.3)%	(35.4)%	(23.3)%
Commercial	(39.5)%	(38.2)%	(25.2)%
Industrial	(49.1)%	(61.5)%	(68.0)%
Transportation	(32.3)%	(28.6)%	(21.3)%
Total deliveries	(37.2)%	(34.0)%	(23.5)%

Natural gas revenues and sales decreased significantly for the three, nine, and twelve months ended September 30, 1994 compared to the same periods of 1993 as a result of the sale of the Missouri Properties in the first quarter of 1994 (see Note 2).

Also contributing to the decreases for the nine and twelve months ended September 30, 1994 were lower natural gas sales for space heating as a result of the milder temperatures during the 1994 heating season. Partially offsetting these decreases was a higher unit gas cost being recovered from customers through Purchased Gas Adjustment clauses (PGA).

Operating Expenses. Total operating expenses decreased 13 percent, 11 percent, and four percent for the three, nine, and twelve months ended September 30, 1994 compared to the same periods of 1993. These decreases are primarily the result of the sale of the Missouri Properties (see Note 2).

Also contributing to the decreased operating expenses for the three months ended were lower fuel and purchased power expenses resulting from decreased electric demand caused by the mild temperatures discussed previously. Reduced operations and maintenance expenses, other than as a result of the sale of the Missouri Properties, also decreased total operating expense.

Partially offsetting the decreases for the nine and twelve month periods were higher nuclear fuel costs, increased income tax expense, and a higher unit cost of gas which is passed on to customers through the PGA. Nuclear fuel costs were higher as a result of higher availability of Wolf Creek during these periods. Beginning March 5, 1993, Wolf Creek was taken off-line for approximately 73 days for scheduled refueling and maintenance.

Wolf Creek Generating Station (Wolf Creek) operates on an eighteen month refueling cycle. Wolf Creek began its seventh refueling and maintenance outage in mid September 1994. The outage took approximately 47 days. The operations and maintenance expenses associated with the refueling are being deferred and then amortized over eighteen months.

As of December 31, 1993, KG&E had fully amortized its deferred income tax reserves related to the allowance for borrowed funds used during construction capitalized for Wolf Creek. The completion of the amortization of these deferred income tax reserves increased income taxes and thereby reduced net income by approximately $3 million for the three months ended and $9 million for the nine and twelve months ended September 30, 1994, respectively.

Other Income and Deductions. Other income and deductions, net of taxes, was significantly lower for the quarter ended September 30, 1994 compared to 1993 as a result of increased interest expense on COLI borrowings and the receipt of death proceeds in the third quarter of 1993.

Other income and deductions, net of taxes, was higher for the nine and twelve months ended September 30, 1994 compared to 1993 due to the recognizing of the gain on the sale of the Missouri Properties of approximately $19.3 million, net of tax, (see Note 2). Partially offsetting these increases was increased interest expense on COLI borrowings.

Interest Charges and Preferred and Preference Dividend Requirements. Total interest charges decreased for the three, nine, and twelve months ended September 30, 1994 from the comparable periods in 1993, as a result of lower debt balances and the refinancing of higher cost debt, as well as increased COLI borrowings which interest is reflected in Other Income and Deductions on the consolidated income statement.

WESTERN RESOURCES, INC.
Part II Other Information

Item 5. Other Information

The transaction described in Item 5 of the Company's Quarterly Report of Form 10-Q for the quarter ended June 30, 1994, was not consummated. The Company will proceed on its own towards the development of a natural gas market center for the mid-continent region of the U.S.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 27 -	Financial Data Schedule
Exhibit 99 -	Kansas Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994 (filed electronically)

(b) Reports on Form 8-K:

None

SIGNATURES

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

Western Resources, Inc.

Date November 10, 1994 By S. L. Kitchen

S. L. Kitchen, Executive Vice President
and Chief Financial Officer

Date November 10, 1994 By Jerry D. Courington
Jerry D. Courington,
Controller

UT
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET AT SEPTEMBER 30, 1994 AND THE STATEMENT OF INCOME AND THE STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1994 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

9-MOS
DEC-31-1994
SEP-30-1994
PER-BOOK
4,247,804
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86,478
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143,995
91,503
74,695
234,932
2.34
0

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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

For the quarterly period ended September 30, 1994

OR

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

For the transition period from ________ to ________

Commission File Number 1-7324

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

KANSAS	48-1093840
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer identification No.)

P.O. Box 208
Wichita, Kansas 67201
(Address of principal executive offices)

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

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

YES X NO

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

Class	Outstanding at November 10, 1994
Common Stock (No par value)	1,000

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

KANSAS GAS AND ELECTRIC COMPANY
INDEX

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

	September 30, 1994 (Unaudited)	December 31, 1993
ASSETS		
UTILITY PLANT:		
Electric plant in service	$3,381,637	$3,339,832
Less - Accumulated depreciation	847,431	790,843
	2,534,206	2,548,989
Construction work in progress	32,052	28,436
Nuclear fuel (net)	37,909	29,271
Net utility plant	2,604,167	2,606,696
OTHER PROPERTY AND INVESTMENTS:		
Decommissioning trust	15,951	13,204
Other	12,344	10,941
	28,295	24,145
CURRENT ASSETS:		
Cash and cash equivalents	57	63
Accounts receivable and unbilled revenues (net) (Note 8).	59,168	11,112
Advances to parent company.	195,552	192,792
Fossil fuel, at average cost, ...	13,652	7,594
Materials and supplies, at average cost	30,730	29,933
Prepayments and other current assets.	19,049	14,995
	318,208	256,489
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes.	102,766	102,789
Deferred coal contract settlement costs	18,773	21,247
Phase-in revenues	65,792	78,950
Other deferred plant costs.	31,840	32,008
Corporate-owned life insurance (net)	8,830	45
Unamortized debt expense.	28,317	27,365
Other	43,186	37,745
	299,504	300,149
TOTAL ASSETS	$3,250,174	$3,187,479
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (see statement).	$2,027,955	$1,899,221
CURRENT LIABILITIES:		
Short-term debt	42,300	155,800
Long-term debt due within one year.	-	238
Accounts payable.	48,366	51,095
Accrued taxes	48,290	12,185
Accrued interest.	14,147	7,381
Other	10,434	9,427
	163,537	236,126
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	648,997	646,159
Deferred investment tax credits	75,643	78,048
Deferred gain from sale-leaseback	254,751	261,981
Other	79,291	65,944
	1,058,682	1,052,132
COMMITMENTS AND CONTINGENCIES (Notes 3 and 4)		
TOTAL CAPITALIZATION AND LIABILITIES	$3,250,174	$3,187,479

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

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

	Three Months Ended September 30, 1994	1993
OPERATING REVENUES	$ 189,202	$ 191,941
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	27,727	28,590
Nuclear fuel	3,638	4,179
Power purchased	1,376	5,674
Other operations	26,092	29,918
Maintenance	9,957	11,606
Depreciation and amortization	19,141	18,837
Amortization of phase-in revenues	4,386	4,386
Taxes:		
Federal income	23,521	19,534
State income	5,575	4,477
General	10,811	11,866
Total operating expenses	132,224	139,067
OPERATING INCOME	56,978	52,874
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(1,728)	5,969
Miscellaneous (net)	833	864
Income taxes (net)	2,137	1,357
Total other income and deductions	1,242	8,190
INCOME BEFORE INTEREST CHARGES	58,220	61,064
INTEREST CHARGES:		
Long-term debt	11,934	13,752
Other	1,249	1,247
Allowance for borrowed funds used during construction (credit)	(444)	(341)
Total interest charges	12,739	14,658
NET INCOME	$ 45,481	$ 46,406

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

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

	Nine Months Ended September 30, 1994	1993
OPERATING REVENUES	$ 480,793	$ 480,900
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	71,662	70,607
Nuclear fuel	11,733	9,028
Power purchased	4,869	9,043
Other operations	84,677	92,627
Maintenance	35,187	33,572
Depreciation and amortization	57,402	56,512
Amortization of phase-in revenues	13,158	13,158
Taxes:		
Federal income	41,594	32,786
State income	10,160	7,692
General	34,947	34,682
Total operating expenses	365,389	359,707
OPERATING INCOME	115,404	121,193
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(3,721)	9,337
Miscellaneous (net)	3,641	8,382
Income taxes (net)	5,375	314
Total other income and deductions	5,295	18,033
INCOME BEFORE INTEREST CHARGES	120,699	139,226
INTEREST CHARGES:		
Long-term debt	36,032	41,753
Other	3,721	4,211
Allowance for borrowed funds used during construction (credit)	(1,368)	(1,149)
Total interest charges	38,385	44,815
NET INCOME	$ 82,314	$ 94,411

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

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

	Twelve Months Ended September 30, 1994	Twelve Months Ended September 30, 1993
OPERATING REVENUES	$ 616,890	$ 607,958
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	94,443	86,776
Nuclear fuel	15,980	12,966
Power purchased	5,690	10,397
Other operations	110,998	121,436
Maintenance	48,355	47,569
Depreciation and amortization	76,420	74,443
Amortization of phase-in revenues	17,545	17,544
Taxes:		
Federal income	48,361	33,995
State income	12,038	7,939
General	45,468	44,418
Total operating expenses	475,298	457,483
OPERATING INCOME	141,592	150,475
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(5,217)	11,748
Miscellaneous (net)	4,530	10,747
Income taxes (net)	7,288	(416)
Total other income and deductions	6,601	22,079
INCOME BEFORE INTEREST CHARGES	148,193	172,554
INTEREST CHARGES:		
Long-term debt	48,187	55,910
Other	5,585	8,164
Allowance for borrowed funds used during construction (credit)	(1,585)	(1,459)
Total interest charges	52,187	62,615
NET INCOME	$ 96,006	$ 109,939

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

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

	Nine Months Ended September 30, 1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	$ 82,314	$ 94,411
Depreciation and amortization	57,402	56,512
Other amortization (including nuclear fuel)	8,390	8,208
Deferred income taxes and investment tax credits (net). . .	14,442	5,515
Amortization of phase-in revenues	13,158	13,158
Corporate-owned life insurance.	(13,600)	(18,586)
Amortization of gain from sale-leaseback.	(7,230)	(7,230)
Changes in working capital items:		
Accounts receivable and unbilled revenues (net) (Note 8).	(48,056)	(39,849)
Fossil fuel	(6,058)	4,645
Accounts payable.	(2,729)	(4,578)
Interest and taxes accrued.	42,871	36,171
Other	(3,844)	(4,006)
Changes in other assets and liabilities	(18,165)	(10,738)
Net cash flows from operating activities	118,895	133,633
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant.	65,646	43,364
Corporate-owned life insurance policies	24,588	25,687
Death proceeds of corporate-owned life insurance policies .	-	(10,160)
Net cash flows used in investing activities.	90,234	58,891
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short-term debt (net)	(113,500)	(31,500)
Advances to parent company (net).	(2,760)	(27,374)
Bonds issued.	160,422	65,000
Bonds retired	(46,440)	(65,000)
Revolving credit agreement (net).	-	(150,000)
Other long-term debt (net).	(67,893)	(46,870)
Borrowings against life insurance policies (net).	41,504	182,079
Net cash flows from (used in) financing activities . .	(28,667)	(73,665)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(6)	1,077
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD.	63	892
CASH AND CASH EQUIVALENTS AT END OF PERIOD.	$ 57	$ 1,969
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized).	$ 50,157	$ 57,889
Income taxes.	21,658	13,417

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

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

	Twelve Months Ended September 30, 1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	$ 96,006	$ 109,939
Depreciation and amortization	76,420	74,443
Other amortization (including nuclear fuel)	11,436	11,160
Deferred income taxes and investment tax credits (net). . .	31,499	9,501
Amortization of phase-in revenues	17,545	17,544
Corporate-owned life insurance.	(16,664)	(22,710)
Amortization of gain from sale-leaseback.	(9,640)	(9,640)
Changes in working capital items:		
Accounts receivable and unbilled revenues (net) (Note 8).	(8,776)	(6,987)
Fossil fuel	(2,196)	9,973
Accounts payable.	(7,964)	8,428
Interest and taxes accrued.	(2,353)	4,691
Other	(2,029)	(8,453)
Changes in other assets and liabilities	(23,957)	(26,739)
Net cash flows from operating activities.	159,327	171,150
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant.	89,168	68,807
Corporate-owned life insurance policies	26,169	21,032
Death proceeds of corporate-owned life insurance policies .	-	(10,912)
Net cash flows used in investing activities.	115,337	78,927
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short-term debt (net)	(19,700)	(40,900)
Advances to parent company (net).	(93,889)	(97,629)
Bonds issued.	160,422	200,000
Bonds retired	(121,440)	(190,000)
Other long-term debt (net).	(13,980)	(230)
Revolving credit agreement (net).	-	(150,000)
Borrowings against life insurance policies (net).	42,685	176,713
Net cash flows from (used in) financing activities . .	(45,902)	(102,046)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.	(1,912)	(9,823)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD.	1,969	11,792
CASH AND CASH EQUIVALENTS AT END OF PERIOD.	$ 57	$ 1,969
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized).	$ 69,921	$ 81,573
Income taxes.	37,595	27,642

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

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

				September 30, 1994 (Unaudited)		December 31, 1993	
COMMON STOCK EQUITY:							
(See Statements of Common Stock Equity)							
Common stock, without par value, authorized and issued 1,000 shares				$1,065,634		$1,065,634	
Retained earnings				262,358		180,044	
Total common stock equity				1,327,992	65%	1,245,678	66%
LONG-TERM DEBT:							
First Mortgage Bonds:							
Series	Due	1994	1993				
5-5/8%	1996	$ 16,000	$ 16,000				
7.6%	2003	135,000	135,000				
6-1/2%	2005	65,000	65,000				
6.20%	2006	100,000	-				
				316,000		216,000	
Pollution Control Bonds:							
6.80%	2004	-	14,500				
5-7/8%	2007	-	21,940				
6%	2007	-	10,000				
5.10%	2023	13,982	-				
Variable (a)	2027	21,940	-				
7%	2031	327,500	327,500				
Variable (a)	2032	14,500	-				
Variable (a)	2032	10,000	-				
				387,922		373,940	
Total bonds				703,922		589,940	
Other Long-Term Debt:							
Pollution control obligations:							
5-3/4% series	2003	-	13,980				
Other long-term agreement	1995	-	53,913				
Total other long-term debt				-		67,893	
Less:							
Unamortized premium and discount (net)				3,959		4,052	
Long-term debt due within one year				-		238	
Total long-term debt				699,963	35%	653,543	34%
TOTAL CAPITALIZATION				$2,027,955	100%	$1,899,221	100%

(a) Market-Adjusted Tax Exempt Securities (MATES). The interest rate is being reset periodically via an auction process. As of September 30, 1994, the rates ranged from 3.15% to 3.19% for these bonds.

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

KANSAS GAS AND ELECTRIC COMPANY
STATEMENTS OF COMMON STOCK EQUITY
(Thousands of Dollars, Except Shares)
(Unaudited)

	Common Stock				Treasury Stock		
	Shares	Amount	Other Paid-in Capital	Retained Earnings	Shares	Amount	Total
BALANCE DECEMBER 31, 1991. . (Predecessor)	40,997,745	637,003	284	170,598	(9,996,426)	(199,255)	608,630
Net income				6,040			6,040
Cash dividends:							
Common stock-$0.43 per share.				(13,330)			(13,330)
Preferred stock.				(205)			(205)
Employee stock plans . . .		(12)			(966)		(12)
Merger of KG&E with KCA. .	(40,997,745)	(636,991)	(284)	(163,103)	9,997,392	199,255	(601,123)
MARCH 31, 1992 Subtotal-KG&E (Predecessor).	-0-	-0-	-0-	-0-	-0-	-0-	-0-
KCA common stock issued. .	1,000	$1,065,634	-	-	-	-	$1,065,634
Net income				$ 71,941			71,941
BALANCE DECEMBER 31, 1992. . (Successor)	1,000	1,065,634	-	71,941	-	-	1,137,575
Net Income				108,103			108,103
BALANCE DECEMBER 31, 1993. . (Successor)	1,000	$1,065,634	$ -	$ 180,044	-	$ -	$1,245,678
Net Income				82,314			82,314
BALANCE SEPTEMBER 30, 1994 . (Successor)	1,000	$1,065,634	$ -	$ 262,358	-	$ -	$1,327,992

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

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

1. ACCOUNTING POLICIES AND OTHER INFORMATION

General. On March 31, 1992, Western Resources, Inc., formerly The Kansas Power and Light Company, (Western Resources, Parent Company) through its wholly-owned subsidiary KCA Corporation (KCA), acquired all of the outstanding common and preferred stock of Kansas Gas and Electric Company (KG&E) for $454 million in cash and 23,479,380 shares of Western Resources common stock (the Merger).

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

The financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of the Company, the accompanying condensed financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of the Company as of September 30, 1994, and December 31, 1993, and the results of its operations for the three, nine and twelve month periods ended September 30, 1994 and 1993. These condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's 1993 Annual Report on Form 10-K.

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

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

	September 30, 1994	December 31, 1993
Cash surrender value of contracts	$319.3	$269.0
Borrowings against contracts	(310.5)	(269.0)
COLI (net)	$ 8.8	$ 0.0

Interest expense included in other income and deductions, net of taxes, related to COLI for the three, nine, and twelve months ended September 30, 1994, was $5.6, $15.4, and $20.1 million, respectively. Interest expense for the three, nine, and twelve months ended September 30, 1993, was $3.3, $6.2, and $7.9 million, respectively.

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

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

2. SHORT-TERM DEBT

The Company's short-term financing requirements are satisfied through short-term bank loans and borrowings under unsecured lines of credit maintained with banks. At September 30, 1994, the Company had bank credit arrangements available of $35 million. Effective October 1, 1994, the Company reduced its bank credit arrangements to $24 million.

3. COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

Decommissioning costs are being charged to operating expenses. Electric rates charged to customers provide for recovery of these decommissioning costs over the life of Wolf Creek. Amounts so expensed ($3.5 million in 1993 increasing annually to $5.5 million in 2024) and earnings on trust fund assets are deposited in an external trust fund. The assumed return on trust assets is 5.9%.

The Company's investment in the decommissioning fund, including reinvested earnings was $16.0 and $13.2 million at September 30, 1994 and December 31, 1993, respectively. These amounts are reflected in OTHER PROPERTY AND INVESTMENTS, Decommissioning Trust, and the related liability is included in DEFERRED CREDITS AND OTHER LIABILITIES, Other, on the balance sheets.

The Company carries $117 million in premature decommissioning insurance. The insurance coverage has several restrictions. One of these is that it can only be used if Wolf Creek incurs an accident exceeding $500 million in expenses to safely stabilize the reactor, to decontaminate the reactor and reactor station site in accordance with a plan approved by the Nuclear Regulatory Commission (NRC), and to pay for on-site property damages. If the amount designated as decommissioning insurance is needed to implement the NRC-approved plan for stabilization and decontamination, it would not be available for decommissioning purposes.

Nuclear Insurance. The Price-Anderson Act limits the combined public liability of the owners of nuclear power plants to $9.0 billion for a single nuclear incident. The Wolf Creek owners (Owners) have purchased the maximum available private insurance of $200 million and the balance is provided by an assessment plan mandated by the NRC. Under this plan, the Owners are jointly and severally subject to a retrospective assessment of up to $79.3 million ($37.3 million, Company's share) in the event there is a nuclear incident involving any of the nation's licensed reactors. This assessment is subject to an inflation adjustment based on the Consumer Price Index and applicable premium taxes. There is a limitation of $10 million ($4.7 million, Company's share) in retrospective assessments per incident per year.

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

(Company's share) and premature decommissioning costs up to $117 million (Company's share) in excess of funds previously collected for decommissioning (as discussed under "Decommissioning").

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

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

Clean Air Act. The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in sulfur dioxide and oxides of nitrogen (NOx) emissions effective in 1995 and 2000 and a probable reduction in toxic emissions. To meet the monitoring and reporting requirements under the acid rain program, the Company is installing continuous emission monitoring and reporting equipment at a total cost of approximately $2.3 million. At December 31, 1993, the Company had completed approximately $850 thousand of these capital expenditures with the remaining $1.4 million of capital expenditures to be completed in 1994. The Company does not expect additional equipment to reduce sulfur emissions to be necessary under Phase II. Although the Company currently has no Phase I affected units, the Company applied for an early substitution permit to bring the co-owned La Cygne Generating Station under the Phase I guidelines.

The NOx and toxic limits, which were not set in the law, will be specified in future EPA regulations. Until such time as the Phase I group 1 NOx regulations are final, the Company will be unable to determine its compliance options or related compliance costs.

Fuel Commitments. To supply a portion of the fuel requirements for its generating plants, the Company has entered into various commitments to obtain nuclear fuel, coal and natural gas. Some of these contracts contain provisions for price escalation and minimum purchase commitments. At December 31, 1993, WCNOC's nuclear fuel commitments (Company's share) were approximately $18.0 million for uranium concentrates expiring at various times through 1997, $123.6 million for enrichment expiring at various times through 2014 and $45.5 million for fabrication through 2012. At December 31, 1993, the Company's coal and natural gas contract commitments in 1993 dollars under the remaining term of the contracts were $666 million and $20.4 million, respectively. The largest coal contract was renegotiated early in 1993 and expires in 2020 with the remaining coal contracts expiring at various times through 2013. The majority of natural gas contracts expire in 1995 with automatic one-year extension provisions. In the normal course of business, additional commitments and spot market purchase will be made to obtain adequate fuel supplies.

For additional information with respect to Commitments and Contingencies see

Note 3, COMMITMENTS AND CONTINGENCIES of the Notes to Financial Statements in the Company's 1993 Annual Report on Form 10-K.

4. LEGAL PROCEEDINGS

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

5. RATE MATTERS AND REGULATION

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

6. INCOME TAXES

Total income tax expense included in the Statements of Income reflects the Federal statutory rate of 35% since January 1, 1993 and 34% for all prior periods. The Federal statutory rate produces effective income tax rates of 37.2% and 32.8% for the three month periods, and 36.0% and 29.8% for the nine month periods and 35.6% and 27.8% for the twelve month periods ended September 30, 1994 and 1993, respectively. The effective income tax rates vary from the Federal statutory rate due to the permanent differences, including the amortization of investment tax credits.

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

7. EMPLOYEE BENEFIT PLANS

Postemployment. The Company adopted the provisions of Statement of Financial Accounting Standards No. 112 (SFAS 112), in the first quarter of 1994. This statement requires the Company to recognize the liability to provide postemployment benefits when the liability has been incurred. To mitigate the impact adopting SFAS 112 will have on rate increases, the Company received an order from the KCC permitting the initial deferral of SFAS 112 transition costs and expenses and its inclusion in the future computation of cost of service net of and income stream generated from corporate-owned life insurance. At September 30, 1994, the Company's SFAS 112 liability recorded on the balance sheet was approximately $594,000.

8. LONG-TERM DEBT

The Company had a long-term debt agreement which contained provisions for the sale of accounts receivable and unbilled revenues (receivables) and phase-in revenues up to a total of $180 million. This agreement was terminated on November 1, 1994. Amounts related to receivables were accounted for as sales while those related to phase-in revenues were accounted for as collateralized borrowings. Additional receivables were continually sold to replace those collected. At September 30, 1994 and December 31, 1993, outstanding receivables amounting to $20.1 million and $56.8 million, respectively, were considered sold under the agreement.

For additional information with respect to Long-Term Debt see Note 6, LONG-TERM DEBT of the Notes to Financial Statements in the Company's 1993 Annual Report on Form 10-K.

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

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

The following updates the information provided in the 1993 Form 10-K, and analyzes the changes in the results of operations between the three, nine and twelve month periods ended September 30, 1994 and comparable periods of 1993.

FINANCIAL CONDITION

General. Net income for the third quarter of 1994 was $45.5 million compared to $46.4 million for the same period of 1993. The two percent decrease in net income can be attributed to decreased residential and wholesale and interchange sales and higher income tax expense. Residential sales decreased as a result of cooler temperatures in 1994 compared to 1993. Wholesale and interchange sales were lower because the third quarter 1993 reflected higher sales to other utilities that had generating units down due to the flooding of 1993.

Income tax expense increased as a result of the completion of the accelerated amortization of certain deferred income tax reserves. As of December 31, 1993, the Company had fully amortized these deferred income tax reserves related to the allowance for borrowed funds used during construction capitalized for Wolf Creek. The absence of the amortization of these deferred income tax reserves reduces net income by approximately $3 million per quarter or approximately $12 million per year.

Net income for the nine and twelve months ending September 30, 1994, of $82.3 million and $96.0 million, decreased from net income of $94.4 and $109.9 million for the comparable periods of 1993, respectively. The decrease in net income is primarily due to increases in income taxes as a result of the absence of the amortization of the above mentioned deferred income tax reserves and the receipt of death benefit proceeds from corporate-owned life insurance policies in the third quarter of 1993.

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

Effective October 1, 1994, the Company reduced its bank credit arrangements from $35 million to $24 million.

On April 28, 1994, three series of Market-Adjusted Tax Exempt Securities totalling $46.4 million were sold on behalf of the Company at a rate of 2.95% for the initial auction period. The interest rate is being reset periodically via an auction process. As of September 30, 1994, the rates on these bonds ranged from 3.15% to 3.19%. The net proceeds from the new issues, together with available cash, were used to refund three series of Pollution Control Bonds totalling $46.4 million bearing interest rates between 5 7/8% and 6.8%.

In 1986 the Company purchased corporate-owned life insurance policies (COLI) on certain of its employees. For the nine months ended September 30, 1994, the Company increased its borrowings against the accumulated cash surrender values of the policies by $39.9 million and received $1.6 million from increased borrowings on Wolf Creek Nuclear Operating Company policies.

OPERATING RESULTS

The following discussion explains variances for the three, nine and twelve months ended September 30, 1994 to the comparable periods of 1993.

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

Increase (decrease) in electric sales volumes:

	3 Months Ended	9 Months Ended	12 Months Ended
Residential	(8.8)%	(2.1)%	(1.0)%
Commercial	4.8%	2.6%	1.0%
Industrial	3.6%	0.5%	(0.8)%
Total Retail	(0.5)%	0.2%	(0.4)%
Wholesale & interchange	(53.9)%	(0.5)%	17.2%
Total electric sales	(12.5)%	0.1%	2.8%

Revenues for the third quarter of 1994 were $189.2 million down one percent from the 1993 third quarter revenues of $191.9 million. The decrease was due primarily to decreased residential sales as the Company's service territory experienced cooler summer temperatures during 1994 as compared to last year, reducing the customer demand for air conditioning load. Wholesale and interchange revenues were also lower because during the third quarter of 1993 the Company had higher sales to other utilities while their generating units were down due to the flooding of 1993.

Revenues for the nine months ended September 30, 1994, of $480.8 million, were virtually unchanged from revenues of $480.9 million for the comparable period of 1993.

Revenues for the twelve months ended September 30, 1994, increased approximately one percent to $616.9 million, from revenues of $608.0 million for the comparable period of 1993. The increase can be attributed to higher revenues in all customer classes.

Operating Expenses. Total operating expenses for the three months ended September 30, 1994, of $132.2 million decreased approximately five percent from total operating expenses of $139.1 million for the comparable period of 1993.

The decrease is primarily attributed to reduced operations and maintenance expense and a $4.3 million decrease in purchased power expense as a result of lower sales resulting from the decrease in demand from residential and wholesale customers during the third quarter of 1994 as compared to 1993.

Total operating expenses increased approximately two percent for the nine months ended September 30, 1994 compared to the same period of 1993. The increase is primarily due to an increase of $11.3 million in federal and state income taxes and a $1.6 million increase in maintenance expense as a result of the major boiler overhaul of the Company's coal fired La Cygne 1 during the second quarter of 1994.

Total operating expenses increased approximately four percent for the twelve months ended September 30, 1994 compared to the same period of 1993. The increase is primarily the result of a $10.7 million increase in fuel expense due to increased electric generation caused by the increase in customer demand and $18.5 million increase in federal and state income taxes.

The increase in federal income taxes for the three, nine and twelve months ended September 30, 1994 was due to the completion at December 31, 1993, of the accelerated amortization of deferred income tax reserves relating to the allowance for borrowed funds used during construction capitalized for Wolf Creek. The completion of the amortization of these deferred income tax reserves increased income taxes and thereby reduced net income by approximately $3 million and $9 million for the quarter and nine months ended September 30, 1994, respectively.

Wolf Creek Generating Station (Wolf Creek) operates on an eighteen month refueling cycle. Wolf Creek began its seventh refueling and maintenance outage in mid September 1994. The outage took approximately 47 days. The operations and maintenance expenses associated with the refueling are being deferred and then amortized over eighteen months.

Other Income and Deductions. Other income and deductions, net of taxes, decreased significantly for the three, nine and twelve months ended September 30, 1994, compared to the same period in 1993 primarily as a result of increased interest expense on higher COLI borrowings. For the nine and twelve months ended September 30, 1994, interest on COLI borrowings has increased $8.8 million and $13.2 million compared to the same periods of 1993, respectively. Also contributing to the decrease was the receipt of death benefit proceeds from COLI policies in the third quarter of 1993.

Interest Expense. Interest expense decreased $1.9 million, $6.4 million and $10.4 million for the three, nine and twelve months ended September 30, 1994 compared to the same periods of 1993, respectively. The decreases resulted primarily from lower interest rates on variable-rate debt and the refinancing of higher cost fixed-rate debt. Also accounting for the decrease in interest expense was the impact of increased COLI borrowings which reduce the need for other long-term debt and thereby reduced interest expense. COLI interest is reflected in Other Income and Deductions on the income statement.

KANSAS GAS AND ELECTRIC COMPANY
Part II Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 27 - Financial Data Schedule

(b) Reports on Form 8-K:

None

SIGNATURES

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

Kansas Gas and Electric Company

Date November 10, 1994 By Richard D. Terrill

Richard D. Terrill,
Secretary, Treasurer and
General Counsel