

File No. 70-____

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

APPLICATION ON FORM U-1
UNDER THE
PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

WESTERN RESOURCES, INC.
818 South Kansas Avenue
Topeka, Kansas 66612

(Name of companies filing this statement and
address of principal executive offices)

WESTERN RESOURCES, INC.

(Name of top registered holding company
parent of each applicant or declarant)

Richard D. Terrill
Executive Vice President and General Counsel
Western Resources, Inc.
818 South Kansas Avenue
Topeka, Kansas 66612

(Name and address of agent for service)

The Commission is requested to mail copies of
all orders, notices and communications to:

William S. Lamb
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
125 West 55th Street
New York, New York 10019-4513

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Western Resources, Inc. submits this application (the "Application") under Sections 9(a)(2) and 10 of the Public Utility Holding Company Act of 1935, as amended (the "Act"), to acquire an interest in a public utility company as described in the Application.

ITEM 1. DESCRIPTION OF PROPOSED TRANSACTIONS

A. Description of the Parties and Facilities

1. Western Resources, Inc.

Western Resources, Inc. ("WRI" or "Applicant") is a public utility holding company exempt from all provisions of the Act except Section 9(a)(2) under Section 3(a)(1) pursuant to Rule 2 of the Act. WRI, through its KPL/1 division, is engaged in the production, purchase, transmission, distribution and sale of electric energy in the State of Kansas. WRI's assets include security company holdings through its ownership of Protection One, Inc. ("Protection One"), which has more than 1.3 million security customers in North America. Its utility operations, conducted through KPL and WRI's subsidiary, Kansas Gas and Electric Company ("KGE"), provide electric service to approximately 636,000 customers in 432 communities in the State of Kansas. KGE owns a 47% interest in Wolf Creek Nuclear Operating Corporation which operates the Wolf Creek Generating Station on behalf of its owners. Through its ownership interest in ONEOK Inc., an Oklahoma corporation, WRI has an approximately 45% economic interest/2 in the eighth largest natural gas distribution company in the nation, serving more than 1.4 million customers. For the year ended December 31, 1999, WRI reported consolidated revenues of approximately \$2,036,158,000. WRI's net income reported for the same period was \$14,296,000. Consolidated assets of WRI at December 31, 1999 were \$7,989,892,000.

WRI's other subsidiaries include: Westar Generating, Inc., which is described in greater detail below; The Wing Group, Limited Co., a Delaware corporation and wholly owned subsidiary of Westar Industries, Inc. ("Westar Industries"), which holds an interest in Wing Turkey, Inc.; Western Resources (Bermuda) Limited, a Bermuda limited liability company, indirectly holding interests in four power plants in China; Wing Turkey, Inc., a Delaware holding company, owning a power project in Turkey; and Westar Industries, a Kansas corporation and wholly owned subsidiary of WRI, a holding company for certain non-regulated business subsidiaries of WRI including, among others, Protection One, a Delaware holding company for monitored security alarm businesses, of which approximately 85% is held by Westar Industries, Protection One International, Inc. and Protection One (UK) plc, wholly owned subsidiaries which

1 "KPL" is the trade name for WRI's electric business.

2 Comprised solely of up to 9.9% of the voting stock and shares of nonvoting convertible preferred stock of ONEOK. WRI has relied on a no-action letter issued by the Commission's Staff in 1997 for the proposition that ONEOK is not a subsidiary of WRI and that WRI does not control ONEOK. See Western Resources, Inc., SEC No-Action Letter (Nov. 24, 1997).

offer home security services in the United Kingdom and continental Europe, respectively and Westar Communications, Inc., a Kansas corporation and wholly owned subsidiary of Westar Industries, providing paging services.

2. Westar Generating, Inc.

Westar Generating, Inc. ("Westar Generating"), a wholly owned subsidiary of WRI, is a Kansas corporation that holds an undivided 40% ownership interest in a 2X1 F class combined cycle generation facility that is under construction at The Empire District Electric Company State Line station near Joplin, Missouri - the facility is the subject of this Application. The Empire District Electric Company holds the remaining interest and operates the facility pursuant to the Agreement for the Construction, Ownership and Operation of State Line Combined Cycle Generating Facility ("Operating Agreement"). See Exhibit A-1. Westar Generating and Empire (collectively the "Owners") hold their interests as tenants in common.

3. The Empire District Electric Company

The Empire District Electric Company's ("Empire") Form 10-K for the year ended December 31, 1999 states that Empire, a Kansas corporation organized in 1909, is an operating public utility engaged in the generation, purchase, transmission, distribution and sale of electricity in parts of Missouri, Kansas, Oklahoma and Arkansas. The territory served by the Company's electric operations embraces an area of about 10,000 square miles with a population of over 330,000. The service territory is located principally in Southwestern Missouri and also includes smaller areas in Southeastern Kansas, Northeastern Oklahoma and Northwestern Arkansas.

B. State Line Generation Station

Pursuant to the Operating Agreement, Empire is constructing a 2X1 F class combined cycle generating facility on the Missouri side of the Kansas-Missouri state line just west of Joplin, MO ("State Line"). This site also houses another generating facility, Unit 1, in which WRI and its subsidiaries do not have an interest. State Line is not currently operative, and is being upgraded from its original configuration of a single Westinghouse 501-F.C. turbine installed in 1997 to a Westinghouse 501-F.D1. Empire is adding another 501-F.D2, two heat recovery steam generators, a steam turbine, a cooling tower, and associated equipment to create the 2X1 F facility. The new combined cycle facility will have a nominal rating of 500 MW. State Line began operations in June 1997 and was removed from service on September 11, 2000 to facilitate the conversion. Westar Generating currently has a 40% interest in the portion of State Line under construction. Pursuant to the Operating Agreement, Westar Generating will acquire a 40% interest in the portion that existed prior to the start of construction after receipt of the EDE Regulatory Approvals and the Certificate of Convenience, but "not before the date that exhaust from the Existing CT is utilized in its associated heat recovery steam generators."/3 Utilization of the exhaust in this manner will occur when State Line's construction is complete and the station

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3 EDE Regulatory Approvals, Certificate of Convenience and Existing CT have the same meaning as in the Operating Agreement.

resumes operation. See Exhibit B-1. The Owners anticipate beginning testing of the new configuration on or about March 19, 2000 and depending upon the success of the trials, resuming commercial operation as early as May 15, 2000. Westar Generating also owns a 34% share in non-utility facilities such as offices, maintenance buildings and fire protection equipment.

Westar Generating's cost associated with acquiring its interest in State Line will be equal to its share of the costs of constructing State Line. These costs will be approximately \$104,292,841.

WRI entered into the Operating Agreement on July 26, 1999 as a means of acquiring a generation source to meet the generation needs of KPL, the division of WRI operating as a public utility. State Line will provide reliable, inexpensive power to WRI. WRI and Westar Generating have entered into a power purchase agreement under which Westar Generating will sell its entire 40% entitlement to the output of State Line to WRI under a cost-based tariff ("Power Purchase Agreement") which will be approved by the Federal Energy Regulatory Commission ("FERC"). WRI will also purchase power generated during testing of State Line. See Exhibit D-1. WRI will receive State Line's output at the high voltage side of State Line's step-up transformer and, via a thirty-mile 200 MW point-to-point firm ten-year contract path with the Southwest Power Pool, transmit it to WRI's electric grid.

C. Description of Applicant's Requests

WRI is seeking authority to retain its 40% indirect interest in State Line when the plant resumes commercial operation. Because State Line is not presently operating commercially, Westar Generating is not an "electric utility" as defined by Section 2(a)(3) of the Act.⁴ However, upon State Line's resumption of commercial operations, Westar Generating will become an electric utility. WRI will qualify as an affiliate of Westar Generating under the Act, and WRI is already an affiliate, as that term is defined in the Act,⁵ of KGE and ONEOK. Retaining the securities of Westar Generating is equivalent to acquiring the security of a public utility company and requires prior Commission authorization under Sections 9(a)(2) and 10.

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4 Several Commission no-action letters describe circumstances in which the Commission has effectively concluded that generation facilities under construction or conducting tests prior to commercial operation were not electric utilities. See e.g. ISO & PX Restructuring Trusts, SEC No-Action Letter, July 25, 1997 (facilities under construction); Midland Cogeneration Venture Limited, SEC No-Action Letter, December 19, 1989 (facilities generating power for sale during testing).

5 Section 2(a)(11)(B) of the Act states that affiliates include "any company five per centum or more of whose outstanding voting securities are owned, controlled, or held with power to vote, directly or indirectly, by such specified company."

ITEM 2. FEES, COMMISSIONS AND EXPENSES

WRI estimates that, in connection with the proposed transactions, they will pay fees, commissions and expenses of:

Legal Fees.....	\$25,000
Miscellaneous.....	\$10,000
Total.....	\$35,000

ITEM 3. APPLICABLE STATUTORY PROVISIONS

Sections 9(a)(2) and 10 of the Act are directly or indirectly applicable to the authority requested in this Application.

A. Approval of the Proposed Transactions

Section 9(a)(2) makes it unlawful, without approval of the Commission under Section 10, "for any person . . . to acquire, directly or indirectly, any security of any public utility company, if such person is an affiliate . . . of such company and of any other public utility or holding company, or will by virtue of such acquisition become such an affiliate." The proposed transactions comply with all of the applicable provisions of Section 10.

1. Section 10(b)(1)

Section 10(b)(1) directs the Commission to approve an acquisition that meets the requirements of subsection (f) unless it finds that the acquisition will "tend towards interlocking relations or the concentration of control of public utility companies, of a kind or to an extent detrimental to the public interest or the interest of investors or consumers."

a. Interlocking Relationships

State Line is essentially a new facility owned by Empire and Westar Generating. Retention of Westar Generating's interest after State Line resumes commercial operations will not create any interlocking relations between previously unaffiliated utilities. Rather Western Generating and Empire hold their respective interests as tenants in common and are dividing State Line's output and construction costs. This type of arrangement is not harmful to the Act's protected interests.

b. Concentration of Control

Section 10(b)(1) requires the Commission, before blocking an acquisition, to find that control is "of a kind or to an extent detrimental to the public interest or the interest of investors or consumers." The framers of the Act sought through Section 10(b)(1) to avoid "an excess of

concentration and bigness" while preserving the "opportunities for economies of scale, the elimination of duplicative facilities and activities, the sharing of production capacity and reserves and generally more efficient operations" afforded by certain combinations. American Electric Power Co., Inc., Holding Co. Act Release No. 20633 (July 21, 1978). In applying Section 10(b)(1) to utility acquisitions, the Commission must determine whether the acquisition will create "the type of structures and combinations at which the Act was specifically directed." Vermont Yankee Nuclear Corp., Holding Co. Act Release No. 15958 (Feb. 6, 1968). State Line will provide a reliable source of power for KPL's utility businesses and does not involve a combination of previous separate utilities. Thus, rather than create prohibited corporate structures, State Line will serve KPL's utility customers by providing reliable inexpensive power.

In addition, other regulatory agencies will review the concentration of control and any potential anticompetitive effects. In Northeast Utilities, Holding Co. Act Release No. 25221 (Dec. 21, 1990), the Commission stated that "antitrust ramifications of an acquisition must be considered in light of the fact that public utilities are regulated monopolies and that federal and state administrative agencies regulate the rates charged consumers." The staff of the Missouri Public Service Commission ("Missouri Commission") has determined that the State Line project is necessary or convenient for the public service, and the Missouri Commission granted Westar Generating a certificate of convenience and necessity to "construct, install, own, operate, control, manage and maintain" State Line. See Exhibits D-3 and D-4. The State Corporation Commission of the State of Kansas ("Kansas Commission") also has jurisdiction over the operation of WRI and its utility businesses but did not have jurisdiction over construction of State Line or Westar Generating's acquisition of a 40% interest. However, the Kansas Commission will review the costs of State Line proposed to be charged to KPL's retail electric customers. Thus, the proposed transactions do not create the kind of structures that the Act's framers were attempting to avoid.

Finally, the rates under which State Line provides its output to KPL will be fully reviewed by FERC pursuant to Section 205 of the Federal Power Act. See Exhibit D-1.

Accordingly, because State Line is located just across the Missouri border and because other regulatory agencies have evaluated and approved the proposed transactions, the Commission should find that the proposed transactions do not create the type of concentration of control prohibited by Section 10(b)(1).

2. Section 10(b)(2)

Section 10(b)(2) requires the Commission to determine whether the consideration to be paid in connection with the proposed transactions, including all fees, commissions and other remuneration, is reasonable and whether it bears a fair relation to, investment in and earning capacity of the underlying utility assets.

Westar Generating's share of State Line's construction costs will be approximately \$104,292,841. These costs are the product of arm's-length negotiations between Empire and/or Westar Generating and service providers. These negotiations were preceded by due diligence,

analysis and evaluation of the assets, liabilities and business prospects of State Line. As recognized by the Commission in Northeast Utilities, Holding Co. Act Release No. 25221 (Dec. 21, 1990) citing Ohio Power Co., 44 SEC 340, 346 (1970), prices arrived at through arm's-length negotiations are particularly persuasive evidence that Section 10(b)(2) is satisfied.

As set forth in Item 2 of this Application, WRI expects to incur a combined total of approximately \$35,000 in fees, commissions and expenses. WRI believes that the estimated fees and expenses in this matter bear a fair relation to the value of the transactions and the strategic benefits to be achieved, and further that the fees and expenses are fair and reasonable in light of the complexity of the transactions. See Northeast Utilities, Holding Co. Act Release No. 25548 (June 3, 1992), modified on other grounds, Holding Co. Act Release No. 25550 (June 4, 1992) (noting that fees and expenses must bear a fair relation to the value of the company to be acquired and the benefits to be achieved in connection with the acquisition). Based on construction costs of \$104,292,841, the total estimated fees and expenses represent approximately .03% of the value of the consideration. This percentage of fees and expenses is less than that of other transactions approved by the Commission. See Entergy Corp., Holding Co. Act Release No. 25952 (Dec. 17, 1993) (fees and expenses represented approximately 1.7% of the value of the consideration paid to the shareholders of Gulf States Utilities); Northeast Utilities, Holding Co. Act Release No. 25548 (June 3, 1992) (approximately 2% of the value of the assets to be acquired).

3. Section 10(b)(3)

Section 10(b)(3) requires the Commission to determine whether the proposed transactions will unduly complicate the capital structure of WRI or will be detrimental to the public interest, the interest of investors or consumers or the proper functioning of the WRI system. The construction of State Line was financed through existing financing sources and did not involve issuance of new securities. In addition, the acquisition of State Line will not be detrimental to the interest of consumers or the functioning of the WRI system because state and federal regulators have jurisdiction over many aspects of the sale of State Line's output. The rate WRI pays for State Line's output is fixed by the Power Purchase Agreement, which is reviewed by FERC, and the rates KPL's retail consumers pay are governed by the Kansas Commission.

4. Section 10(c)(1)

Section 10(c)(1) provides that the Commission may not approve a transaction that is "unlawful under the provisions of section 8 or is detrimental to the carrying out of the provisions of section 11." Together these sections relate to the corporate simplification standards of Section 11(b)(2), which require that each registered holding company take the necessary steps to ensure that the corporate or continued existence of any company in the holding-company system does not unduly or unnecessarily complicate the structure of such holding-company system. Sections 8 and 11, by their terms, only apply to registered holding companies, and WRI will be exempt from registration under Section 3(a)(1).

5. Section 10(c)(2)

Section 10(c)(2) requires that any acquisition not be approved unless the Commission finds that "such acquisition will serve the public interest by tending towards the economical and efficient development of an integrated public-utility system."

Section 2(a)(29)(A) defines an "integrated public utility system" as applied to electric utility companies as a:

system consisting of one or more units of generating plants and/or transmission lines and/or distributing facilities, whose utility assets, whether owned by one or more electric utility companies, are physically interconnected or capable of physical interconnection and which under normal conditions may be economically operated as a single area or region in one or more States, not so large as to impair (considering the state of the art and the area or region affected) the advantages of localized management, efficient operation, and the effectiveness of regulation.

As discussed in Item 1, WRI and Westar Generating have entered into a power purchase agreement under which Westar Generating will sell its entire 40% entitlement to the output of State Line under a cost-based tariff which will be approved by the FERC. WRI will receive State Line's output at the high voltage side of State Line's step-up transformer and, via a thirty-mile 200 MW point-to-point firm ten-year contract path with the Southwest Power Pool, transmit it to WRI's electric grid. In prior applications, the Commission has found a contract path sufficient to interconnect utilities. See Unutil Corp., Holding Co. Act Release No. 25524 (April 24, 1992). WRI will dispatch State Line using the same mechanisms and same system operator as it does to operate its existing generation and thereby meets the Commission's requirements for economical operation. See Conectiv, Inc., Holding Co. Act Release No. 26832 (Feb. 25, 1998). WRI's utility businesses are located in Kansas, and State Line is being built in neighboring Missouri. Accordingly, the proposed acquisitions comply with the single area or region requirement of 10(c)(2).

As previously described in Item 3A, the Missouri Commission approved Westar Generating's acquisition of its 40% interest in State Line and granted Westar Generating a certificate of convenience and necessity for State Line. See Exhibits D-3 and D-4. After consummation of the proposed transactions, WRI will continue to be subject to regulation by the Kansas Commission and Westar Generating will also be regulated by the Missouri Commission. The Commission has previously found that state regulation is not impaired when a holding company's utility subsidiaries remain subject to the same state regulators as prior to a transaction. See Conectiv, Inc., Holding Co. Act Release No. 26832 (Feb. 25, 1998). Accordingly, the proposed transactions do not impair effective state regulation. Finally, since State Line is located just across the Missouri border, the proposed transactions will not impair the effectiveness of local management.

6. Section 10(f)

Section 10(f) prohibits the Commission from approving the proposed transactions unless the Commission is satisfied that they will be undertaken in compliance with applicable state laws. All the required state regulatory approvals have been obtained as described in Item 4, and WRI shall undertake to complete the transaction in a manner consistent with the laws of the States of Kansas and Missouri.

B. Exemption Under Section 3(a)(1)

WRI claims exemption, under Section 3(a)(1), from all provisions of the Act except Section 9(a)(2). WRI will continue to be entitled to this exemption after State Line commences commercial operation because it and each of its public utility subsidiaries from which it derives a material part of its income will be predominantly intrastate in character and will carry on their businesses substantially within Kansas. WRI will not derive a material part of its income from State Line.

ITEM 4. REGULATORY APPROVALS

The Missouri Commission has previously approved Empire's transfer, and Westar Generating's acquisition of, a 40% interest in State Line and also granted Westar Generating a certificate of convenience and necessity to "construct, install, own, operate, control, manage and maintain" the State Line facility. See Exhibits D-3 and D-4. The Kansas Commission does not have jurisdiction over the transactions proposed in this Application but does have jurisdiction over the retail rates of KPL. The FERC, pursuant to Section 205 of the Federal Power Act has jurisdiction over the rates of the sales between Westar Generating and WRI, and Westar Generating's application to the FERC is attached as Exhibit D-1.

ITEM 5. PROCEDURE

WRI requests that the Commission issue and publish no later than March 23, 2001, the requisite notice under Rule 23 with respect to the filing of this Application, such notice to specify a date not later than April 17, 2001 as the date after which an order granting and permitting this Application to become effective may be entered by the Commission and that the Commission enter not later than May 8, 2001 an appropriate order granting and permitting this Application to become effective.

No recommended decision by a hearing officer or other responsible officer of the Commission is necessary or required in this matter. The Division of Investment Management of the Commission may assist in the preparation of the Commission's decision in this matter. There should be no thirty-day waiting period between the issuance and effective date of any order issued by the Commission in this matter, and WRI respectfully requests that any such order be made effective immediately upon the entry thereof.

ITEM 6. EXHIBITS AND FINANCIAL STATEMENTS

A. Exhibits

- A-1 Articles of Incorporation of Westar Generating, Inc., as amended
- B-1 Agreement for the Construction, Ownership and Operation of State Line Combined Cycle Generating Facility by and among The Empire District Electric Company, as an Owner, Westar Generating, Inc., as an Owner, and The Empire District Electric Company, as Agent dated July 26, 1999, as amended (Filed on Form SE).
- D-1 Application before the Federal Energy Regulatory Commission (To be Filed by Amendment)
- D-2 Order of the Federal Energy Regulatory Commission (to be filed by Amendment)
- D-3 Application to the Missouri Public Service Commission
- D-4 Order of the Missouri Public Service Commission
- F-1 Opinion of Counsel (To be filed by amendment)
- F-2 "Past Tense" Opinion of Counsel (To be filed by amendment)
- H-1 Form of Notice
- H-2 WRI's 1999 Annual Report (filed on March 29, 2000 and amended by WRI's 10-K/A-2 filed on February 2, 2001 (File No. 1-3523) and incorporated by reference herein).

B. Financial Statements

- FS-1 Consolidated Balance Statement and Statement of Income of WRI for the year ended December 31, 1999 (filed on March 29, 2000 and amended by WRI's 10-K/A-2 filed on February 2, 2001 (File No. 1-3523) and incorporated by reference herein).
- FS-2 WRI's Consolidated Statement of Income for the Preceding Three years (filed on March 29, 2000 and amended by WRI's 10-K/A-2 filed on February 2, 1001 (File No. 1-3523) and incorporated by reference herein).

ITEM 7. INFORMATION AS TO ENVIRONMENTAL EFFECTS

None of the matters that are the subject of this Application involve a "major federal action" nor do they "significantly affect the quality of the human environment" as those terms are used in Section 102(2)(C) of the National Environmental Policy Act. None of the proposed transactions that are the subject of this Application will result in changes in the operation of WRI that will have an impact on the environment. WRI is not aware of any federal agency which has prepared or is preparing an environmental impact statement with respect to the transactions proposed herein.

SIGNATURE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned has duly caused this application and declaration to be signed on their behalf by the undersigned thereunto duly authorized.

WESTERN RESOURCES, INC.

By: /s/ Richard D. Terrill

Name: Richard D. Terrill
Title: Executive Vice President and
General Counsel

March 8, 2001

ARTICLES OF INCORPORATION
OF
WESTAR GENERATING, INC.

The undersigned sole incorporator hereby undertakes to form and establish a corporation FOR PROFIT under the laws of the State of Kansas.

FIRST: The name of the Corporation is Westar Generating, Inc.

SECOND: The location of its registered office in this state is 818 Kansas Avenue, Topeka, Shawnee County, Kansas, 66612.

THIRD: The name and address of its resident agent in this state is Stacy F. Kramer, 818 Kansas Avenue, Topeka, Shawnee County, Kansas 66612.

FOURTH: This Corporation is organized FOR PROFIT and the nature of its business is to engage in any lawful act or activity for which corporations may be organized under the Kansas General Corporation Code. Provided however, this Corporation may not engage in the business of an electric or retail natural gas utility.

FIFTH: The Corporation is authorized to issue only one class of common stock. The total number of shares of stock which the Corporation shall have authority to issue shall be ONE THOUSAND (1,000) Shares of NO PAR VALUE COMMON STOCK. Such shares may be issued for such consideration as is determined from time to time by the Board of Directors of the Corporation.

SIXTH: The business and affairs of the Corporation shall be managed by its Board of Directors. The powers of the Incorporator are to terminate upon the filing of the ARTICLES OF INCORPORATION with the Secretary of State. The name and mailing address of the person who is to serve as sole Director until the first meeting of Stockholders or until his successor is duly elected and qualified is:

1

Thomas L. Grennan
514 Mariner
Silver Lake, Kansas 66539

The number of Directors, if more than one, shall be fixed by, or in the manner provided in, the BYLAWS of the Corporation. Directors need not be Stockholders of the Corporation.

SEVENTH: The name and mailing address of the sole incorporator is:

Martin J. Bregman
4505 Cedar Ridge Court
Lawrence, Kansas 66049

EIGHTH: For the management of the business and for the conduct of the affairs of the Corporation, and in further definition, limitation and regulation of the powers of the Corporation and its Directors and Stockholders, it is further provided:

a. In furtherance, and not in limitation of the powers conferred by the laws of the State of Kansas, the Board of Directors is expressly authorized and empowered:

(1) To make, alter, amend or repeal the Bylaws in any manner not inconsistent with the laws of the State of Kansas or these Articles of Incorporation, subject to the power of the Stockholders to amend, alter or repeal the Bylaws made by the Board of Directors or to limit or restrict the power of the Board of Directors so to make, alter, amend or repeal the Bylaws;

(2) Without the assent or vote of the Stockholders, to authorize and issue obligations of the Corporation, secured or unsecured, to include therein such provisions as to redeemability, convertibility or otherwise, as the Board of Directors in its sole discretion may determine, and to authorize the mortgaging or pledging, as security therefor, of any property of the Corporation, real or personal, including after-acquired property;

(3) To determine the manner in which the votes of Stockholders for the

election of Directors shall be evidenced, which need not be by written ballot.

b. Any Director or any Officer elected or appointed by the Stockholders or by the Board of Directors may be removed at any time in such manner as shall be provided in the Bylaws of the Corporation.

c. The holders of this Corporation's Common Stock shall not have preemptive rights.

d. Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them or between this Corporation and its Stockholders or any class of them, any court of competent jurisdiction within the State of Kansas, on the application in a summary way of this Corporation or of any creditor or Stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of K.S.A. 17-6901 or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of K.S.A. 17-6808, may order a meeting of the creditors or class of creditors, or of the Stockholders or class of Stockholders of this Corporation, as the case may be, to be summoned in such manner as said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, or of the Stockholders or class of Stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, said reorganization, if sanctioned by the court to which said application has been made, shall be binding on all the creditors or class of creditors, or on all the Stockholders or class of Stockholders of this Corporation, as the case may be, and also on this Corporation.

NINTH:

1. Elimination of Certain Liability of Directors.

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under the provisions of K.S.A. 17-6424 and amendments thereto, or (iv) for any transaction from which the director derived an improper personal benefit.

2. Indemnification and Insurance.

(a) Right to Indemnification.

Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer, of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Kansas General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators: provided, however, that, except as provided in paragraph (b) hereof, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition: provided, however, that, if the Kansas General Corporation Law requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or

officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section or otherwise. The Corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

(b) Right of Claimant to Bring Suit.

If a claim under paragraph (a) of this Section is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the Kansas General Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Kansas General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent, legal counsel, or its stockholders) that the claimant has not met such applicable standard or conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(c) Non-Exclusivity of Rights.

The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise and the Corporation is specifically authorized to provide indemnification to its directors and officers providing broader coverage than that afforded by the Kansas General Corporation Law through indemnification agreements.

(d) Insurance.

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Kansas General Corporation Law.

TENTH: To the extent permitted by the Kansas General Corporation Code, any action which may be taken at any annual or special meeting of either stockholders or directors may be taken without a meeting, without prior notice and without a vote if a consent in writing, setting forth the action taken is signed by (i) all of the holders of the Corporation's issued and outstanding shares in the case of the Stockholders or (ii) all of the duly elected and serving Directors, in the case of the Directors.

IN WITNESS WHEREOF, I have hereunto subscribed my name as sole incorporator this 7th day of April, 1999.

/s/ Martin J. Bregman

Martin J. Bregman

STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

BE IT REMEMBERED, that on this 7th day of April, 1999, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Martin J. Bregman who personally is known to me to be the same person who executed the foregoing ARTICLES OF INCORPORATION and duly acknowledged the execution of the same as his free and voluntary act and deed.

IN WITNESS WHEREOF, I have hereto set my hand affixed my notarial seal the day and year last above written.

/s/ Patti Beasley

Notary Public

My Appointment expires: November 18, 2000

CERTIFICATE OF AMENDMENT TO THE
ARTICLES OF INCORPORATION OF
WESTAR GENERATING, INC.

We, Thomas L. Grennan, President, and Leslie D. Morgan, Vice President, Secretary and Treasurer, of Westar Generating, Inc., a corporation organized and existing under the laws of the State of Kansas, do hereby certify that a resolution was adopted by unanimous written consent of the Board of Directors of said corporation on May 19, 2000 setting forth the following amendment to the Articles of Incorporation of the corporation and declaring its advisability:

RESOLVED, that Article IV of the Company's Articles of Incorporation be amended to read as follows:

"ARTICLE FOURTH: This Corporation is organized FOR PROFIT and the nature of its business is to engage in any lawful act or activity for which corporations may be organized under the Kansas General Corporate Code."

We further certify that thereafter, pursuant to said resolution, and in accordance with the bylaws of the corporation and the laws of the State of Kansas, the sole stockholder of the corporation considered and adopted the proposed amendment by unanimous written consent.

We further certify that the amendment was duly adopted in accordance with the provision of K.S.A. 17-6602, as amended.

We further certify that the capital of said corporation will not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, we have hereunto set our hands and affixed the seal of said corporation the 19th day of May, 2000.

WESTAR GENERATING, INC.

By /s/ Thomas L. Grennan

Thomas L. Grennan
President

By /s/ Leslie D. Morgan

Leslie D. Morgan
Vice President, Secretary and Treasurer

State of Kansas)
) ss.
County of Shawnee)

Be it remembered that before me, a Notary Public in and for the aforesaid county and state, personally appeared Thomas L. Grennan, President, and Leslie D. Morgan, Vice President, Secretary and Treasurer, of the corporation named in this document, who are known to me to be the same persons who executed the foregoing certificate and duly acknowledge that execution of the same this 19th day of May, 2000.

/s/ Patti Beasley

Notary Public

In the matter of the application of)
Westar Generating, Inc.)
for a certificate of public convenience and)
necessity authorizing it to construct,)
install, own, operate, control, manage) Case No. EA-2000-145
and maintain electric production facilities)
in Jasper County, Missouri, pursuant to the)
terms of a July 26, 1999 Agreement for the)
Construction, Ownership and Operation of)
State Line Combined Cycle Generating Facility.)

APPLICATION

COMES NOW Westar Generating, Inc. ("WGI" or "Applicant"), pursuant to Section 393.170, RSMo 1994, /1/ and 4 CSR 240-2.060(2), and for its application to the Public Service Commission of the State of Missouri ("Commission") for a certificate of public convenience and necessity, states as follows:

1. Applicant is a corporation duly organized and existing under the laws of the State of Kansas with its principal place of business located at 818 Kansas Avenue, Topeka, Kansas. Attached hereto as Appendix 1 and incorporated herein by reference is a certified copy of Applicant's Certificate to Transact Business as a Foreign Corporation issued by the Missouri Office of the Secretary of State. Applicant is a wholly-owned subsidiary of Western Resources, Inc., a Kansas corporation that operates its utility operations under its trade name KPL, and its subsidiary, KGE, a Kansas corporation.

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/1/ All statutory references are to Revised Statutes of Missouri 1994, unless otherwise noted.
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2. Applicant proposes to own a 40 percent (40%) interest in an approximately 500 mega-watt (MW) combined cycle generation station to be constructed at the site of The Empire District Electric Company's ("EDEC") existing State Line facility in Jasper County, Missouri ("State Line Combined Cycle" or "SLCC"), consisting, in part, of (i) one Westinghouse W501F combustion turbine (the "Existing CT") which is currently owned by EDEC, (ii) one new W501F combustion turbine, (iii) two new heat recovery steam generators, (iv) one new steam turbine, (v) one new cooling tower, and (vi) other associated equipment. EDEC and WGI have entered into an Agreement for the Construction, Ownership and Operation of State Line Cycle Generating Facility dated July 26, 1999, ("Agreement"), a copy of which was filed with the Application in Case No. EA-2000-145, and is incorporated herein by reference, which more fully describes the ownership and operation of the SLCC.

3. Communications in regard to this Application should be addressed to:

Martin J. Bregman Executive Director, Law Western Resources, Inc. 818 Kansas Avenue Topeka, Kansas 66612	James M. Fischer Fischer & Dority, P.C. 101 Madison Street Suite 400 Jefferson City, Missouri 65101
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4. Pursuant to the Agreement, EDEC and WGI propose to share the costs of construction of the addition to the SLCC on a 60/40 percent basis, respectively. EDEC will refurbish a 150 MW unit presently used to serve its customers. Pursuant to the Application filed in Case No. EA-2000-145, EDEC will also construct and operate the facility. EDEC is proposing to transfer a portion of that facility to WGI. EDEC will continue to serve retail customers from its share of the

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SLCC. WGI will sell some or all of its 40 percent share of the output from SLCC to its franchised utility affiliates, KPL and KGE.

5. Specifically, Applicant requests the Commission to issue its order granting Applicant a Certificate of Public Convenience and Necessity to construct, install, own, operate, control, manage and maintain electric facilities in Jasper County, Missouri, pursuant to the Agreement. The area sought to be certificated is set forth on the maps attached hereto as Appendix 2 and incorporated herein by reference. A description of the area proposed to be served is marked as Appendix 3, attached hereto and incorporated herein by reference. The area sought to be certificated is the same area where EDEC currently operates its SLCC; however, Applicant does not request authority to provide retail service within this certificated area.

6. The SLCC will be constructed upon EDEC's existing site for its state line facility. However, it will be necessary to move electric and telephone lines of regulated utilities, including those of EDEC and Southwestern Bell Telephone Company. No railroad tracks or any underground facility, as defined in Section 319.015, will be crossed or otherwise affected by the project.

7. A description of plans and specifications for the construction of the project are voluminous, and will be made available to the Commission Staff and Public Counsel, upon request. Additional information regarding the estimated cost of construction, plans for financing, and projected revenues and expenses will also be made available to the Commission Staff and Public Counsel, upon request. Applicant also respectfully requests that the provisions of 4 CSR 240-2.060(2)(F)(1), (2), and (5) be waived, since these provisions are designed for an Application for a retail service area and/or a start-up utility which are not applicable to this request.

8. No additional municipal or other governmental approvals, with the exception of permits from the Department of Natural Resources and the United States Environmental Protection Agency are required.

9. The granting of this Application is in the public interest since the SLCC will provide additional power for the customers of Western Resources' franchised utility affiliates, KPL and KGE, so that the public needs may be served.

WHEREFORE, Applicant Westar Generating, Inc. prays the Commission issue to it an area certificate of public convenience and necessity authorizing it to construct, install, own, operate, control, manage and maintain electric production facilities in Jasper County, Missouri, in accordance with the above-stated provisions.

Respectfully submitted,

/s/ James M. Fischer

James M. Fischer, Esq. MBN 27543
JAMES M. FISCHER, P.C.
101 Madison Street, Suite 400
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Martin J. Bregman MBN 265449
Executive Director, Law
WESTERN RESOURCES, INC.
818 South Kansas Avenue
Topeka, Kansas 66612
Telephone: (785) 575-1986
Fax: (785) 575-8136
e-mail:

Dated: August 16, 1999

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing Application has been hand-delivered or mailed, First Class mail, postage prepaid, this 17th day of August, 1999, to:

Office of the Public Counsel
P.O. Box 7800
Jefferson City MO 65102

/s/ James M. Fischer

James M. Fischer

VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

Thomas L. Grennan, President, Westar Generating, Inc., being duly sworn upon his oath, states that the matters set forth in the foregoing Application are true and correct according to the best of his knowledge, information and belief.

/s/ Thomas L. Grennan

Thomas L. Grennan

Subscribed and sworn to before me, a Notary Public, this 16th day of August, 1999.

(Seal) /s/ Glenda Guilfoil

Notary Public

My Commission Expires: June 2, 2003

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office in Jefferson City on the 1st day of
June, 2000.

In the Matter of the Application of)
The Empire District Electric Company for)
Permission and Authority to Transfer a)
Partial, Undivided Interest in Certain)
Generation Facilities, Land and Related) Case No. EM-2000-145
Property Owned by It to Westar Generating,)
Inc., in Accordance with a Contract Dated)
July 26, 1999.)
In the Matter of the Application of)
Westar Generating, Inc. for a Certificate)
of Public Convenience and Necessity)
Authorizing it to Construct, Install,)
Own, Operate, Control, Manage, and) Case No. EA-2000-153
Maintain Electric Production Facilities)
in Jasper County, Missouri, Pursuant to)
the terms of a July 26, 1999 Agreement for)
the Construction, Ownership and Operation)
of State Line Combined Cycle Generating)
Facility.)

ORDER APPROVING APPLICATION TO TRANSFER ASSETS AND ORDER GRANTING
CERTIFICATE OF CONVENIENCE AND NECESSITY

On August 13, 1999, The Empire District Electric Company (Empire) filed an application with the Commission requesting permission and authority to sell and transfer an interest in certain assets to Westar Generating, Inc. (WGI) for the purpose of constructing additional electric generating facilities at the "State Line" facility owned by Empire. That application was assigned case number EM-2000-145. The application indicates that Empire, in conjunction with WGI, plans to construct a 500 megawatt combined cycle generating station utilizing portions of the existing site and State Line Unit 2. Empire and WGI will have a joint ownership in certain common facilities, the land and in the existing and new facilities pursuant to a Construction, Ownership and Operation Agreement dated July 26, 1999.

On August 17, 1999, WGI filed an application with the Commission for a certificate of public convenience and necessity to allow it to "construct, install, own, operate, control, manage and maintain" the electric generating facilities that Empire seeks to convey to it. WGI's application was assigned case number EA-2000-153.

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On August 17, 1999, the Commission issued an Order and Notice in case number EM-2000-145 that directed interested parties wishing to intervene in that case to file an application on or before September 7, 1999. Similarly, on August 20, 1999, the Commission issued an Order and Notice in case number EA-2000-153 directing interested parties to file an application to intervene on or before September 9. No party requested intervention in either case.

In response to a Joint Motion to Consolidate filed by Empire and WGI in both cases, the Commission consolidated the two applications into a single case by an order issued on August 31, 1999. No party has requested a hearing. The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence. State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989). Since no one has asked permission to intervene or requested a hearing, the Commission may grant the relief requested based on the application.

On May 11, 2000, Staff filed a recommendation and memorandum. No party filed a response to that recommendation and memorandum. Based on its review and analysis, the Staff concludes that Empire has demonstrated that its application to sell and transfer certain assets to WGI is "not detrimental to the public interest." Staff recommends that the Commission issue an order granting Empire's application. Further, Staff recommends that the Commission reserve all ratemaking treatment associated with this transaction for a future rate proceeding.

With regard to WGI's application for a certificate of convenience and necessity, Staff states that WGI is not requesting authority to provide retail service within the area for which it seeks certification, as that area is the same as that in which Empire currently operates its State Line facility. Indeed WGI does not have any retail customers anywhere in Missouri. This fact raises the question of whether or not WGI should be required to apply for a certificate of convenience and necessity.

Staff's recommendation indicates that Section 393.170.1, RSMo 1994 states, in pertinent part, "No . . . electrical corporation . . . shall begin construction of a[n] . . . electric plant . . . without first having obtained the approval of the commission." Section 386.020(15), RSMo Supp. 1999, in pertinent part, defines an electrical corporation as including: "every corporation . . . owning, operating, controlling or managing any electric plant" In State ex rel Danciger & Co. v. Public Serv. Comm'n, 205

S.W. 36 (Mo. 1918), the Missouri Supreme Court added a requirement to the statutory definition by finding that an electric corporation is not subject to regulation by the Commission unless it is offering electricity for "public use." The question then becomes whether or not WGI will be offering electricity for "public use."

WGI does not have any customers in Missouri at this time. However, in Staff's opinion, WGI's ownership interest, in partnership with Empire, a utility regulated by the Commission, in a facility that will serve retail customers in this state implicates the interests of Missouri ratepayers and justifies the exercise of the Commission's authority. Staff concludes that WGI's project is necessary or convenient for the public service and should be approved and a certificate of convenience and necessity should be granted.

The Commission has reviewed the applications of Empire and WGI, the accompanying documentation, and Staff's recommendation and memorandum. The Commission finds that Empire's application to sell and transfer certain assets to WGI is not detrimental to the public interest and should be approved. The Commission also finds that WGI's application for a certificate of convenience and necessity is necessary and convenient for the public service and should be approved.

IT IS THEREFORE ORDERED:

1. That the Application filed by The Empire District Electric Company for authority to sell and transfer certain assets to Westar Generating, Inc. is approved.
2. That nothing in this order shall be considered a finding by the Commission of the value for ratemaking purposes of the transactions approved by this order.
3. That the Commission reserves the right to consider any ratemaking treatment to be afforded the transactions approved by this order in a later proceeding.
4. That no later than 90 days after the closing date of the transaction, The Empire District Electric Company shall submit to Staff (Utility Services) a copy of all journal entries made in connection with this sale and transfer.
5. That the application filed by Westar Generating, Inc., for a certificate of convenience and necessity is granted.
6. That Westar Generating, Inc., is granted a certificate of convenience and necessity to construct, install, own, operate,

control, manage and maintain electric facilities in Jasper County, Missouri in an area set forth on the maps attached to its Application as Appendix 2. A legal description of the area is attached to Westar's Application as Appendix 3.

7. That this order shall become effective on June 13, 2000.

BY THE COMMISSION

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Murray, Schemenauer,
and Drainer, CC., concur

Woodruff, Regulatory Law Judge

Proposed Form Of Notice

SECURITIES AND EXCHANGE COMMISSION

(Release No. 35-_____)

Filings under the Public Utility Holding Company Act of 1935, as amended ("Act")

_____, 2001

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated thereunder. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments thereto is/are available for public inspection through the Commission's Office of Public Reference. Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by _____, 2001 to the Secretary, Securities and Exchange Commission, 450 5th Street, N.W., Washington, D.C. 20549, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) as specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After _____, 2001, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

* * *

Western Resources, Inc.

Western Resources, Inc. ("WRI") is a public utility holding company exempt from all provisions of the Public Utility Holding Company Act of 1935 ("Act") except Section 9(a)(2) under Section 3(a)(1) pursuant to Rule 2 of the Act. WRI, through its KPL1 division, is engaged in the production, purchase, transmission, distribution and sale of electric energy in the State of Kansas. WRI's assets include security company holdings through its ownership of Protection One, Inc. ("Protection One"), which has more than 1.3 million security customers in North America. Its utility operations, conducted through KPL and WRI's subsidiary, Kansas Gas and Electric Company ("KGE"), provide electric service to approximately 636,000 customers in 432 communities in the State of Kansas. KGE owns a 47% interest in Wolf Creek Nuclear Operating Corporation which operates the Wolf Creek Generating Station on behalf of its owners. Through its ownership interest in ONEOK Inc., ("ONEOK") an Oklahoma corporation, WRI has an approximately 45% economic interest in the eighth largest natural gas distribution company in the nation, serving more than 1.4 million customers.

Westar Generating, Inc. ("Westar Generating"), a wholly owned subsidiary of WRI, is a Kansas corporation that holds an undivided 40% ownership interest in a 2X1 F class combined cycle generation facility ("State Line") that is under construction at The Empire District Electric Company State Line station near Joplin, Missouri. The Empire District Electric Company holds the remaining interest and operates the facility pursuant to the Agreement for the Construction, Ownership and Operation of State Line Combined Cycle Generating Facility. Westar Generating and Empire hold their interests as tenants in common.

WRI is seeking authority to retain its 40% indirect interest in State Line when the plant resumes commercial operation. Because State Line is not presently operating commercially,

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1 "KPL" is the trade name for WRI's electric business.

Westar Generating is not an "electric utility" as defined by Section 2(a)(3) of the Act. However, upon State Line's resumption of commercial operations, Westar Generating will become an electric utility. WRI will qualify as an affiliate of Westar Generating under the Act, and WRI is already an affiliate of KGE and ONEOK.

