SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 1995

OR

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

For the transition period from _____________________ to ______________________

Commission File Number 1-3523

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

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

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

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

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

Yes X No

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

Class	Outstanding at October 27, 1995
Common Stock, $5.00 par value	62,674,911

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

	September 30, 1995	December 31, 1994
ASSETS		
UTILITY PLANT:		
Electric plant in service	$5,300,674	$5,226,175
Natural gas plant in service	774,340	737,191
	6,075,014	5,963,366
Less - Accumulated depreciation	1,895,973	1,790,266
	4,179,041	4,173,100
Construction work in progress	109,205	85,290
Nuclear fuel (net)	49,484	39,890
Net utility plant	4,337,730	4,298,280
OTHER PROPERTY AND INVESTMENTS:		
Net non-utility investments	81,431	74,017
Decommissioning trust	20,696	16,944
Other	10,622	13,556
	112,749	104,517
CURRENT ASSETS:		
Cash and cash equivalents	1,682	2,715
Accounts receivable and unbilled revenues (net)	211,979	219,760
Fossil fuel, at average cost	45,263	38,762
Gas stored underground, at average cost	46,193	45,222
Materials and supplies, at average cost	58,353	56,145
Prepayments and other current assets	36,537	27,932
	400,007	390,536
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes	101,886	101,886
Deferred coal contract settlement costs	28,859	33,606
Phase-in revenues	48,248	61,406
Corporate-owned life insurance (net)	44,708	16,967
Other deferred plant costs	31,601	31,784
Unamortized debt expense	54,465	58,237
Other	105,496	92,399
	415,263	396,285
TOTAL ASSETS	$5,265,749	$5,189,618
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (see statement)	$3,048,323	$3,006,341
CURRENT LIABILITIES:		
Short-term debt	327,615	308,200
Long-term debt due within one year	16,000	80
Accounts payable	101,408	130,616
Accrued taxes	126,280	86,966
Accrued interest and dividends	60,117	61,069
Other	50,267	69,025
	681,687	655,956
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	965,629	971,014
Deferred investment tax credits	133,972	137,651
Deferred gain from sale-leaseback	245,110	252,341
Other	191,028	166,315
	1,535,739	1,527,321
COMMITMENTS AND CONTINGENCIES (Notes 3 and 5)		
TOTAL CAPITALIZATION AND LIABILITIES	$5,265,749	$5,189,618

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

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

	Three Months Ended September 30, 1995	1994
OPERATING REVENUES:		
Electric	$ 371,153	$ 338,812
Natural gas	52,707	40,401
Total operating revenues	423,860	379,213
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	70,001	66,563
Nuclear fuel	5,084	3,638
Power purchased	5,992	2,760
Natural gas purchases	29,146	17,758
Other operations	76,971	76,099
Maintenance	26,851	25,871
Depreciation and amortization	37,237	38,145
Amortization of phase-in revenues	4,386	4,386
Taxes:		
Federal income	35,421	27,648
State income	8,725	6,832
General	24,617	25,629
Total operating expenses	324,431	295,329
OPERATING INCOME	99,429	83,884
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(2,248)	(1,728)
Miscellaneous (net)	2,181	2,059
Income taxes (net)	2,585	2,027
Total other income and deductions	2,518	2,358
INCOME BEFORE INTEREST CHARGES	101,947	86,242
INTEREST CHARGES:		
Long-term debt	24,193	23,872
Other	6,978	5,343
Allowance for borrowed funds used during construction (credit)	(1,129)	(652)
Total interest charges	30,042	28,563
NET INCOME	71,905	57,679
PREFERRED AND PREFERENCE DIVIDENDS	3,355	3,355
EARNINGS APPLICABLE TO COMMON STOCK	$ 68,550	$ 54,324
AVERAGE COMMON SHARES OUTSTANDING	62,243,794	61,617,873
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING	$ 1.10	$ .88
DIVIDENDS DECLARED PER COMMON SHARE	$ .505	$ .495

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

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

	Nine Months Ended September 30, 1995	1994(1)
OPERATING REVENUES:		
Electric	$ 886,921	$ 868,814
Natural gas	287,865	389,903
Total operating revenues	1,174,786	1,258,717

OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	164,092	172,756
Nuclear fuel	14,848	11,733
Power purchased	11,636	9,656
Natural gas purchases	171,482	250,889
Other operations	238,136	230,528
Maintenance	81,315	81,760
Depreciation and amortization	114,574	115,622
Amortization of phase-in revenues	13,158	13,158
Taxes:		
Federal income	60,027	62,385
State income	15,808	15,443
General	73,735	83,222
Total operating expenses	958,811	1,047,152
OPERATING INCOME	215,975	211,565
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(5,785)	(3,721)
Gain on sale of Missouri Properties (see Note 2)	-	30,701
Miscellaneous (net)	10,029	7,614
Income taxes (net)	4,891	(5,622)
Total other income and deductions	9,135	28,972
INCOME BEFORE INTEREST CHARGES	225,110	240,537
INTEREST CHARGES:		
Long-term debt	72,042	74,695
Other	20,779	14,013
Allowance for borrowed funds used during construction (credit)	(2,907)	(2,230)
Total interest charges	89,914	86,478
NET INCOME	135,196	154,059
PREFERRED AND PREFERENCE DIVIDENDS	10,064	10,064
EARNINGS APPLICABLE TO COMMON STOCK	$ 125,132	$ 143,995
AVERAGE COMMON SHARES OUTSTANDING	61,960,602	61,617,873
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING	$ 2.02	$ 2.34
DIVIDENDS DECLARED PER COMMON SHARE	$ 1.515	$ 1.485

(1) Information reflects the sales of the Missouri Properties (Note 2).
The Notes to Consolidated Financial Statements are an integral part of these statements.

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

	Twelve Months Ended September 30, 1995	1994(1)
OPERATING REVENUES:		
Electric	$1,139,888	$1,113,478
Natural gas	394,124	655,588
Total operating revenues	1,534,012	1,769,066
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	212,102	228,543
Nuclear fuel	16,677	15,980
Power purchased	17,418	11,533
Natural gas purchases	233,169	426,783
Other operations	310,999	318,277
Maintenance	112,741	113,959
Depreciation and amortization	150,582	157,462
Amortization of phase-in revenues	17,544	17,545
Taxes:		

Federal income	74,119	74,238
State income	19,510	18,587
General	95,195	109,988
Total operating expenses	1,260,056	1,492,895
OPERATING INCOME	273,956	276,171
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(7,418)	(5,217)
Gain on sale of Missouri Properties (see Note 2)	-	30,701
Miscellaneous (net)	15,253	11,092
Income taxes (net)	6,184	(4,522)
Total other income and deductions	14,019	32,054
INCOME BEFORE INTEREST CHARGES	287,975	308,225
INTEREST CHARGES:		
Long-term debt	95,830	102,514
Other	26,905	19,369
Allowance for borrowed funds used during construction (credit)	(3,344)	(2,743)
Total interest charges	119,391	119,140
NET INCOME	168,584	189,085
PREFERRED AND PREFERENCE DIVIDENDS	13,418	13,419
EARNINGS APPLICABLE TO COMMON STOCK	$ 155,166	$ 175,666
AVERAGE COMMON SHARES OUTSTANDING	61,874,216	61,614,235
EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING	$ 2.51	$ 2.85
DIVIDENDS DECLARED PER COMMON SHARE	$ 2.01	$ 1.97

(1) Information reflects the sales of the Missouri Properties (Note 2).
The Notes to Consolidated Financial Statements are an integral part of these statements.

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

	Nine Months Ended September 30, 1995	1994(1)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 135,196	$ 154,059
Depreciation and amortization	114,574	115,622
Other amortization (including nuclear fuel)	11,274	8,390
Gain on sales of utility plant (net of tax)	(951)	(19,296)
Deferred taxes and investment tax credits (net)	(9,216)	(35,005)
Amortization of phase-in revenues	13,158	13,158
Corporate-owned life insurance	(39,102)	(36,476)
Amortization of gain from sale-leaseback	(7,231)	(7,230)
Amortization of acquisition adjustment	1,724	-
Changes in working capital items (net of effects from the sale of the Missouri Properties):		
Accounts receivable and unbilled revenues (net)	7,781	(17,963)
Fossil fuel	(6,501)	(5,473)
Gas stored underground	(971)	(2,782)
Accounts payable	(29,208)	(68,457)
Accrued taxes	38,687	74,008
Other	(752)	23,265
Changes in other assets and liabilities	12,229	39,735
Net cash flows from operating activities	240,691	235,555
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant	166,743	154,929
Sales of utility plant	(1,723)	(402,076)
Non-utility investments (net)	14,127	4,680
Corporate-owned life insurance policies	54,046	54,920
Death proceeds of corporate-owned life insurance policies	(854)	(1,251)
Net cash flows used in (from) investing activities	232,339	(188,798)

CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	19,415	(221,595)
Bonds issued.	-	235,923
Bonds retired	(105)	(223,906)
Revolving credit agreements (net)	-	(115,000)
Other long-term debt (net).	-	(67,893)
Borrowings against life insurance policies (net).	47,612	69,962
Common stock issued	26,707	-
Dividends on preferred, preference and common stock . . .	(103,014)	(100,950)
Net cash flows from (used in) financing activities. .	(9,385)	(423,459)
INCREASE IN CASH AND CASH EQUIVALENTS	(1,033)	894
CASH AND CASH EQUIVALENTS:		
Beginning of the period	2,715	1,217
End of the period	$ 1,682	$ 2,111
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized).	$ 111,871	$ 109,104
Income taxes.	69,995	72,204

(1) Information reflects the sales of the Missouri Properties (Note 2).
The Notes to Consolidated Financial Statements are an integral part of these statements.

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

	Twelve Months Ended September 30, 1995	1994(1)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	$ 168,584	$ 189,085
Depreciation and amortization	150,582	157,462
Other amortization (including nuclear fuel)	13,789	11,436
Gain on sales of utility plant (net of tax)	(951)	(19,296)
Deferred taxes and investment tax credits (net)	9,234	(18,769)
Amortization of phase-in revenues	17,544	17,545
Corporate-owned life insurance.	(42,748)	(46,788)
Amortization of gain from sale-leaseback.	(9,641)	(9,640)
Amortization of acquisition adjustment.	1,724	-
Changes in working capital items (net of effects from the sale of the Missouri Properties):		
Accounts receivable and unbilled revenues (net)	(49,886)	(94,919)
Fossil fuel	(8,856)	(5,055)
Gas stored underground.	(3,592)	7,121
Accounts payable.	(2,433)	(30,211)
Accrued taxes	(14,565)	26,908
Other	19,128	28,872
Changes in other assets and liabilities	26,625	41,291
Net cash flows from operating activities	274,538	255,042
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant.	249,510	240,397
Utility investment.	-	2,500
Sales of utility plant.	(1,723)	(402,076)
Non-utility investments (net)	18,488	2,654
Corporate-owned life insurance policies	55,876	56,501
Death proceeds of corporate-owned life insurance policies .	(854)	(1,442)
Net cash flows used in (from) investing activities. . .	321,297	(101,466)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	108,315	(143,050)
Bonds issued.	-	235,923
Bonds retired	(105)	(376,372)
Other long-term debt (net).	-	(13,980)
Borrowings against life insurance policies (net).	48,283	71,143
Common stock issued (net)	26,707	3,970
Preference stock redeemed	-	(2,734)
Dividends on preferred, preference and common stock	(136,870)	(134,183)
Net cash flows from (used in) financing activities. . .	46,330	(359,283)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.	(429)	(2,775)

CASH AND CASH EQUIVALENTS:		
Beginning of the period	2,111	4,886
End of the period	$ 1,682	$ 2,111
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized).	$ 137,552	$ 141,353
Income taxes.	88,020	93,664

(1) Information reflects the sales of the Missouri Properties (Note 2).
The Notes to Consolidated Financial Statements are an integral part of these statements.

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

	September 30, 1995		December 31, 1994	
COMMON STOCK EQUITY (see statement):				
Common stock, par value $5 per share, authorized 85,000,000 shares, outstanding 62,528,780 and 61,617,873 shares, respectively .	$ 312,644		$ 308,089	
Paid-in capital.	690,144		667,992	
Retained earnings.	529,479		498,374	
	1,532,267	50%	1,474,455	49%
CUMULATIVE PREFERRED AND PREFERENCE STOCK:				
Not subject to mandatory redemption,				
Par value $100 per share, authorized 600,000 shares, outstanding -				
4 1/2% Series, 138,576 shares	13,858		13,858	
4 1/4% Series, 60,000 shares.	6,000		6,000	
5% Series, 50,000 shares.	5,000		5,000	
	24,858		24,858	
Subject to mandatory redemption,				
Without par value, $100 stated value, authorized 4,000,000 shares, outstanding -				
7.58% Series, 500,000 shares.	50,000		50,000	
8.50% Series, 1,000,000 shares.	100,000		100,000	
	150,000		150,000	
	174,858	6%	174,858	6%
LONG-TERM DEBT:				
First mortgage bonds	841,000		841,000	
Pollution control bonds.	521,817		521,922	
Less:				
Unamortized premium and discount (net)	5,619		5,814	
Long-term debt due within one year	16,000		80	
	1,341,198	44%	1,357,028	45%
TOTAL CAPITALIZATION	$3,048,323	100%	$3,006,341	100%

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

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

	Common Stock	Paid-in Capital	Retained Earnings
BALANCE DECEMBER 31, 1993, 61,617,873 shares	$308,089	$667,738	$446,348

Net income.			154,059
Cash dividends:			
Preferred and preference stock.			(10,064)
Common stock, $1.485 per share.			(91,503)
Expenses on common stock.		(228)	
Distribution of common stock under the Customer Stock Purchase Plan		482	
BALANCE SEPTEMBER 30, 1994, 61,617,873 shares	308,089	667,992	498,840
Net income.			33,388
Cash dividends:			
Preferred and preference stock.			(3,354)
Common stock, $0.495 per share.			(30,500)
BALANCE DECEMBER 31, 1994, 61,617,873 shares.	308,089	667,992	498,374
Net income.			135,196
Cash dividends:			
Preferred and preference stock.			(10,064)
Common stock, $1.515 per share.			(94,027)
Issuance of 910,907 shares of common stock.	4,555	22,845	
Expenses on Common Stock.		(693)	
BALANCE SEPTEMBER 30, 1995, 62,528,780 shares	$312,644	$690,144	$529,479

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

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

1. ACCOUNTING POLICIES AND OTHER INFORMATION

General: The condensed consolidated financial statements of Western Resources, Inc. (the Company) include the accounts of its wholly-owned subsidiaries, Astra Resources, Inc. (Astra Resources), Astra Power, Astra Services, Kansas Gas and Electric Company (KG&E), KPL Funding Corporation (KFC), and Mid Continent Market Center Inc. (MCMC). KG&E owns 47% of the Wolf Creek Nuclear Operating Corporation (WCNOC), the operating company for the Wolf Creek Generating Station (Wolf Creek). The Company records its proportionate share of all transactions of WCNOC as it does other jointly-owned facilities. All significant intercompany transactions have been eliminated. The operations of Astra Resources, Astra Power, Astra Services, KFC, and MCMC were not material to the Company's results of operations. The Company is conducting its utility business as KPL, Gas Service, and through its wholly-owned subsidiaries, KG&E and MCMC. The Company is conducting its non-utility business through Astra Resources, Astra Power, and Astra Services.

The financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of the Company, the accompanying condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of the Company as of September 30, 1995 and December 31, 1994, and the results of its operations for the three, nine and twelve month periods ended September 30, 1995 and 1994. These condensed consolidated 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 and the KG&E Annual Report on Form 10-K incorporated by reference 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), Oklahoma Corporation Commission, and the Federal Energy Regulatory Commission (FERC).

In March 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121). This Statement imposes stricter criteria for regulatory assets by requiring that such assets be probable of future recovery at each balance sheet date. The Company anticipates adopting this standard on January 1, 1996 and does not expect that adoption will have a material impact on the financial position or results of operations of the Company based on the current regulatory structure in which the Company operates. This conclusion may change in the future if increases in competition influence wholesale and retail pricing in this industry.

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

	September 30, 1995	December 31, 1994
	(Dollars in Millions)	
Cash surrender value of contracts	$484.2	$408.9
Borrowings against contracts	(439.5)	(391.9)
COLI (net)	$ 44.7	$ 17.0

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 Consolidated Statements of Income. For the three, nine and twelve months ended September 30, 1995, income from increases in cash surrender value, net of premium and administrative expenses and income from death proceeds, was $4.6 million, $12.7 million, and $16.7 million respectively, compared to $3.9 million, $11.7 million and $14.4 million for the three, nine and twelve months ended September 30, 1994, respectively. Interest expense on COLI borrowings is recorded as a tax deductible expense in Corporate-owned Life Insurance (net) on the Consolidated Statements of Income for policies held by KG&E. For the three, nine and twelve months ended September 30, 1995 interest expense on KG&E's COLI borrowings was $6.9 million, $18.5 million and $24.1 million, respectively, compared to $5.6 million, $15.4 million and $20.1 million for the three, nine and twelve months ended September 30, 1994, respectively. The U.S. Congress is considering legislation, which, if enacted, may substantially reduce or eliminate interest deductions on loans from COLI policies purchased after June 20, 1986. KG&E purchased its COLI policies prior to June 20, 1986.

As approved by the KCC, the Company is using a portion of the net income stream generated by COLI policies purchased in 1993 and 1992 by the Company to offset the costs of postretirement and postemployment benefits offered to certain current and former employees. A significant portion of such income relates to the tax deduction currently taken for interest incurred on contract borrowings under the Company's 1993 and 1992 COLI policies. The amount of this interest deduction used to offset these benefit costs for the three, nine and twelve months ended September 30, 1995, was $1.8 million, $4.7 million, and $6.0 million respectively, compared to $1.3 million, $4.7 million, and $5.7 million for the three, nine and twelve months ended September 30, 1994, respectively. As mentioned above, the U.S. Congress is considering legislation which, if enacted, may substantially reduce or eliminate this deduction. If this legislation is enacted, the Company may be required to seek increases in rates to recover postretirement and postemployment expenses that were to be funded by the 1993 and 1992 COLI policy proceeds and recognize higher levels of postretirement and postemployment expense in the Company's Consolidated Statements of Income. If rate relief is not granted, the Company would have to reflect on its books as expense the accrued and deferred costs of postretirement and postemployment benefits. As of September 30, 1995, approximately $32 million of postretirement

and postemployment benefit costs had been accrued and deferred. The Company's non-cash cost of providing these postretirement and postemployment benefits on an annual basis approximates $10 million. If the legislation is enacted, the Company currently believes that it would be allowed to recover the postretirement and postemployment costs to be funded by the 1993 and 1992 COLI policy proceeds
through rates.

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

2. SALES OF MISSOURI NATURAL GAS DISTRIBUTION PROPERTIES

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

The portion of the Missouri Properties purchased by Southern Union was sold for $404 million, in cash. (For information regarding litigation in connection with the sale of the Missouri Properties to Southern Union, see Note 3 of Notes to Consolidated Financial Statements.) United Cities purchased the Company's natural gas distribution system in and around the City of Palmyra, Missouri, for $665,000 in cash.

During the first quarter of 1994, the Company recognized a gain of approximately $19.3 million, net of tax, on the sale of the Missouri Properties. As of the respective dates of the sales of the Missouri Properties, the Company ceased recording the results of operations, and removed the assets and liabilities from the Consolidated Balance Sheet related to the Missouri Properties. The gain is reflected in Other Income and Deductions on the nine and twelve months ended September 30, 1994 Consolidated Statements of Income.

The Company's operating revenues and operating income for the three, nine and twelve months ended September 30, 1995, do not include any results related to the Missouri Properties.

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

	September 30, 1994	
	9 months ended	12 months ended
	(Dollars in Thousands)	
Operating Revenues.	$77,008	$192,286
Percent of Total Company. . . .	6.1%	10.9%
Operating Income.	$4,999	$16,349
Percent of Total Company. . . .	2.4%	5.9%

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

3. LEGAL PROCEEDINGS

On June 1, 1994, Southern Union filed an action against the Company, The Bishop Group, Ltd., and other entities affiliated with The Bishop Group, in the Federal District Court for the Western District of Missouri (the Court) (Southern Union Company v. Western Resources, Inc. et al., Case No. 94-509-CV-W-1) alleging, among other things, breach of the Missouri Properties sale agreement relating to certain gas supply contracts between the Company and various Bishop entities that Southern Union assumed, and requesting unspecified monetary damages as well as declaratory relief. On August 1, 1994, the Company filed its answer and counterclaim denying all claims asserted against it by Southern Union and requesting declaratory judgment with respect to certain adjustments in the purchase price for the Missouri Properties proposed by Southern Union and disputed by the Company. The disputed purchase price adjustments were submitted to an arbitrator in February 1995. Based on the decision of the arbitrator rendered in April 1995, Southern Union paid the Company $3.6 million including interest. For additional information regarding the sales of the Missouri Properties, see Note 2 of Notes to Consolidated Financial Statements.

In April, 1995, Southern Union filed its amended complaint against the Company, alleging a variety of new theories in support of its revised damage claims. Southern Union now claims that it has overpaid the Company from between $38 to $53 million dollars for the Missouri Properties. The Company has filed its amended answer denying each and every claim made by Southern Union in its amended complaint. The Company has filed motions for summary judgment on the amended complaint. The resolution of this matter is not expected to have a material adverse impact on the Company.

On August 15, 1994, the Bishop entities filed an answer and claims against Southern Union and the Company alleging, among other things, breach of those certain gas supply contracts. The Bishop entities claimed damages up to $270 million against the Company and Southern Union. On March 1, 1995 this litigation between the Company and the Bishop entities was dismissed with prejudice and the parties exchanged mutual releases of any and all claims. The gas supply contracts at issue in the above litigation were canceled.

The agreements between the Company and the Bishop entities resolved disputes between them in regulatory proceedings before the KCC, the Missouri Public Service Commission, and FERC.

The Company has entered into five new gas supply contracts with certain Bishop entities, subject to the approval of the KCC. A contested hearing was held for the approval of those contracts and the matter awaits decision by the KCC. The settlement of the parties' disputes referred to above is not contingent upon the KCC's approval of these contracts.

The Company received a civil investigative demand from the U.S. Department of Justice seeking certain information in connection with the department's investigation "to determine whether there is, has been, or may be a violation of the Sherman Act Sec. 1-2" with respect to the natural gas business in Kansas and Missouri. On October 23, 1995, the Company received advice from the Department of Justice that it has terminated its investigation without further action.

The Company and its subsidiaries are involved in various other legal and environmental proceedings. Management believes that adequate provision has been made within the Consolidated Financial Statements for these other matters and accordingly believes their ultimate dispositions will not have a material adverse effect upon the business, financial position, or results of operations of the Company.

4. RATE MATTERS AND REGULATION

KCC Rate Proceedings: On August 17, 1995, the Company filed with the KCC a request to more rapidly recover its investment in its assets of Wolf Creek over the next seven years. If the request is granted, depreciation expense for Wolf Creek will increase by approximately $50 million for each of the next seven years. As a result of this proposal, the Company will also seek to reduce electric rates for KG&E customers by approximately $9 million annually for the same seven year period based upon this accelerated depreciation.

The request also reduces the annual depreciation by approximately $11 million for electric transmission, distribution and certain generating plant assets to reflect the effect of increasing useful lives of these properties.

In addition, the Company filed a $36 million rate increase request for its Kansas natural gas properties. The increase is being sought to recover costs associated with the service line replacement program as well as other operating costs.

Historically, the methods and rates of depreciation used by the Company have not varied materially from the methods and rates which would have been used if the Company were not regulated and not subject to the provisions prescribed by Statement of Financial Accounting Standards No.71, "Accounting for the Effects of Certain Types of Regulations" (SFAS 71). In the past, the methods and rates have been determined by depreciation studies and approved by the various regulatory bodies. The Company periodically evaluates its depreciation rates considering the past and expected future experience in the operation of its facilities. The proposal to more rapidly recover the Company's investment in assets of Wolf Creek would bring the capital costs of Wolf Creek down to a level more closely paralleling that of fossil-fueled generating facilities.

On January 24, 1992, the KCC issued an order allowing the Company to defer service line replacement program costs incurred since January 1, 1992, including depreciation, property taxes, and carrying costs for recovery in the next general rate case. At September 30, 1995, approximately $12.3 million of these deferrals have been included in Deferred Charges and Other Assets, Other, on the Consolidated Balance Sheet.

5. COMMITMENTS AND CONTINGENCIES

As a part of its ongoing operations and construction program, the Company had commitments under purchase orders and contracts which had an unexpended balance of approximately $77 million at December 31, 1994. Approximately $32 million was attributable to modifications to upgrade the three turbines at

Jeffrey Energy Center to be completed by December 31, 1998.

In January 1994, the Company entered into an agreement with Oklahoma Municipal Power Authority (OMPA). Under the agreement, the Company received a prepayment of approximately $41 million for which the Company will provide capacity and transmission services to OMPA through the year 2013.

Manufactured Gas Sites: The Company was previously associated with 20 former manufactured gas sites located in Kansas which may contain coal tar and other potentially harmful materials. These sites were operated decades ago by predecessor companies, and were owned by the Company for a period of time after operations had ceased. The Company and the Kansas Department of Health and Environment (KDHE) conducted preliminary assessments of the sites in 1993 and 1994. The results of the preliminary investigations determined the Company does not have a connection to four of the sites.

The Company and KDHE entered into a consent agreement governing all future work at the remaining 16 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 in 1994 were minimal and 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 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 required and number of years over which the remediation must be completed.

Superfund Sites: The Company is one of numerous potentially responsible parties at a groundwater contamination site in Wichita, Kansas (Wichita site) which is listed by the EPA as a Superfund site. The Company has previously been associated with other Superfund sites of which the Company's liability has been classified as de minimis and any potential obligations have been settled at minimal cost. The Company's obligation at the Wichita site appears to be limited based on the Company's experience at similar sites given its limited exposure and settlement costs. In the opinion of the Company's management, the resolution of this matter will not have a material impact on the Company's financial position or 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 $10 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.

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

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 $20.7 million and $16.9 million at September 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 Consolidated Balance Sheets.

The staff of the SEC has questioned certain of the current accounting practices of the electric utility industry, regarding the recognition, measurement and classification of decommissioning costs for nuclear generating stations in the financial statements of electric utilities. In response to these questions, the FASB has agreed to review the accounting for removal costs, including decommissioning. If current electric utility industry accounting practices for such decommissioning are changed: (1) annual provisions for decommissioning could increase, (2) the estimated cost for decommissioning could be recorded as a liability rather than as accumulated depreciation, and (3) trust fund income from the external decommissioning trusts could be reported as investment income rather than as a reduction to decommissioning expense. The Company has historically recorded estimated decommissioning costs as a liability rather than including these costs with accumulated depreciation.

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.

Federal Income Taxes: In April 1995, the Company reached a settlement agreement, in principal, with the Internal Revenue Service (IRS) on its examination of KG&E's federal income tax returns for the years 1984-1986 and 1987-1988. All issues in these two cases are tentatively resolved. The Company is now revising the tax calculations for the settlement. The Company anticipates an additional assessment of approximately $7 million in tax and interest as a result of these examinations. This assessment is expected to be offset by investment tax credit carryforwards, alternative minimum tax credit carryforwards, or deferred tax provisions.

The IRS examination of KG&E's federal income tax returns for the years 1989-1990 is pending the completion of the 1984-1988 examinations. Based upon the above settlement agreements and available tax credits, the Company believes it will owe no tax for the years 1989-1990.

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 approximately $3 billion and $9 million, respectively. The largest coal contract 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.

6. INCOME TAXES

Total income tax expense included in the Consolidated Statements of Income reflects the Federal statutory rate of 35%. The Federal statutory rate produces effective income tax rates of 37.0% and 36.5% for the three month periods, 34.9% and 35.6% for the nine month periods, and 34.7% and 34.4% for the twelve month periods ended September 30, 1995 and 1994, respectively. The effective income tax rates vary from the Federal statutory rate due to permanent differences, including the amortization of investment tax credits, and accelerated amortization of certain deferred income taxes.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with Management's Discussion and Analysis of the Company's 1994 Annual Report on Form 10-K. The following updates the information provided in the 1994 Annual Report on Form 10-K and analyzes the changes in the results of operations between the three, nine, and twelve month periods ended September 30, 1995 and comparable periods of 1994.

As a result of the sales of the Missouri Properties, as described in Note 2, Sales of Missouri Natural Gas Distribution Properties, of the Notes to Consolidated Financial Statements, the Company recognized a gain of approximately $19.3 million, net of tax, and ceased recording the results of operations for the Missouri Properties during the first quarter of 1994. Consequently, the Company's operating revenues and operating income for the nine and twelve months ended September 30, 1995, do not include any results related to the Missouri Properties and are not fully comparable to the results of operations for the same periods ending September 30, 1994.

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

	September 30, 1994	
	9 months ended	12 months ended
	(Dollars in Thousands)	
Operating Revenues.	$77,008	$192,286
Percent of Total Company. . . .	6.1%	10.9%
Operating Income.	$4,999	$16,349
Percent of Total Company. . . .	2.4%	5.9%

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

For additional information regarding the sales of the Missouri Properties and the pending litigation see Note 2 and Note 3 of the Notes to Consolidated Financial Statements.

FINANCIAL CONDITION

General: Net income for the third quarter of 1995 was $72 million, up from net income of $58 million for the same period of 1994. The Company earned $1.10 per share of common stock for the third quarter of 1995, an increase of $0.22 per share from the third quarter of 1994. Operating revenues were $424 million and $379 million for the three months ended September 30, 1995 and 1994, respectively. The increase in net income, earnings per share, and operating revenues is primarily due to higher revenues as a result of increased electric sales in all customer classes. The demand for air conditioning load was higher due to warmer summer temperatures.

Net income for the nine and twelve months ended September 30, 1995, was $135 million and $169 million, respectively, compared to $154 million and $189 million for the same periods of 1994. The Company earned $2.02 and $2.51 per share of common stock, respectively, for the nine and twelve months ended September 30, 1995 compared to $2.34 and $2.85 for the comparable periods of 1994. The decrease in net income and earnings per share is primarily due to the inclusion of the gain on the sales of, and operating income from, the Missouri Properties prior to the sales in the first quarter of 1994.

Operating revenues were $1.2 billion and $1.5 billion for the nine and twelve months ended September 30, 1995, respectively. These revenues compare to $1.3 billion and $1.8 billion for the same periods of 1994. The decrease in revenues is a result of the sales of the Missouri Properties, mild winter and spring temperatures in 1995 compared to 1994, and a lower unit cost of natural gas passed on to customers through the purchased gas adjustment (PGA). Partially offsetting these decreases, was increased electric revenues resulting from increased electric sales for air conditioning load.

A quarterly dividend of $0.505 per share was declared in the third quarter of 1995, for an indicated annual rate of $2.02 per share. The book value per share was $24.51 at September 30, 1995, up from $23.93 at December 31, 1994. There were 62,243,794 and 61,617,873 average shares outstanding for the third quarter of 1995 and 1994, respectively.

Liquidity and Capital Resources: The Company's short-term financing requirements are satisfied, as needed, through the sale of commercial paper, short-term bank loans and borrowings under unsecured lines of credit maintained with banks. At September 30, 1995, short-term borrowings amounted to $328 million, of which $184 million was commercial paper.

On October 18, 1995, the Company filed a shelf registration statement for the issuance by special purpose finance subsidiaries of up to $200 million of

Cumulative Quarterly Income Preferred Securities.

RESULTS OF OPERATIONS

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

The following table reflects changes in electric sales for the three, nine, and twelve months ended September 30, 1995 from the comparable periods of 1994.

Increase (decrease) in electric sales volumes:

	3 Months ended	9 Months ended	12 Months ended
Residential	17.0%	1.2%	2.7%
Commercial	6.5%	2.1%	3.7%
Industrial	5.7%	3.9%	3.7%
Total retail sales	9.8%	2.4%	3.3%
Wholesale and interchange	17.5%	(1.8)%	(13.1)%
Total electric sales	11.1%	1.6%	(0.3)%

Electric revenues increased approximately ten percent to $371 million for the three months ended September 30, 1995 compared to $339 million for the three months ended September 30, 1994. The increase was primarily due to higher revenues as a result of increased sales in all customer classes. This increase in electric sales was due to higher air conditioning load caused by warmer summer temperatures in 1995 compared to 1994. The Company's service territory experienced more normal temperatures during the summer of 1995, but were more than 20 percent warmer, based on cooling degree days, compared to the summer of 1994.

Electric revenues increased approximately two percent to $887 million for the nine months ended September 30, 1995 as compared to $869 million for the nine months ended September 30, 1994. Electric revenues also increased approximately two percent for the twelve months ended September 30, 1995 compared to the same period of 1994. These increases are largely due to higher sales in all retail classes resulting from the warmer summer of 1995 as discussed previously. Partially offsetting the increase in retail revenues were lower interchange revenues resulting from lower sales.

The following table reflects changes in natural gas sales for the three, nine, and twelve months ended September 30, 1995 from the comparable periods of 1994.

Increase (decrease) in natural gas sales volumes:

	Excluding Missouri Operations			Including Missouri Operations		
	3 Months ended	9 Months ended	12 Months ended	3 Months ended	9 Months ended	12 Months ended
Residential	6.3%	(2.9)%	(7.8)%	6.3%	(22.1)%	(35.2)%
Commercial	37.3%	(1.5)%	(7.2)%	37.3%	(23.2)%	(37.9)%
Industrial	(15.0)%	(9.1)%	(18.2)%	(15.0)%	(12.4)%	(23.7)%
Transportation	9.7%	9.5%	7.8%	9.7%	(4.0)%	(14.1)%
Total Deliveries	35.9%	16.2%	7.6%	35.9%	(3.0)%	(21.6)%

Total natural gas revenues for the three months ended September 30, 1995 were higher than the same period of 1994 due to increased residential, commercial, and as-available gas sales. As-available gas is excess natural gas under contract that the Company did not require for customer sales or storage. According to the Company's tariff, the limited margin made on as-available gas sales, is returned 50% to customers through the PGA and 50% is reflected in wholesale sales of the Company.

Natural gas revenues and sales decreased significantly for the nine and twelve months ended September 30, 1995 compared to the same periods of 1994 as a result of the sales of the Missouri Properties in the first quarter of 1994.

Excluding natural gas sales related to the Missouri Properties, prior to the sales of those properties in the first quarter of 1994, total natural gas revenues would have been higher due to increased transportation sales and as-available gas sales for the nine and twelve months ended September 30, 1995. These increases were partially offset by lower sales in other customer classes as a result of milder winter temperatures in 1995 compared to 1994, and a lower unit cost of natural gas which is passed on to customers through the PGA.

Operating Expenses: Total operating expenses increased ten percent for the three months ended September 30, 1995 compared to the same period of 1994. The increase resulted primarily from higher fuel and purchased power expense due to the increased electric generation resulting from higher sales for air conditioning load. Also contributing to the increase was higher natural gas purchased expense due primarily to increased as-available gas sales as discussed previously and additional income taxes resulting from increased net income.

Total operating expenses decreased eight and sixteen percent for the nine and twelve months ended September 30, 1995 compared to the same periods of 1994, respectively. These decreases were the result of the sales of the Missouri Properties, lower fuel expense resulting from a lower unit cost of fuel used for generation, and lower natural gas purchases resulting from lower demand as discussed previously.

Partially offsetting this decrease were expenses related to an early retirement program. In the second quarter of 1995, $7.6 million related to early retirement programs was recorded as an expense.

Other Income and Deductions: Other Income and Deductions, Net of Taxes, was virtually unchanged for the three months ended and lower for the nine and twelve months ended September 30, 1995 compared to 1994. The decrease for the nine and twelve months ended was due to additional interest expense on increased COLI borrowings. (See Note 1 of Notes to Consolidated Financial Statements with respect to proposed legislation in the U.S. Congress relating to COLI.) Also significantly contributing to the decrease in other income for the nine and twelve months ended September 30, 1995 compared to 1994 is the recognition of the gain on the sales of the Missouri Properties, of approximately $19.3 million, net of tax, during the first quarter of 1994.

Interest Charges and Preferred and Preference Dividend Requirements: Total interest charges increased five percent for the three months ended and four percent for the nine months ended September 30, 1995 from the comparable periods in 1994 primarily due to higher debt balances and higher interest rates on short-term borrowings. Total interest charges were unchanged for the twelve months ended September 30, 1995 compared to the twelve months ended September 30, 1994 as a result of lower debt balances partially offset by higher interest rates on short term borrowings.

OTHER INFORMATION

Merger Implementation: In accordance with the KCC Merger order, amortization of the acquisition adjustment commenced in August 1995. The amortization will amount to approximately $20 million (pre-tax) per year for 40 years. The Company can recover the amortization of the acquisition adjustment through cost savings under a sharing mechanism approved by the KCC.

Based on the order issued by the KCC with regard to the recovery of the acquisition premium, the Company must achieve a level of savings on an annual basis (considering sharing provisions) of approximately $27 million in order to recover the entire acquisition premium. To the extent that the Company's actual operations and maintenance expense is lower than the KCC-stipulated utility price index, the Company will show merger savings. The Company has calculated 1994 annual savings, in conformance with the KCC order, associated with the acquisition to be in excess of $27 million. As management presently expects to continue this level of savings, the amount is expected to be sufficient to allow the full recovery of the acquisition premium.

Mid Continent Market Center: MCMC began operations on July 1, 1995 utilizing existing pipeline interconnections. At the time operations began, the Company transferred certain natural gas transmission assets having a value of approximately $50 million to MCMC. Upgrades and new interconnections are being constructed to expand MCMC's capabilities.

KCC Rate Proceedings: On August 17, 1995, the Company filed a regulatory package with the KCC to more rapidly recover its investment in its assets of Wolf Creek over the next seven years. As a result of this proposed reduction, KG&E seeks permission to reduce electric rates by approximately $9 million each year for the next seven years. As part of this same package, the Company has requested a $36 million natural gas rate increase. This increase has been requested to offset increased operating and service line replacement costs.

The reduction in revenues is anticipated to be partially offset by the natural gas rate increase and an annual $11 million reduction in the depreciation of transmission and distribution assets. Additionally offsetting the proposed rate decrease are $12 million in savings anticipated from the early retirement programs completed in the second quarter of 1995. The Company continues its Project BLUEPRINT, which is anticipated to further reduce operation, maintenance, and construction expenditures. The regulatory package speaks to regulators' concerns as well as addresses the Company's short- and long-term needs. A decision is expected, from the KCC, by the spring of 1996. For additional information relating to these rate proceedings, see Note 4 of Notes to Consolidated Financial Statements.

WESTERN RESOURCES, INC.
Part II Other Information

Item 5. Other Information

Astra Resources Compression, Inc.: Astra Resources Compression, Inc. (ARC), the natural gas compressor subsidiary of the Company, announced an agreement to merge with Hanover Compressor Company of Houston. Pending necessary approvals, the merger is expected to be completed by year-end. ARC will become a wholly-owned subsidiary of Hanover. In return, the Company will receive an approximate 20% equity interest in Hanover, valued at approximately $55 million.

Natural Gas Processing Plant: The Company and Mobil Natural Gas, Inc. (Mobil) have entered into an agreement to explore the feasibility of developing a natural gas processing plant and associated gathering system in southwest Kansas.

The plant, to be owned equally by the two companies, will be located in the Hugoton natural gas field. Mobil will operate the plant. Upon completion, the system will provide natural gas gathering and processing services. The facility is expected to have an operating capacity of 200 million cubic feet per day. The plant also will recover natural gas liquids and helium and serve as a nitrogen rejection unit.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 27 - Financial Data Schedule

Exhibit 99 - Kansas Gas and Electric Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995

(b) Reports on Form 8-K: Form 8-K dated August 18, 1995.

SIGNATURES

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

Western Resources, Inc.

Date October 27, 1995 By /s/ S. L. KITCHEN

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

Date	October 27, 1995	By	/s/ JERRY D. COURINGTON
			Jerry D. Courington,
			Controller

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

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9-MOS
DEC-31-1995
SEP-30-1995
PER-BOOK
4,337,730
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415,263
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5,265,749
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16,000
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89,914
135,196
10,064
125,132
94,026
72,042
240,691
2.02
0

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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

For the quarterly period ended September 30, 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 October 27, 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.

KANSAS GAS AND ELECTRIC COMPANY
INDEX

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

	September 30, 1995	December 31, 1994
ASSETS		
UTILITY PLANT:		
Electric plant in service	$3,420,368	$3,390,406
Less - Accumulated depreciation	880,341	833,953
	2,540,027	2,556,453
Construction work in progress	39,637	32,874
Nuclear fuel (net).	49,484	39,890
Net utility plant	2,629,148	2,629,217
OTHER PROPERTY AND INVESTMENTS:		
Decommissioning trust	20,696	16,944
Other	7,603	11,561
	28,299	28,505
CURRENT ASSETS:		
Cash and cash equivalents	51	47
Accounts receivable and unbilled revenues (net)	89,450	67,833
Advances to parent company	151,440	64,393
Fossil fuel, at average cost.	15,824	13,752
Materials and supplies, at average cost	30,826	30,921
Prepayments and other current assets.	23,312	16,662
	310,903	193,608
DEFERRED CHARGES AND OTHER ASSETS:		
Deferred future income taxes	102,789	102,789
Deferred coal contract settlement costs	15,448	17,944
Phase-in revenues	48,248	61,406
Other deferred plant costs.	31,601	31,784
Corporate-owned life insurance (net).	7,816	9,350
Unamortized debt expense.	26,151	27,777
Other	39,864	40,430
	271,917	291,480
TOTAL ASSETS	$3,240,267	$3,142,810
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION (see Statements)	$1,998,531	$1,925,196
CURRENT LIABILITIES:		
Short-term debt	29,050	50,000
Long-term debt due within one year.	16,000	-
Accounts payable.	44,319	49,093
Accrued taxes	60,343	15,737
Accrued interest.	14,128	8,337
Other	7,413	11,160
	171,253	134,327
DEFERRED CREDITS AND OTHER LIABILITIES:		
Deferred income taxes	675,201	689,169
Deferred investment tax credits	73,783	74,841
Deferred gain from sale-leaseback	245,110	252,341
Other	76,389	66,936
	1,070,483	1,083,287
COMMITMENTS AND CONTINGENCIES (Note 3)		
TOTAL CAPITALIZATION AND LIABILITIES	$3,240,267	$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 September 30, 1995	1994
OPERATING REVENUES	$ 202,382	$ 189,202
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	24,360	27,727
Nuclear fuel	5,084	3,638
Power purchased	2,276	1,376
Other operations	27,831	26,092
Maintenance	11,460	9,957
Depreciation and amortization	18,309	19,141
Amortization of phase-in revenues	4,386	4,386
Taxes:		
Federal income	26,774	23,521
State income	6,482	5,575
General	11,736	10,811
Total operating expenses	138,698	132,224
OPERATING INCOME	63,684	56,978
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(2,248)	(1,728)
Miscellaneous (net)	(852)	833
Income taxes (net)	3,459	2,137
Total other income and deductions	359	1,242
INCOME BEFORE INTEREST CHARGES	64,043	58,220
INTEREST CHARGES:		
Long-term debt	11,759	11,934
Other	1,194	1,249
Allowance for borrowed funds used during construction (credit)	(746)	(444)
Total interest charges	12,207	12,739
NET INCOME	$ 51,836	$ 45,481

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

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

	Nine Months Ended September 30, 1995	1994
OPERATING REVENUES	$ 485,686	$ 480,793
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	61,756	71,662
Nuclear fuel	14,848	11,733
Power purchased	3,482	4,869
Other operations	90,030	84,677
Maintenance	36,086	35,187
Depreciation and amortization	54,978	57,402
Amortization of phase-in revenues	13,158	13,158
Taxes:		
Federal income	42,252	41,594
State income	10,944	10,160
General	35,122	34,947
Total operating expenses	362,656	365,389
OPERATING INCOME	123,030	115,404

OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(5,785)	(3,721)
Miscellaneous (net)	1,978	3,641
Income taxes (net)	7,278	5,375
Total other income and deductions	3,471	5,295
INCOME BEFORE INTEREST CHARGES	126,501	120,699
INTEREST CHARGES:		
Long-term debt	35,310	36,032
Other	3,806	3,721
Allowance for borrowed funds used during construction (credit)	(1,890)	(1,368)
Total interest charges	37,226	38,385
NET INCOME	$ 89,275	$ 82,314

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 September 30, 1995	1994
OPERATING REVENUES	$ 624,773	$ 616,890
OPERATING EXPENSES:		
Fuel used for generation:		
Fossil fuel	80,477	94,443
Nuclear fuel	16,677	15,980
Power purchased	5,757	5,690
Other operations	120,413	110,998
Maintenance	48,887	48,355
Depreciation and amortization	69,033	76,420
Amortization of phase-in revenues	17,544	17,545
Taxes:		
Federal income	50,870	48,361
State income	13,211	12,038
General	45,267	45,468
Total operating expenses	468,136	475,298
OPERATING INCOME	156,637	141,592
OTHER INCOME AND DEDUCTIONS:		
Corporate-owned life insurance (net)	(7,418)	(5,217)
Miscellaneous (net)	3,416	4,530
Income taxes (net)	9,193	7,288
Total other income and deductions	5,191	6,601
INCOME BEFORE INTEREST CHARGES	161,828	148,193
INTEREST CHARGES:		
Long-term debt	47,105	48,187
Other	5,268	5,585
Allowance for borrowed funds used during construction (credit)	(2,032)	(1,585)
Total interest charges	50,341	52,187
NET INCOME	$ 111,487	$ 96,006

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)

Nine Months Ended

	September 30, 1995	September 30, 1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	$ 89,275	$ 82,314
Depreciation and amortization	54,978	57,402
Other amortization (including nuclear fuel)	11,274	8,390
Gain on sales of utility plant (net of tax)	(951)	-
Deferred taxes and investment tax credits (net)	(16,470)	14,442
Amortization of phase-in revenues	13,158	13,158
Corporate-owned life insurance.	(14,757)	(13,600)
Amortization of gain from sale-leaseback.	(7,231)	(7,230)
Amortization of acquisition adjustment.	1,724	-
Changes in working capital items:		
Accounts receivable and unbilled revenues (net)	(21,617)	(48,056)
Fossil fuel	(2,072)	(6,058)
Accounts payable.	(4,774)	(2,729)
Interest and taxes accrued.	49,769	42,871
Other	(7,856)	(3,844)
Changes in other assets and liabilities	7,591	(18,165)
Net cash flows from operating activities.	152,041	118,895
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant.	65,850	65,646
Sales of utility plant.	(1,723)	-
Corporate-owned life insurance policies	25,643	24,588
Death proceeds of corporate-owned life insurance.	(250)	-
Net cash flows used in investing activities	89,520	90,234
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	(20,950)	(113,500)
Advances to parent company (net).	(87,047)	(2,760)
Bonds issued.	-	160,422
Bonds retired	(25)	(46,440)
Other long-term debt (net).	-	(67,893)
Borrowings against life insurance policies (net).	45,505	41,504
Net cash flows from (used in) financing activities . . .	(62,517)	(28,667)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4	(6)
CASH AND CASH EQUIVALENTS:		
BEGINNING OF PERIOD	47	63
END OF PERIOD	$ 51	$ 57
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized)	$ 54,274	$ 50,157
Income taxes	31,100	21,658

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 September 30, 1995	Twelve Months Ended September 30, 1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income.	$ 111,487	$ 96,006
Depreciation and amortization	69,033	76,420
Other amortization (including nuclear fuel)	13,789	11,436
Gain on sales of utility plant (net of tax)	(951)	-
Deferred taxes and investment tax credits (net)	(5,563)	31,499
Amortization of phase-in revenues	17,544	17,545
Corporate-owned life insurance.	(18,403)	(16,664)
Amortization of gain from sale-leaseback.	(9,641)	(9,640)
Amortization of acquisition adjustment.	1,724	-
Changes in working capital items:		
Accounts receivable and unbilled revenues (net)	(30,282)	(8,776)
Fossil fuel	(2,172)	(2,196)
Accounts payable.	(4,047)	(7,964)
Interest and taxes accrued.	11,406	(2,353)
Other	(4,934)	(2,029)

Changes in other assets and liabilities	14,575	(23,957)
Net cash flows from operating activities	163,565	159,327
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to utility plant	90,084	89,168
Sales of utility plant	(1,723)	-
Corporate-owned life insurance policies	27,473	26,169
Death proceeds of corporate-owned life insurance	(250)	-
Net cash flows used in investing activities	115,584	115,337
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	(13,250)	(19,700)
Advances to parent company (net)	44,112	(93,889)
Bonds issued	-	160,422
Bonds retired	(25)	(121,440)
Other long-term debt (net)	-	(13,980)
Borrowings against life insurance policies (net)	46,176	42,685
Dividends to parent company	(125,000)	-
Net cash flows from (used in) financing activities	(47,987)	(45,902)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(6)	(1,912)
CASH AND CASH EQUIVALENTS:		
BEGINNING OF PERIOD	57	1,969
END OF PERIOD	$ 51	$ 57
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized)	$ 72,661	$ 69,921
Income taxes	37,951	37,595

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

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

					September 30, 1995		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					248,845		159,570	
Total common stock equity					1,314,479	66%	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)					3,845		3,930	
Long-term debt due within one year					16,000		-	
Total long-term debt					684,052	34%	699,992	36%
TOTAL CAPITALIZATION					$1,998,531	100%	$1,925,196	100%

(a) Market-Adjusted Tax Exempt Securities (MATES). As of September 30, 1995, the rates on these bonds ranged from 3.77% to 3.80%.

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		89,275
Balance September 30, 1995, 1,000 shares	$1,065,634	$ 248,845

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 September 30, 1995 and December 31, 1994, and the results of its operations for the three, nine and twelve month periods ended September 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 (FERC).

In March 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121). This Statement imposes stricter criteria for regulatory assets by requiring that such assets be probable of future recovery at each balance sheet date.

The Company anticipates adopting this standard on January 1, 1996 and does not expect that adoption will have a material impact on the financial position or results of operations of the Company based on the current regulatory structure in which the Company operates. This conclusion may change in the future if increases in competition influence wholesale and retail pricing in this industry.

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:

	September 30, 1995	December 31, 1994
	(Dollars in Millions)	
Cash surrender value of contracts. .	$364.5	$320.6
Borrowings against contracts	(356.7)	(311.2)
COLI (net)	$ 7.8	$ 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, nine and twelve months ended September 30, 1995, income from increases in cash surrender value, net of premium and administrative expenses and income from death proceeds, was $4.6 million, $12.7 million and $16.7 million, respectively, compared to $3.9 million, $11.7 million and $14.4 million for the three, nine and twelve months ended September 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, nine and twelve months ended September 30, 1995, interest expense on COLI borrowings was $6.9 million, $18.5 million and $24.1 million, respectively, compared to $5.6 million, $15.4 million and $20.1 million for the three, nine, and twelve months ended September 30, 1994, respectively. The U.S. Congress is considering legislation which, if enacted, may substantially reduce or eliminate interest deductions on loans from COLI policies purchased after June 20, 1986. The Company purchased its COLI policies prior to June 20, 1986.

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. RATE MATTERS AND REGULATION

KCC Rate Proceedings: On August 17, 1995, the Company filed with the KCC a request to more rapidly recover its investment in its assets of Wolf Creek over the next seven years. If the request is granted, depreciation expense for Wolf Creek will increase by approximately $50 million for each of the next seven years. As a result of this proposal, the Company will also seek to reduce electric rates for its customers by approximately $9 million annually for the same seven year period based upon this accelerated depreciation.

The request also reduces the annual depreciation by approximately $3 million for electric transmission, distribution and certain generating plant assets to reflect the effect of increasing useful lives of these properties.

Historically, the methods and rates of depreciation used by the Company have not varied materially from the methods and rates which would have been used if the Company were not regulated and not subject to the provisions prescribed by Statement of Financial Accounting Standards No.71, "Accounting for the Effects of Certain Types of Regulations" (SFAS 71). In the past, the methods and rates have been determined by depreciation studies and approved by the various regulatory bodies. The Company periodically evaluates its depreciation rates considering the past and expected future experience in the operation of its facilities. The proposal filed by the Company referred to above, would bring the capital costs of Wolf Creek down to a level more closely paralleling that of fossil-fueled generating facilities.

3. 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 in 1993 and 1994. 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 in 1994 were minimal and 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 $20.7 million and $16.9 million at September 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 staff of the SEC has questioned certain of the current accounting practices of the electric utility industry, regarding the recognition, measurement and classification of decommissioning costs for nuclear generating stations in the financial statements of electric utilities. In response to these questions, the Financial Accounting Standards Board (FASB) has agreed to review the accounting for removal costs, including decommissioning. If current electric utility industry practices for such decommissioning are changed: (1) annual provisions for decommissioning could increase, (2) the estimated cost for decommissioning could be recorded as a liability rather than as accumulated depreciation, and (3) trust fund income from the external decommissioning trusts could be reported as investment income rather than as a reduction to decommissioning expense. The Company has historically recorded estimated decommissioning costs as a liability rather than including these costs with accumulated depreciation.

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: In April 1995, The Company reached a settlement agreement, in principal, with the IRS on its examination of the Company's federal income tax returns for the years 1984-1986 and 1987-1988. All issues in these two cases are tentatively resolved. The Company is now revising the tax calculations for the settlement. The Company anticipates an additional assessment of approximately $7 million in tax and interest as a result of these examinations. This assessment is expected to be offset by investment tax credit carryforwards, alternative minimum tax credit carryforwards, or deferred tax provisions.

The IRS examination of the Company's federal income tax returns for the years 1989-1990 is pending the completion of the 1984-1988 examinations. Based upon the above settlement agreements and available tax credits, the Company believes it will owe no tax for the years 1989-1990.

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.

4. 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 39.1% and 39.0% for the three month periods, 37.3% and 38.6% for the nine month periods, and 36.5% and 38.6% for the twelve months ended September 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.

KANSAS GAS AND ELECTRIC COMPANY

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, nine and twelve month periods ended September 30, 1995 and comparable periods of 1994.

FINANCIAL CONDITION

General: The Company had net income of $51.8 million for the third quarter of 1995 compared to $45.5 million for the third quarter in 1994. The increase in net income was primarily due to higher revenues as a result of increased sales in all retail customer classes. The warmer summer temperatures experienced in the Company's service territory during 1995, as compared to 1994, resulted in an increased demand for air conditioning load.

Net income for the nine and twelve months ended September 30, 1995, was $89.2 million and $111.5 million, respectively, compared to $82.3 million and $96.0 million for the comparable periods of 1994, respectively. The increase in net income is attributed to higher revenues in all retail customer classes.

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 September 30, 1995, short-term borrowing amounted to $29 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, nine and twelve months ended September 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	9 Months Ended	12 Months Ended
Residential	16.8%	(0.2)%	1.4%
Commercial	6.1%	1.9%	3.6%
Industrial	8.3%	5.7%	5.4%
Total Retail	10.4%	2.8%	3.7%
Wholesale & Interchange	(4.1)%	(22.9)%	(34.9)%
Total electric sales	8.6%	(1.6)%	(4.2)%

Revenues for the third quarter of 1995 increased approximately seven percent to $202.4 million, compared to third quarter 1994 revenues of $189.2 million, primarily due to increase sales in all retail customer classes. The warmer summer temperatures experienced in the Company's service territory during the third quarter of 1995 increased the number of cooling degree days by fourteen percent, as compared to the third quarter of last year, which increased customer demand for air conditioning load.

Revenues for the nine and twelve months ended September 30, 1995, increased approximately one percent to $485.7 million and $624.8 million, respectively, from revenues of $480.8 million and $616.9 million for the comparable periods of 1994, respectively. The slight increases can be attributed to higher revenues in all retail customer classes due to the warmer summer temperatures during 1995 as compared to last year.

Operating Expenses: Total operating expenses increased $6.5 million for the three months ended September 30, 1995, compared to the same period of 1994. The increase is attributable to increases in federal and state income taxes as a result of higher net income and higher operating expenses due to the increase in generation to meet customer demand for air conditioning load.

Total operating expenses for the nine and twelve months ended September 30, 1995, decreased approximately one percent compared to the same periods of 1994. These decreases are primarily the result of the decrease in the unit cost of fossil fuel used for generation.

Partially offsetting these decreases was the expense related to the early retirement programs, higher operations and maintenance costs, and the increase in federal and state income taxes as a result of higher net income. In the second quarter of 1995, $3.4 million related to early retirement programs was recorded as an expense.

Other Income and Deductions: Other income and deductions, net of taxes, decreased for the three, nine and twelve months ended September 30, 1995, compared to the same periods of 1994 primarily as a result of increased interest expense on higher COLI borrowings. (See Note 1 of Notes to Financial Statements with respect to proposed legislation in the U.S. Congress relating to COLI.) Also contributing to the increase was the beginning of the amortization of the merger acquisition adjustment in August 1995. During the third quarter of 1995, $1.7 million of the acquisition adjustment was amortized.

Partially offsetting these decreases for the nine and twelve months ended was a $1.6 million gain realized from the sale of rail cars during the first quarter of 1995.

Interest Expense: Interest expense decreased $0.5 million, $1.2 million, and $1.8 million for the three, nine and twelve months ended September 30, 1995 compared to the same periods of 1994, respectively. These decreases resulted primarily from lower debt balances. 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. (See Note 1 of Notes to Financial Statements with respect to proposed legislation in the U.S. Congress relating to COLI.)

OTHER INFORMATION

Merger Implementation: In accordance with the KCC Merger order, amortization of the acquisition adjustment commenced in August 1995. The amortization will amount to approximately $20 million (pre-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.

Based on the order issued by the KCC with regard to the recovery of the acquisition premium, Western Resources and the Company (combined companies) must achieve a level of savings on an annual basis (considering sharing provisions) of approximately $27 million in order to recover the entire acquisition premium. To the extent that the combined companies actual operations and maintenance expense is lower than the KCC-stipulated utility price index, the combined companies will show merger savings. Western Resources has calculated 1994 annual savings, in conformance with the KCC order, associated with the acquisition to be in excess of $27 million. As Western Resources' management presently expects to continue this level of savings, the amount is expected to be sufficient to allow the full recovery of the acquisition premium.

KCC Rate Proceedings: On August 17, 1995, the Company filed a regulatory package with the KCC to more rapidly recover its investment in its assets of Wolf Creek over the next seven years. As a result of this proposed reduction, the Company also sought permission to reduce electric rates by approximately $9 million each year for the next seven years. The reduction in revenues is anticipated to be partially offset by an annual $3 million reduction in the depreciation of transmission and distribution assets. Additionally offsetting the proposed rate decrease are $4.0 million in savings anticipated from the early retirement programs completed in the second quarter of 1995. The Company continues its Project BLUEPRINT, which is anticipated to further reduce operation, maintenance, and construction expenditures. The regulatory package speaks to regulators' concerns as well as addressing the Company's short- and long-term needs. A decision is expected, from the KCC, by the spring of 1996. For additional information relating to these rate proceedings, see Note 2 of Notes to Financial Statements.

KANSAS GAS AND ELECTRIC COMPANY
Part II Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 27 - Financial Data Schedule

(b) Reports on Form 8-K:

Form 8-K dated August 18, 1995

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

October 27, 1995 By Richard D. Terrill
Richard D. Terrill
Secretary, Treasurer and
General Counsel