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 June 30, 1995

[ ] 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)

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

Yes 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 August 2, 1995
Common Stock (No par value)	1,000 Shares

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

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

	June 30, 1995 (Unaudited)	December 31, 1994
ASSETS		
UTILITY PLANT:		
Electric plant in service	$3,417,291	$3,390,406
Less - Accumulated depreciation	867,597	833,953
	2,549,694	2,556,453
Construction work in progress	35,759	32,874
Nuclear fuel (net).	41,414	39,890
Net utility plant	2,626,867	2,629,217
OTHER PROPERTY AND INVESTMENTS:		
Decommissioning trust	19,381	16,944
Other	7,592	11,561
	26,973	28,505
CURRENT ASSETS:		
Cash and cash equivalents	72	47
Accounts receivable and unbilled revenues (net)	67,980	67,833
Advances to parent company	91,904	64,393
Fossil fuel, at average cost.	16,609	13,752
Materials and supplies, at average cost	30,903	30,921
Prepayments and other current assets.	31,168	16,662
	238,636	193,608
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes	102,789	102,789
Deferred coal contract settlement costs	16,282	17,944
Phase-in revenues	52,634	61,406
Other deferred plant costs.	31,662	31,784
Corporate-owned life insurance (net).	7,036	9,350
Unamortized debt expense.	26,685	27,777
Other	36,909	40,430
	273,997	291,480
TOTAL ASSETS	$3,166,473	$3,142,810
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (see Statements)	$1,946,667	$1,925,196
CURRENT LIABILITIES:		
Short-term debt	25,000	50,000
Long-term debt due within one year.	16,000	-
Accounts payable.	54,926	49,093
Accrued taxes	23,150	15,737
Accrued interest.	8,158	8,337
Other	10,325	11,160
	137,559	134,327
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	680,498	689,169
Deferred investment tax credits	74,595	74,841
Deferred gain from sale-leaseback	247,520	252,341
Other	79,634	66,936
	1,082,247	1,083,287
COMMITMENTS AND CONTINGENCIES (Note 2)		
TOTAL CAPITALIZATION AND LIABILITIES	$3,166,473	$3,142,810

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

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

	Three Months Ended June 30, 1995	Three Months Ended June 30, 1994
OPERATING REVENUES	$ 144,747	$ 154,987
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	19,167	23,096
Nuclear fuel	5,076	4,232
Power purchased	523	2,241
Other operations	31,794	27,954
Maintenance	12,359	13,890
Depreciation and amortization	18,316	19,142
Amortization of phase-in revenues	4,386	4,386
Taxes:		
Federal income	8,208	11,604
State income	2,387	2,875
General	11,752	12,019
Total operating expenses	113,968	121,439
OPERATING INCOME	30,779	33,548
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(1,821)	(758)
Miscellaneous (net)	731	1,950
Income taxes (net)	2,184	1,451
Total other income and deductions	1,094	2,643
INCOME BEFORE INTEREST CHARGES	31,873	36,191
INTEREST CHARGES:		
Long-term debt	11,783	12,005
Other	1,107	1,119
Allowance for borrowed funds used during construction (credit)	(584)	(556)
Total interest charges	12,306	12,568
NET INCOME	$ 19,567	$ 23,623

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

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

	Six Months Ended June 30, 1995	Six Months Ended June 30, 1994
OPERATING REVENUES	$ 283,304	$ 291,591
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	37,396	43,935
Nuclear fuel	9,764	8,095
Power purchased	1,206	3,493
Other operations	62,199	58,585
Maintenance	24,626	25,230
Depreciation and amortization	36,669	38,261
Amortization of phase-in revenues	8,772	8,772
Taxes:		
Federal income	15,478	18,073
State income	4,462	4,585
General	23,386	24,136

Total operating expenses.	223,958	233,165
OPERATING INCOME.	59,346	58,426
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net).	(3,537)	(1,993)
Miscellaneous (net)	2,830	2,808
Income taxes (net)	3,819	3,238
Total other income and deductions	3,112	4,053
INCOME BEFORE INTEREST CHARGES.	62,458	62,479
INTEREST CHARGES:		
Long-term debt.	23,551	24,098
Other	2,612	2,472
Allowance for borrowed funds used during construction (credit).	(1,144)	(924)
Total interest charges.	25,019	25,646
NET INCOME.	$ 37,439	$ 36,833

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

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

	Twelve Months Ended June 30, 1995	1994
OPERATING REVENUES.	$ 611,593	$ 619,629
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	83,844	95,306
Nuclear fuel.	15,231	16,521
Power purchased	4,857	9,988
Other operations.	118,674	114,824
Maintenance	47,384	50,004
Depreciation and amortization	69,865	76,116
Amortization of phase-in revenues	17,544	17,545
Taxes:		
Federal income.	47,617	44,374
State income	12,304	10,940
General	44,342	46,523
Total operating expenses.	461,662	482,141
OPERATING INCOME.	149,931	137,488
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net).	(6,898)	2,480
Miscellaneous (net)	5,101	4,561
Income taxes (net)	7,871	6,508
Total other income and deductions	6,074	13,549
INCOME BEFORE INTEREST CHARGES.	156,005	151,037
INTEREST CHARGES:		
Long-term debt.	47,280	50,005
Other	5,323	5,583
Allowance for borrowed funds used during construction (credit).	(1,730)	(1,482)
Total interest charges.	50,873	54,106
NET INCOME.	$ 105,132	$ 96,931

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

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

	Six Months Ended June 30, 1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	$ 37,439	$ 36,833
Depreciation and amortization	36,669	38,261
Other amortization (including nuclear fuel)	7,388	5,867
Gain on sales of utility plant (net of tax)	(951)	-
Deferred taxes and investment tax credits (net)	(10,360)	4,319
Amortization of phase-in revenues	8,772	8,772
Corporate-owned life insurance.	(8,665)	(8,830)
Amortization of gain from sale-leaseback.	(4,821)	(4,820)
Changes in working capital items:		
Accounts receivable and unbilled revenues (net)	(147)	(46,211)
Fossil fuel	(2,857)	(5,479)
Accounts payable.	5,833	9,008
Interest and taxes accrued.	6,605	13,670
Other	(12,881)	(12,120)
Changes in other assets and liabilities	9,254	(1,436)
Net cash flows from operating activities.	71,278	37,834
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant.	40,556	47,306
Sales of utility plant.	(1,723)	-
Corporate-owned life insurance policies	25,639	24,008
Death proceeds of corporate-owned life insurance.	(250)	-
Net cash flows used in investing activities	64,222	71,314
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	(25,000)	(130,600)
Advances to parent company (net).	(27,511)	77,214
Bonds issued.	-	160,422
Bonds retired	(25)	(46,440)
Other long-term debt (net).	-	(67,893)
Borrowings against life insurance policies (net).	45,505	40,791
Net cash flows from (used in) financing activities . . .	(7,031)	33,494
NET INCREASE IN CASH AND CASH EQUIVALENTS	25	14
CASH AND CASH EQUIVALENTS:		
BEGINNING OF PERIOD	47	63
END OF PERIOD	$ 72	$ 77
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized)	$ 48,809	$ 43,809
Income taxes	18,100	18,400

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

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

	Twelve Months Ended June 30, 1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	$ 105,132	$ 96,931
Depreciation and amortization	69,865	76,116
Other amortization (including nuclear fuel)	12,426	13,730
Gain on sales of utility plant (net of tax)	(951)	-
Deferred taxes and investment tax credits (net)	10,670	21,396
Amortization of phase-in revenues	17,544	17,545
Corporate-owned life insurance.	(17,081)	(22,379)
Amortization of gain from sale-leaseback.	(9,641)	(9,640)
Changes in working capital items:		
Accounts receivable and unbilled revenues (net)	(10,657)	(34,638)
Fossil fuel	(3,536)	(1,027)
Accounts payable.	(5,177)	3,262
Interest and taxes accrued.	(2,557)	294

Other	(1,683)	(14,054)
Changes in other assets and liabilities	(491)	3,360
Net cash flows from operating activities	163,863	150,896
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant	83,130	91,679
Sales of utility plant	(1,723)	-
Corporate-owned life insurance policies	28,049	26,650
Death proceeds of corporate-owned life insurance	(250)	(10,158)
Net cash flows used in investing activities	109,206	108,171
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	(200)	(61,000)
Advances to parent company (net)	23,674	(82,080)
Bonds issued	-	225,422
Bonds retired	(25)	(186,440)
Other long-term debt (net)	-	(13,980)
Borrowings against life insurance policies (net)	46,889	223,430
Revolving credit agreement (net)	-	(150,000)
Dividends to parent company	(125,000)	-
Net cash flows from (used in) financing activities	(54,662)	(44,648)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(5)	(1,923)
CASH AND CASH EQUIVALENTS:		
BEGINNING OF PERIOD	77	2,000
END OF PERIOD	$ 72	$ 77
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized)	$ 73,544	$ 82,541
Income taxes	28,209	40,254

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

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

					June 30, 1995 (Unaudited)		December 31, 1994	
COMMON STOCK EQUITY (see Statements):								
Common stock, without par value, authorized and issued 1,000 shares					$1,065,634		$1,065,634	
Retained earnings					197,009		159,570	
Total common stock equity					1,262,643	65%	1,225,204	64%
LONG-TERM DEBT:								
First Mortgage Bonds:								
	Series	Due	1995	1994				
	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	100,000				
					316,000		316,000	
Pollution Control Bonds:								
	5.10%	2023	13,957	13,982				
	Variable (a)	2027	21,940	21,940				
	7.0%	2031	327,500	327,500				
	Variable (a)	2032	14,500	14,500				
	Variable (a)	2032	10,000	10,000				
					387,897		387,922	
	Total bonds				703,897		703,922	
Less:								
Unamortized premium and discount (net)					3,873		3,930	
Long-term debt due within one year					16,000		-	
Total long-term debt					684,024	35%	699,992	36%
TOTAL CAPITALIZATION					$1,946,667	100%	$1,925,196	100%

(a) Market-Adjusted Tax Exempt Securities (MATES). As of June 30, 1995, the rates on these bonds were 3.90%.

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

KANSAS GAS AND ELECTRIC COMPANY
STATEMENTS OF COMMON STOCK EQUITY
(Dollars in Thousands)
(Unaudited)

	Common Stock	Retained Earnings
BALANCE DECEMBER 31, 1992, 1,000 shares.	$1,065,634	$ 71,941
Net income		108,103
BALANCE DECEMBER 31, 1993, 1,000 shares.	1,065,634	180,044
Net income		104,526
Dividend to parent company		(125,000)
BALANCE DECEMBER 31, 1994, 1,000 shares.	1,065,634	159,570
Net Income		37,439
Balance June 30, 1995, 1,000 shares	$1,065,634	$ 197,009

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. (Western Resources) through its wholly-owned subsidiary KCA Corporation (KCA), acquired all of the outstanding common and preferred stock of Kansas Gas and Electric Company (KG&E) for $454 million in cash and 23,479,380 shares of Western Resources common stock (the Merger). Simultaneously, KCA and KG&E merged and adopted the name of Kansas Gas and Electric Company (the Company).

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 June 30, 1995 and December 31, 1994, and the results of its operations for the three, six and twelve month periods ended June 30, 1995 and 1994. These condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's 1994 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 contracts (COLI), primarily with one highly rated major insurance company, are recorded on the balance sheets:

	June 30, 1995	December 31, 1994
	(Dollars in Millions)	
Cash surrender value of contracts. .	$363.7	$320.6
Borrowings against contracts	(356.7)	(311.2)
COLI (net)	$ 7.0	$ 9.4

COLI borrowings will be repaid upon receipt of proceeds from death benefits under contracts. Increases in the cash surrender value of contracts, resulting from premiums and investment earnings, are recognized as income on a tax free basis in Corporate-owned Life Insurance (net) on the Statements of Income. For the three, six and twelve months ended June 30, 1995, income from

increases in cash surrender value, net of premium and administrative expenses and income from death proceeds, was $4.2 million, $8.1 million and $16.0 million, respectively, compared to $4.3 million, $7.8 million and $20.6 million for the three, six and twelve months ended June 30, 1994, respectively. Interest expense on COLI borrowings is recorded as a tax deductible expense in Corporate-owned Life Insurance (net) on the Statements of Income. For the three, six and twelve months ended June 30, 1995, interest expense on COLI borrowings was $6.0 million, $11.7 million and $22.9 million, respectively, compared to $5.0 million, $9.8 million and $18.1 million for the three, six, and twelve months ended June 30, 1994, respectively.

Statements of Cash Flows: For purposes of the Statements of Cash Flows, cash and cash equivalents include cash on hand and highly liquid collateralized debt instruments purchased with maturities of three months or less.

2. COMMITMENTS AND CONTINGENCIES

Manufactured Gas Sites: The Company was previously associated with six former manufactured gas sites located in Kansas 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.

The Company and KDHE entered into a consent agreement governing all future work at the four remaining sites. The terms of the consent agreement will allow the Company to 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 costs incurred for site investigation and risk assessment are expected to be minimal in 1995. The Company is aware of other utilities in Region VII of the EPA (Kansas, Missouri, Nebraska, and Iowa) which have incurred remediation costs for such sites ranging between $500,000 and $10 million, depending on the site. The KCC has permitted another Kansas utility to recover 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 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 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. Wolf Creek contains an on-site spent fuel storage facility which, under current regulatory guidelines, provides space for the storage of spent fuel through the year 2006 while still maintaining full core off-load capability. The Company believes adequate additional storage space can be obtained as necessary.

Decommissioning: On June 9, 1994, the KCC issued an order approving the decommissioning costs 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 in accordance with the KCC order. 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 1994 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 $19.4 million and $16.9 million at June 30, 1995 and December 31, 1994, respectively. These amounts are reflected in Decommissioning Trust, and the related liability is included in Deferred Credits and Other Liabilities, Other, on the Balance Sheets.

The Company carries $118 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 $8.9 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 major 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 Company's share of any remaining proceeds can be used for property damage up to $1.2 billion (Company's share) and premature decommissioning costs up to $118 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 catastrophic accident or extended outage at Wolf Creek. Any substantial losses not covered by insurance, to the extent not recoverable through rates, would have a material adverse effect on the Company's financial position and results of operations.

Clean Air Act: The Clean Air Act Amendments of 1990 (the Act) require a two-phase reduction in sulfur dioxide and oxides of nitrogen (NOx) emissions effective in 1995 and 2000 and a probable reduction in toxic emissions. To meet the monitoring and reporting requirements under the acid rain program, the Company installed continuous monitoring and reporting equipment at a total cost of approximately $2.3 million. The Company does not expect additional equipment to reduce sulfur emissions to be necessary under Phase II. Although the Company has no units subject to Phase I regulations, the owners obtained an early substitution permit to bring the co-owned La Cygne Station under the Phase I regulations.

The NOx and air toxic limits, which were not set in the law, continue to be subject to the EPA's rules-making procedures. The Company will follow the development of these regulations and establish compliance strategies as appropriate.

Federal Income Taxes: During 1991, the Internal Revenue Service (IRS) completed an examination of the Company's federal income tax returns for the years 1984 through 1988. In October 1993, the Company received another examination report for the years 1989 and 1990 covering the same issues identified in the previous examination report. In April 1995, the Company reached agreement with the IRS on the ultimate disposition of the issues raised in the examination reports. Based on the settlement agreement, management believes that adequate tax reserves have been provided and the settlement will have no effect on the Company's financial position or results of operations.

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, 1994, WCNOC's nuclear fuel commitments (Company's share) were approximately $12.6 million for uranium concentrates expiring at various times through 1997, $122.9 million for enrichment expiring at various times through 2014, and $56.5 million for fabrication through 2012. At December 31, 1994, the Company's coal and natural gas contract commitments in 1994 dollars under the remaining terms of the contracts were $721 million and $9 million, respectively. The largest coal contract was renegotiated in early 1993 and expires in 2020, with the remaining coal contracts expiring at various times through 2013. The majority of natural gas contracts expire in 1995 but have automatic one-year extension provisions. In the normal course of business, additional commitments and spot market purchases will be made to obtain adequate fuel supplies.

Energy Act: As part of the 1992 Energy Policy Act, a special assessment is being collected from utilities for a uranium enrichment, decontamination, and decommissioning fund. The Company's portion of the assessment for Wolf Creek is approximately $7 million, payable over 15 years. Management expects such costs to be recovered through the ratemaking process.

3. INCOME TAXES

Total income tax expense included in the Statements of Income reflects the Federal statutory rate of 35 percent. The Federal statutory rate produces effective income tax rates of 30.1% and 35.5% for the three month periods, 30.1% and 34.5% for the six month periods, and 33.1% and 33.5% for the twelve months ended June 30, 1995 and 1994, respectively. The effective income tax rates vary from the Federal statutory rate due to the permanent differences, including the amortization of investment tax credits, and accelerated amortization of certain deferred income taxes.

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 1994.

The following updates the information provided in the 1994 Form 10-K, and analyzes the changes in the results of operations between the three, six and twelve month periods ended June 30, 1995 and comparable periods of 1994.

FINANCIAL CONDITION

General: The Company had net income of $19.6 million for the second quarter of 1995 compared to $23.6 million for the second quarter in 1994. The decrease in net income was primarily due to lower revenues as a result of decreased sales in all retail customer classes. The mild spring temperatures experienced during 1995, as compared to 1994, reduced the demand for air conditioning load.

Net income for the six and twelve months ended June 30, 1995, was $37.4 million and $105.1 million, respectively, compared to $36.8 million and $96.9 million for the comparable periods of 1994, respectively. The increase in net income is primarily due to lower fuel and purchased power expenses as a result of the decrease in electric generation caused by the decrease in sales to residential and wholesale and interchange customers.

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

The Company's short-term financing requirements are satisfied through short-term bank loans and borrowings under unsecured lines of credit maintained with banks. At June 30, 1995, short-term borrowing amounted to $25 million compared to $50 million at December 31, 1994.

In 1986 the Company purchased corporate-owned life insurance policies on certain of its employees. On June 1, 1995, the Company increased its borrowings against the accumulated cash surrender values of the policies by $42.4 million.

OPERATING RESULTS

The following discussion explains variances for the three, six and twelve months ended June 30, 1995, to the comparable periods of 1994.

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	6 Months Ended	12 Months Ended
Residential	(18.3)%	(11.2)%	(6.6)%
Commercial	(3.0)%	(0.9)%	2.9%
Industrial	(0.6)%	4.2%	4.1%
Total Retail	(6.5)%	(1.8)%	0.4%
Wholesale & Interchange	(4.0)%	(29.1)%	(44.4)%
Total electric sales	(6.2)%	(7.3)%	(10.0)%

Revenues for the second quarter of 1995 decreased approximately seven percent to $144.7 million, compared to second quarter 1994 revenues of $155.0 million, primarily due to decreased sales in all retail customer classes. The cooler spring temperatures experienced in the Company's service territory during the second quarter of 1995 decreased the number of cooling degree days by 55 percent, as compared to the second quarter of last year, which reduced customer demand for air conditioning load. Also contributing to the decrease was an additional $1 million (Company's share) of amortization of the final merger refund for the three months ended June 30, 1995 compared to 1994.

Revenues for the six and twelve months ended June 30, 1995, of $283.3 million and $611.6 million, decreased from revenues of $291.6 million and $619.6 million for the comparable periods of 1994, respectively. The decrease is largely due to decreased sales to residential and wholesale and interchange customers. Sales to residential customers were lower primarily due to mild winter and spring temperatures during 1995 as compared to 1994. The decrease in wholesale and interchange sales was primarily due to the higher sales during the twelve months ended June 30 1994 to other utilities while their generating units were down as a result of the 1993 floods. Also contributing to the decrease was an additional $1.9 million and $3.4 million, respectively, (Company's share) of amortization of the final merger refund.

Operating Expenses: Total operating expenses decreased $7.5 million, $9.2 million and $20.5 million for the three, six and twelve months ended June 30, 1995 compared to the same periods of 1994, respectively. These decreases are attributable to decreases in fuel and purchase power expenses as a result of the decrease in electric generation due to lower sales to residential and wholesale and interchange customers. Partially offsetting these decreases was the expense related to the early retirement programs discussed below.

Partially offsetting the decreases for the twelve months ended June 30, 1995, was increased federal income taxes 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 $6 million for the twelve months ended June 30, 1995 compared to 1994.

Other Income and Deductions: Other income and deductions, net of taxes, decreased for the three, six and twelve months ended June 30, 1995, compared to the same periods of 1994 primarily as a result of increased interest expense on higher COLI borrowings.

Partially offsetting these decreases was a $1.6 million gain realized from the sale of rail cars during the first quarter of 1995.

Interest Expense: Interest expense decreased approximately two percent for the three and six months ended and six percent for the twelve months ended June 30, 1995 compared to the same periods of 1994, respectively. These decreases resulted primarily from lower interest rates on variable-rate debt due to refinancing of higher cost fixed-rate debt. Also accounting for the decrease was the impact of increased COLI borrowings which reduced the need for other long-term debt and thereby reduced interest expense. COLI interest is reflected in Other Income and Deductions on the Statements of Income.

OTHER INFORMATION

Merger Implementation: In accordance with the KCC Merger order, amortization of the acquisition adjustment will commence August 1995. The amortization will amount to approximately $20 million (after tax) per year for 40 years. Western Resources and the Company (combined companies) can recover the amortization of the acquisition adjustment through cost savings under a sharing mechanism approved by the KCC. While the combined companies have achieved savings from the Merger, there is no assurance that the savings achieved will be sufficient to, or the cost savings sharing mechanism will operate as to, fully offset the amortization of the acquisition adjustment.

Early Retirement: In April 1995, Western Resources announced a voluntary early retirement program for employees 55 years of age and older with a minimum of 10 years of service as of July 1, 1995. Of the approximately 420 employees who were eligible for the voluntary retirement program, 216 accepted. Although the Company has no employees, costs of the early retirement program along with any cost savings realized by Western Resources will be allocated to the Company.

In the second quarter of 1995, $5.5 million ($1.3 million Company's share). related to the early retirement program was recorded as expense. Western Resources estimates the cost savings for the program to be approximately $9.9 million ($2.3 million Company's share) annually.

WCNOC also offered a voluntary early retirement program for employees 55 years of age and older with a minimum of 5 years of service as of June 1, 1995. The total cost of the program for the 56 of the 70 eligible employees who accepted early retirement was approximately $2.1 million (Company's share). WCNOC estimates the cost savings from the program to be approximately $1.7 million (Company's share) annually.

KANSAS GAS AND ELECTRIC COMPANY
Part II Other Information

Item 5. Other Information

Rate Plan: In April 1995, the Company announced it intends to file a proposal with the KCC in the summer of 1995 to increase the depreciation on the assets of Wolf Creek Generating Station by $59 million annually for seven years beginning in 1996. As a result, the Company will also seek to reduce electric rates for its customers by approximately $9 million annually for the same seven year period.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 27 - Financial Data Schedule

(b) Reports on Form 8-K:

None

SIGNATURE

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

KANSAS GAS AND ELECTRIC COMPANY

August 2, 1995 By Richard D. Terrill

Richard D. Terrill

Secretary, Treasurer and

General Counsel

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE BALANCE SHEET AT JUNE 30, 1995 AND THE STATEMENT OF INCOME AND THE STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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6-MOS
DEC-31-1995
JUN-30-1995
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