CONTENTS

1990 ANNUAL MEETING OF SHAREHOLDERS

Date: Tuesday, April 24, 1990
Time: 10:00 a.m.
Location: Allis Plaza Hotel (Count Basie Ballroom A)
200 West 12th Street, Kansas City, Missouri

Shareholders of record on March 1, 1990, are eligible to vote at the meeting and will be mailed a notice of meeting, proxy statement and form of proxy.

CORPORATE OFFICES

1330 Baltimore
Kansas City, Missouri 64105

MAILING ADDRESS

P.O. Box 418679
Kansas City, Missouri 64141-9679

ON THE COVER

In its October 23, 1989, issue *Fortune* magazine ranked Kansas City as the third best metropolitan area in the nation for business. The study cited five major criteria:

- Large pool of skilled labor
- Economical cost of doing business
- Strong, diverse economy
- Adequate infrastructure
- Superior quality of life

What *Fortune* discovered is *The Energy of Kansas City.* At KCPL, we base our business on it: The growth and prosperity, the inherent vitality — and untapped potential — of the Kansas City area.

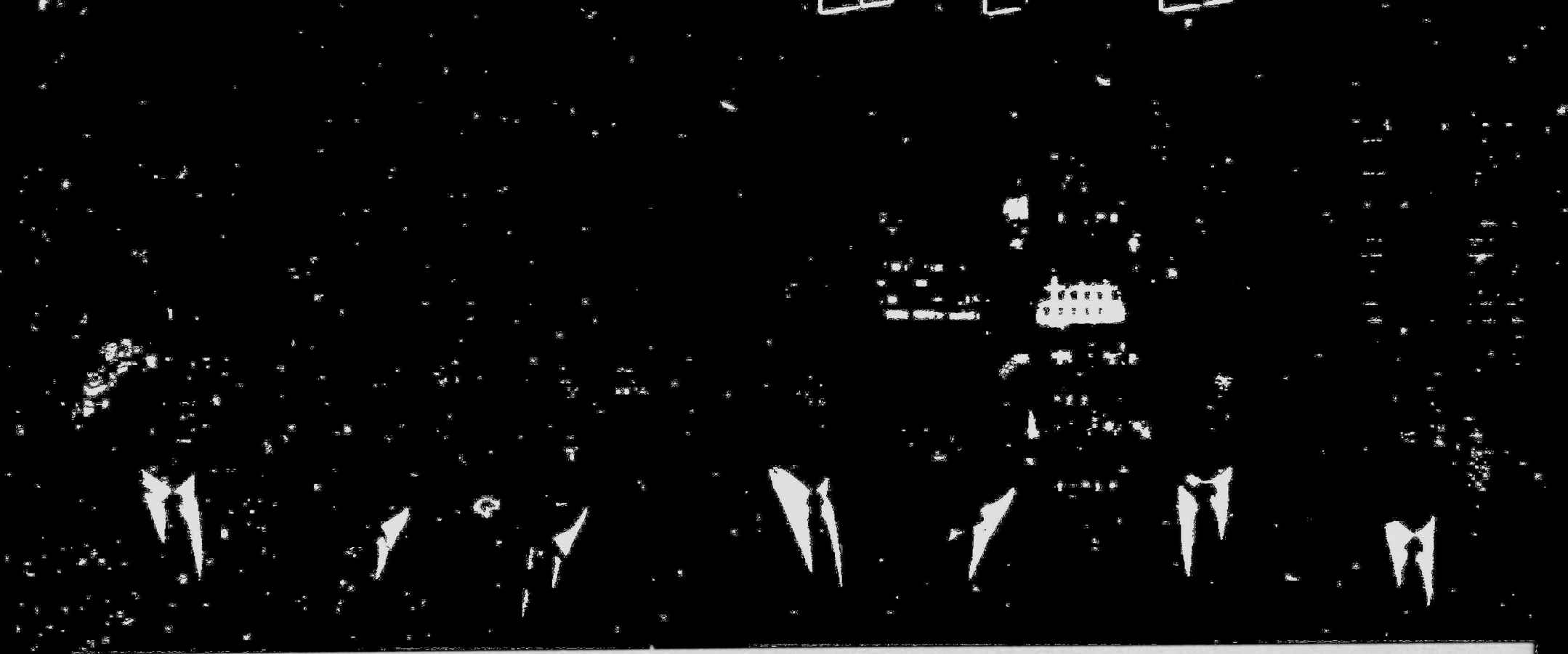
In a special pull-out supplement to this year's annual report, corporate leaders across the metropolitan area explain why they share our longstanding confidence in *The Energy of Kansas City.*

	1989	1988	Percent Increase (Decrease)
Total operating revenues (000s)	$ 731,480	$ 736,536	(.7)
Net income (000s)	$ 108,618	$ 105,655	2.8
Earnings available for common (000s)	$ 102,259	$ 98,974	3.3
Average number of shares	30,927,257	30,939,199	0.0
Per common share:			
Earnings	$ 3.31	$ 3.20	3.4
Net non-cash credits*	$ .20	$ .38	(47.4)
Dividends	$ 2.50	$ 2.34	6.8
Book value	$ 27.00	$ 26.19	3.1
Dividend payout (%)	76	73	4.1
Construction expenditures (000s)	$ 103,169	$ 95,022	8.6
Electric and steam heat plant (000s)	$ 2,938,763	$ 2,867,763	2.5
Return on year-end common equity (%)	12.2	12.2	0.0
Capitalization (% total)**			
Common equity	46.2	43.9	
Preferred stock	5.2	5.1	
Long-term debt	48.6	51.0	
Selected Statistics			
Kilowatt-hour sales (000s)	10,219,613	10,220,340	0.0
Peak load — summer (kw)	2,541,000	2,656,000	(4.3)
Peak load — winter (kw)	1,829,000	1,573,000	16.3
Fuel mix (%)			
Coal	68.2	76.0	
Oil	.2	.3	
Natural gas	.1	.1	
Nuclear	31.5	23.6	
Average electric fuel cost ($/million BTU)	$ .842	$ .904	(6.9)
Number of employees	2,873	2,863	.3
Number of stockholders	34,348	36,501	(5.9)

*Allowance for funds used during construction and deferred Wolf Creek carrying costs net of associated deferred income taxes and the deferred cost of equity resulting from the MPSC rate phase-in plan.

**Exclusive of long-term debt included in current liabilities.

- *1989 earnings increase 3.4% to $3.31 per common share; earnings quality continues to improve*
- *Quarterly common stock dividend increased 4.9% to 64 cents per share*
- *Increase in customers and cold winter weather lead to new winter peak demand*
- *Wolf Creek produced more electricity than any other power plant in U.S. in 1989*



To Our Shareholders: The decade of the 1980s ended with KCPL in very sound condition. Earnings per share for 1989 were $3.31 up from $3.20 in 1988. Earnings quality continued to improve, and cash flow remained healthy. These results, combined with optimism for continuing future growth in kilowatt-hour sales, revenues and customers, enabled the Board of Directors to increase the quarterly common stock dividend to 64¢ per share in August, a 4.9% increase.

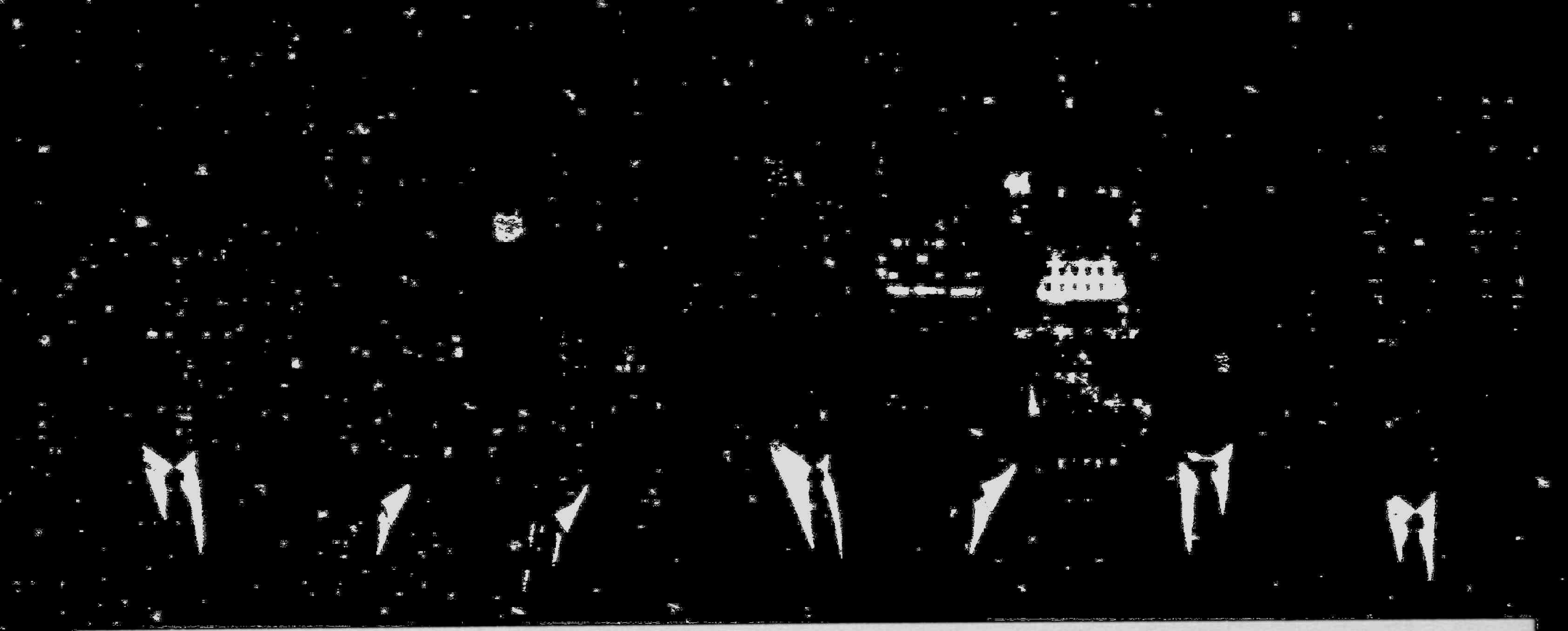
This performance is particularly gratifying in view of the extremely moderate summer cooling season in 1989—the coolest on average since 1967. Despite the weather's adverse impact on potential sales and revenues, results were strong because of the inherent growth in the local economy, continued superlative performance of generating facilities and careful cost control by management.

As we emphasized last year, the diversity and vitality of our retail market area—The Energy of Kansas City—represents one of our most valued business assets. We added 4,741 customers in 1989, bringing the total served to over 409,000, and sold them 10.2 billion kilowatt-hours, resulting in total electric revenues of $724 million. We reorganized our distribution, customer service and marketing divisions in June to better equip us to not only prosper from, but contribute more to, The Energy of Kansas City. Rate stability and the promotion of wise and efficient energy use—true conservation—will continue to be the underpinnings of our marketing efforts. We are confident that our new marketing plans and customer service programs will help us take even better advantage of the quality resources and facilities we manage.

That quality is probably best exemplified by the performance of our generating units, which achieved an average availability of over 86%—well above national averages. Particularly significant milestones were achieved by two major generating stations placed in service in the 1980s:

- *Wolf Creek Generating Station (nuclear—1985), in its first 18-month fuel cycle, completed 1989 with a simply outstanding performance record: 10.1 billion kilowatt-hours (gross) generated; 98% availability; 97.7% capacity factor; and a fuel cost of 33¢ per million BTU. Wolf Creek was the No. 1 generating station in terms of kilowatt-hour production in all of North America, irrespective of fuel source. Wolf Creek is scheduled for refueling in early 1990.*
- *Iatan Generating Station (coal—1980) ranked 13th best in the United States out of nearly 800 units surveyed in 1988 in terms of lowest production cost (1.2¢ per kwh); in 1989 it achieved 91.6% availability, thus surpassing 80% for the 10th consecutive year.*

These and other fine facility performance records



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These and other fine facility performance records

were accomplished amidst continuing efforts at cost containment. Average system fuel costs were 84¢ per million BTU, down from 90¢ in 1988. Long-term debt and its cost continued to decline; at year end our average cost of debt was down to 8%. Further, our officers and employees were extremely diligent in holding construction costs, operations and maintenance expenses, and manpower below budgeted levels—all without sacrificing quality and reliability of service.

These attributes of the Company and its markets reinforce our optimism for the 1990s, a decade that promises significant challenge to our industry.

Growing concerns for environmental quality promise to lead to major policy initiatives, not the least of which will be new clean air legislation addressing acid rain and other air pollutants. We are prepared to deal with these measures, however. Over the past decade, through equipment modifications and switching to low-sulfur coal, we have reduced sulfur dioxide emissions by 80% from 1980 levels. In 1989 we negotiated an end to a long-term coal supply contract that provided high-sulfur local coal to our LaCygne Unit No. 1, enabling us to now purchase and burn cleaner coal at that unit, and to avoid major new capital investment for air quality control facilities.

Legislative initiatives toward more stringent air quality control will most probably have diverse regional impact on electric utilities throughout the country, further escalating competition in the industry. Debate over industry structure, limited deregulation, and future sources and reliability of electric supply, has found its way to Congress in the form of draft legislation. KCPL will continue to oppose measures which could lead to degradation of reliability, believing that this nation's future health is dependent upon adequate, reliable sources of electricity.

The management team at KCPL looks forward to the decade of the 1990s with optimism—for our industry and for our Company. We accept the challenge of motivating a very good work force to become even better—to strive for excellence. We firmly believe The Energy of Kansas City has progressed from slogan to ethic, and have great expectations for its future.

For the Board of Directors,

Arthur J. Doyle
Chairman of the Board

A. Drue Jennings
President & Chief Executive Officer

January 31, 1990

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For the Board of Directors,

Arthur J. Doyle
Chairman of the Board

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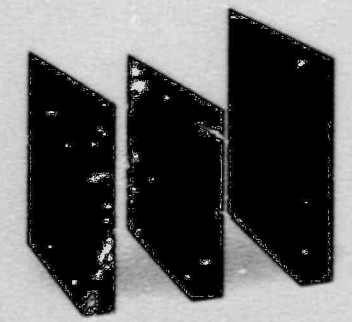
January 31, 1990


e strive to be known and preferred as 'The Energy of Kansas City.'

5-YEAR RETURN ON COMMON STOCK INVESTMENT



S & P 500 *Electric Utility Industry* *KCPL*

**S & P 500	*151%*
*Electric Utility Industry	*129%*
KCPL	*160%*

**Dividends Up; Return Solid* By virtually every measurement, 1989 was a rewarding year. Indicative of our performance and continued financial improvement, KCPL stock hit an all-time high of 36¾ when prior years are adjusted for stock splits in 1963 and 1983.

Expressing confidence in the continued improvement of KCPL's financial outlook, in August the Board of Directors increased the quarterly common stock dividend to 64 cents per share. That action boosted the indicated annual per-share level of dividends from $2.44 to $2.56, an increase of 4.9%.

KCPL common stock continues to provide a solid return to investors, performing competitively with Standard & Poor's 500 stock index and the electric utility industry in general over the past five years. An investment in KCPL common stock made at the end of 1984, with dividends reinvested, returned 160%, or about 21% annually. For 1989 alone, total return was 19%.

**Earnings Up Despite Cool Summer* The summer of 1989 was the coolest experienced in Kansas City since 1967 and the fifth coolest on record. However, customer growth and higher relative humidity, combined with unprecedented winter usage and careful cost control, mitigated the overall impact of the summer's mild temperatures.

The number of customers we serve (over 409,000, up 4,741

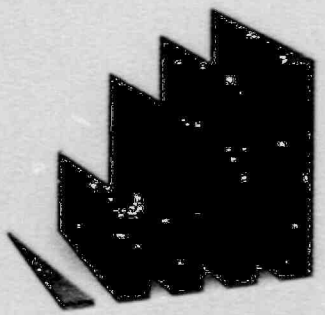
"At KCPL we continue to manage our financial resources to maintain stable rates for our customers and provide a competitive return for our shareholders."

BERNIE BEAUDOIN, VICE PRESIDENT, FINANCE, CHIEF FINANCIAL OFFICER

*Salomon Brothers Index of 100 electric utilities

**Standard & Poor's 500 stock index

EARNINGS PER SHARE EXCLUDING NON-CASH CREDITS



85 86 87 88 89

1985	*0.10*
1986	*1.24*
1987	*2.35*
1988	*2.82*
1989	*3.11*

from 1988) boosted our overall load growth and reinforces our confidence in the vitality and potential of our market area.

Winter electricity use reflected this growth as well as extreme cold. Kansas City hit an all-time low temperature of -23 degrees on December 22. KCPL customers consumed power the previous day at a new winter one-hour peak of 1,829 mw, 16% higher than the 1988 winter peak of 1,573 mw. Daily winter energy consumption records were also broken as 38,063,000 kilowatt-hours were consumed. As a matter of comparison, the all-time system record for one-day energy consumption is 50,675,000 kwh, set in August 1988.

Earnings per average common share for 1989 were $3.31, a 3.4% increase over 1988 earnings of $3.20. The quality of earnings also continued to improve in 1989. Earnings per share, exclusive of certain non-cash credits, amounted to 94% of total earnings, compared to 88% in 1988. These non-cash credits include allowance for funds used during construction, net deferred Wolf Creek carrying costs, and the deferred cost of equity resulting from the Missouri Public Service Commission phase-in plan.

Kilowatt-hour sales for 1989 totaled 10.2 billion, about even with 1988. Sales to commercial customers increased 3.2%. Sales to residential customers decreased 2.7%. Industrial sales decreased 3.0%, primarily as a result of reduced sales to a major steel manufacturer, our largest customer. Excluding that manufacturer, industrial sales increased slightly.

Operating revenues totaled $731.5 million, just under 1988.

Operating Expenses Decline Exceptional performances from our generating units, continued strict cost containment and aggressive interchange sales combined to hold operating expenses to $544.7 million for the year, a 2.1% decrease from 1988.

A big factor in the reduced expenses were record net interchange sales, the net of electric energy sales and purchases between KCPL and other inter-connected utility systems. Net interchange sales amounted to an all-time high of 2.9 billion kwh in 1989 ($45.7 million). That compares to 1.8 billion kwh ($31.8 million) in 1988. Net interchange sales are recorded as a reduction of operating expenses.

Fuel costs, about 25% of our total operating expenses, also continued to decline in 1989. The system average electric fuel cost per million BTU was 84 cents, down from 90 cents in 1988. The lower cost of nuclear fuel and increased generation at Wolf Creek contributed significantly to these results.

Acid Rain Legislation Impact KCPL's goal has been to improve operations to limit the impact of potential acid rain legislation addressing SO_2 and NO_x, and we have already made the investment to lower SO_2 emissions from our coal-fired plants. We expect the capital expenditures necessitated by the acid rain provisions in the pending legislation to be insignificant.

P&M Lawsuit Settled On December 7, the Company reached a settlement agreement in its contract dispute with Pittsburg & Mid-

"No one made an efficient vehicle. So we made one ourselves." BRI HOIST LOADER OPERATOR, CONSTRUCTOR

CASH DIVIDENDS PER SHARE

85 86 87 88 89

1985	*2.36*
1986	*2.09*
1987	*2.12*
1988	*2.34*
1989	*2.50*

way Coal Mining Company (P&M). The dispute revolved around how much high-sulfur coal from P&M's Midway Mine we could burn at LaCygne #1 and comply with changed emissions monitoring requirements.

The settlement terminated the contract with the mining company, with coal purchases ending in December 1989. LaCygne #1 will continue to generate electricity, fueled by lower sulfur coal from other sources.

Rate Matters In May, the Kansas Corporation Commission (KCC) issued an order approving a Stipulation and Agreement reached between KCPL, the KCC staff and the Citizens' Utility Ratepayer Board. The agreement permitted KCPL to eliminate its automatic monthly fuel adjustment clause for Kansas retail customers and resolved several technical accounting issues, all of which further enhance our goal of rate stability.

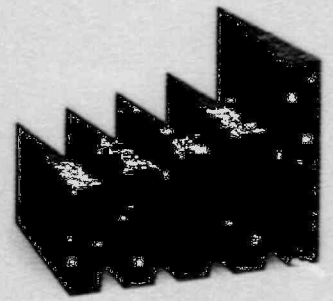
Executive Changes At its May 2 meeting the Board of Directors made several management changes. Louis C. Rasmussen, 61, was named vice chairman. Bernard J. Beaudoin, 49, vice president-finance, was given the added responsibility of chief financial officer. Frank L. Branca, 42, was named vice president-power supply. Marcus Jackson, 38, was named vice president-power production. In addition, J. Michael Evans, 44, senior vice president-system operations, was given the added responsibility of chief operating

"All of our coal-fired units, with the exception of LaCygne #1, burn low-sulfur western coal. This combination of nuclear and coal-fired generation allows us to have one of the lowest system fuel costs in the industry."

RON WASSON, VICE PRESIDENT, ADMINISTRATIVE SERVICES

officer. Evans succeeded J. Robert Miller, who retired June 30 after more than 41 years of service to the Company. E. B. McBurney, vice president-transmission, retired December 31, after 34 years of service.

MAXIMUM NET HOURLY DEMAND IN KILOWATTS
Winter Peak



85 86 87 88 89

(000's)

1985	*1,446*
1986	*1,490*
1987	*1,514*
1988	*1,573*
1989	*1,829*

The forces of commercial competition, increasing demand for electric energy, and the international scope of environmental quality issues emphasize the value of research and development activities. At KCPL, research focuses on the same goals as the Company in general: safe and reliable electric service, efficient operations, cost containment and market development.

We conduct much of our R&D in partnership with organizations such as the Electric Power Research Institute (EPRI) and the Kansas Electric Utilities Research Program (KEURP). These partnerships stretch our limited funds into millions of dollars worth of products, services and information. For instance, preliminary results of an in-depth cost/benefits analysis of EPRI membership, performed in 1989, showed that we received direct benefits worth almost five times the cost. The result did not include "unquantifiable" benefits such as reference manuals, video tapes and computer programs used throughout the Company.

Examples of 1989 projects include gathering test data to determine the effectiveness of our Peak Shavers Program. Comparing

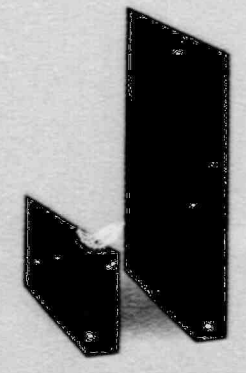
"KCPL's operating divisions exist to serve our customers. Our goal is to become the best operating utility in the Midwest, recognized as an industry leader in providing high quality, low cost service."

MIKE EVANS, SENIOR VICE PRESIDENT, SYSTEM OPERATIONS, CHIEF OPERATING OFFICER

CPL leads in activities which provide not only help for the moment but hope for the future.

A. Drue Jennings, CEO, KCPT

1989 EPRI COST/BENEFITS



EPRI Payments *KCPL Direct Benefits*

EPRI Payments	*$2,158,000*
KCPL Direct Benefits	*$10,362,000*
Benefit/ Cost Ratio	*4.8*

homes participating in our program with homes which are not, the data will help us determine the program's value to us and our customers in deferring capital-intensive generating unit construction.

In the environmental safety area, KCPL was one of about 60 utilities across the country participating in the Electric and Magnetic Field Digital Exposure system (EMDEX) project, a study designed to assess electric and magnetic fields associated with power lines and appliances.

Another project targets developing a new market for electric vehicles. In conjunction with a KEURP project, KCPL will add an electric van to its fleet in the spring of 1990 to demonstrate the advancing technology. Electric vehicles represent a potential increase in off-peak energy sales to improve system load factor and a means of reducing urban air pollution.

[redacted]

Reorganization Targets Improved Service Our operations group effected a significant reorganization targeting even greater excellence in customer satisfaction from the telephone to the field. In June, we merged two "service" divisions and formed a new Customer Services division.

We combined Distribution — which performs construction, installation and maintenance of electric services — with Customer Service — which carries out the traditional customer service functions.

By merging these two divisions into a single Customer Services division, we enhance our service to customers by matching more closely those who commit our services to customers with those who install and service our commitments. We will also realize economies of operation.

Generating Units Post Excellent Performance In 1989, our Wolf Creek nuclear unit completed its fourth year of commercial operation and produced more electricity than any other power plant — nuclear or fossil-fueled — in the U.S. during the year. Wolf Creek generated more than 10 billion kwh in 1989.

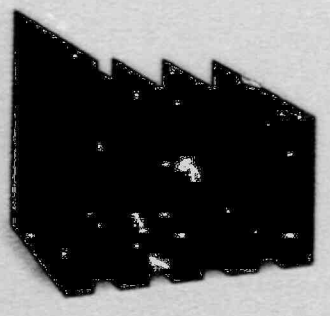
Wolf Creek also compares favorably in the international scene of electric production. According to statistics from *Nucleonics Week*, at the end of November the unit ranked 5th in total power production for 1989 among over 350 nuclear units in the free world.

In addition, as of December 31, Wolf Creek had operated continuously for 331 days with the exception of a four-hour maintenance outage in July and sustained a 97.7% capacity factor for the year.

KCPL's 47% share of Wolf Creek provides us with 533 mw, about 18% of our generating capacity. During 1989, the unit produced about 31% of the total BTUs used in our electric production.

Complementing Wolf Creek, our seven coal-fired base load units also turned in solid performances, exceeding industry standards in several important areas. For example, their 1989 average availability (a measure of plant readiness) exceeded 83% as compared to an

AVERAGE ELECTRIC FUEL COSTS ($/MMBTU)



85 86 87 88 89

1985	*1.33*
1986	*1.05*
1987	*0.95*
1988	*0.90*
1989	*0.84*

industry norm for similar units of 79%. In addition, their average equivalent availability (a measure of plant full-load capability) was 80%, exceeding the industry average of 75%.

On an individual unit basis, several milestones were also reached at our Iatan, LaCygne and Montrose generating stations. Our 670 mw Iatan unit, which will celebrate its 10th anniversary of commercial operation on May 5, 1990, continued to set the standard for high performance and low cost. Its unit availability for 1989 exceeded 91%, the tenth consecutive year above industry averages. In addition, figures from the Utility Data Institute ranked Iatan as the thirteenth lowest operating cost power plant in the U.S. for 1988, the latest year for which figures are available. Iatan's cost was 1.2 cents/kwh, nearly 45% lower than the 2.2 cents/kwh for the nearly 800 plants surveyed. In similar manner, Montrose #1 and #3 and LaCygne #1 and #2 all recorded availabilities well above the ten-year industry standards for units of similar size.

Transmission and Distribution Systems With our reliable generation and low system fuel costs, KCPL has established itself as a leader in supplying bulk power to utilities in our region. We accomplished this without incremental investment in new or expanded facilities.

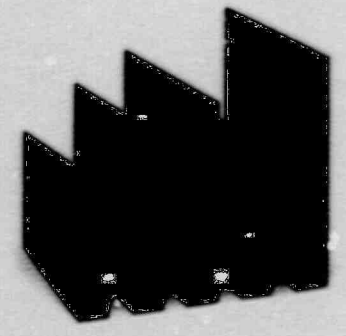
However, the interchange market is becoming increasingly competitive. In 1989, we initiated two major steps toward maintaining our leadership edge in this market. We contracted to acquire a new state-of-the-art energy management system, a computer system

"KCPL's fleet of baseload generating units posted yet another year of top-flight performance."

MARCUS JACKSON, VICE PRESIDENT, POWER PRODUCTION

CPL has always been a good friend, a good neighbor.

NET INTERCHANGE SALES
(kwh-billions)



85 86 87 88 89

1985	*1.58*
1986	*2.15*
1987	*2.48*
1988	*1.79*
1989	*2.86*

designed to monitor and control the bulk power system. This system will provide us with increased information to help us utilize our transmission system more efficiently and effectively. We expect to install the new system in late 1992.

We are also entering into an agreement with six other regional utilities to build a 105-mile transmission line crossing northwest Missouri and Nebraska. Construction is scheduled for completion by 1992. The line will strengthen our ability to exchange power between Kansas City and the region to the north of us.

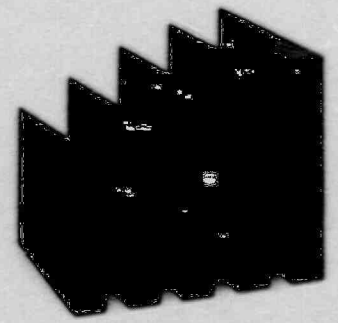
KCPLAN Looks to Future KCPLAN—our long-range plan to meet future demands—continues to prove its merits as a multiple option strategy to meet the increasing demand of our customers in the future. KCPLAN stresses alternatives to the construction of new generating facilities, such as load management, capacity purchases and unit rehabilitation, over the near term. The longer we can delay construction, the stronger we will be financially to deal with the cash requirements of the future.

In 1989, as part of KCPLAN's load management option, we began to implement a Peak Shavers Program designed to mitigate peak demand growth. Under the program, KCPL residential customers who have central air conditioning or a heat pump volunteer to have a thermostatically-controlled device called a "Li'l Shaver" installed on their air-conditioning units. The device automatically

"Our low cost energy and our centrally located, well-interconnected transmission system continue to be key operating strengths."

FRANK BRANCA, VICE-PRESIDENT, POWER SUPPLY

TOTAL CUSTOMERS YEAR-END



85 86 87 88 89

1985	*373,514*
1986	*385,088*
1987	*396,597*
1988	*404,726*
1989	*409,467*

shuts off the air conditioner's compressor for 7-1/2 minutes every half hour when the outside temperature exceeds 95 degrees. Over 3,300 "Li'l Shavers" were installed, exceeding our goal for the year by nearly 100%. Our ultimate goal is to install about 73,000 "Li'l Shavers" by the year 2000 and save 44 mw of capacity.

In another KCPLAN move—the buying, not building option—we concluded contracts for capacity purchases from other utilities. In 1989, we purchased 45 mw from various sources, which we will increase to 450 mw by 1995. From 1996 through 1999, 300 mw are presently under contract.

In 1989, we also implemented a program to extend the useful lives and upgrade the capacities of all our coal-fired units. Referred to as LAMP—Life Assessment and Management Plan—the program hinges on "predictive maintenance." Essentially, we evaluate our existing units to determine how we can stop, or in some cases reverse, the natural degradation of performance of aging equipment. With LAMP, we expect to at least maintain our plant performance at current levels and preserve the fleet of low-cost producers well into the next century.

[redacted]

We formed the Communications & Marketing division to better plan and focus our marketing, development and communications efforts in the years ahead. By year's end, the group unfolded its plan to make KCPL the energy supplier of choice in our service area and to develop the untapped potential in our market area.

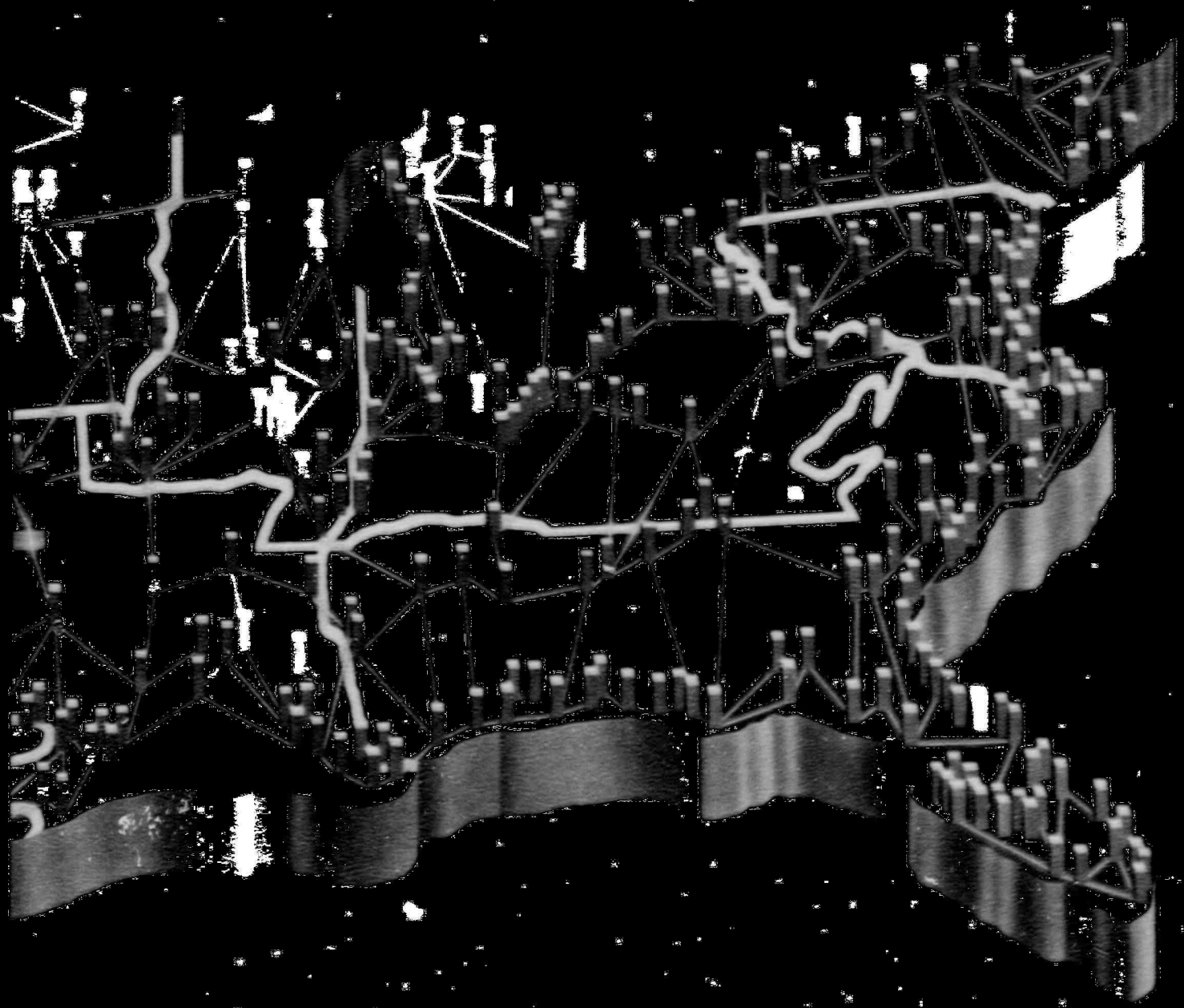
Generally, goals of the plan include:

- *To improve system load factor by making substantial inroads to the 93% share of the heating market held by the gas companies.*
- *To support economic development activities which increase jobs in the Greater Kansas City area.*
- *To assist customers in making the most efficient use of our electric service.*
- *To foster longer-term contracts with our wholesale municipal customers and stand ready to develop special contracts for large industrial users.*
- *To maintain our role as a major player in the bulk power interchange market.*

All these goals are designed to make more efficient use of our existing capacity and support operations' goal of controlling the need for future capacity and capital investment. In this way, we can keep any future electric rate increases at or below the rate of inflation.

In the long run, revenues provided by sustained customer growth and electric sales, combined with careful cost control and capital investment, will provide competitive earnings for our investors at below average risks.

Competition is not new to the electric utility industry. Only the nature of competition is changing.



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Assets		December 31 1989	1988
		(thousands)	
Utility Plant, *at original cost (Notes 1, 8 and 9)*	Electric	$2,916,963	$2,845,892
	Steam heat	21,800	21,871
	Total	2,938,763	2,867,763
	Less — Accumulated depreciation	777,011	704,363
	Net utility plant in service	2,161,752	2,163,400
	Construction work in progress	43,446	39,146
	Nuclear fuel, net of amortization of $62,233,000 and $51,494,000	16,846	10,677
	Total	2,222,044	2,213,223
Deferred Wolf Creek Costs *(Note 1)*		70,583	80,949
Deferred Regulatory Asset *(Note 1)*		103,000	107,000
Investments and Nonutility Property		11,826	11,454
Current Assets	Cash	138	144
	Special deposits	162	1,892
	Receivables		
	Customer accounts receivable *(Note 4)*	29,685	72,677
	Other receivables	19,150	12,387
	Fuel inventories, at average cost	22,796	26,557
	Materials and supplies, at average cost	47,948	44,446
	Prepayments	5,990	6,102
	Total	125,869	164,205
Deferred Charges	Settlement of fuel contracts *(Notes 1 and 3)*	26,148	4,143
	KCC Wolf Creek carrying costs *(Note 1)*	14,525	10,347
	MPSC rate phase-in plan *(Note 1)*	28,288	35,360
	Deferred income taxes	1,514	2,050
	Other	17,029	18,684
	Total	87,504	70,584
	Total	$2,620,826	$2,647,415

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

	Liabilities	December 31 1989	1988
		(thousands)	
Capitalization *(See statements)*	Common stock — authorized 60,000,000 shares without par value — 30,954,363 shares issued — stated value *(Note 6)*	$ 449,697	$ 449,697
	Retained earnings *(Note 6)*	384,004	359,067
	Capital surplus	2,216	2,037
	Total	835,917	810,801
	Cumulative preferred stock	92,000	92,000
	Cumulative preferred stock (redeemable)	2,396	2,556
	Long-term debt	878,511	942,609
	Total	1,808,824	1,847,966
Current Liabilities	Notes payable to banks *(Note 5)*	27,900	45,200
	Commercial paper *(Note 5)*	10,000	—
	Current maturities of long-term debt	40,143	50,288
	Accounts payable	66,897	79,864
	Dividends declared	1,590	1,592
	Accrued taxes	13,916	11,737
	Deferred income taxes	2,081	3,863
	Accrued interest	14,944	14,871
	Accrued payroll and vacations	12,846	10,461
	Other	7,124	6,811
	Total	197,441	224,687
Deferred Credits	Deferred income taxes	499,195	468,209
	Deferred investment tax credits	106,336	99,738
	Other	9,030	6,815
	Total	614,561	574,762
Commitments and Contingencies *(Note 3)*			
	Total	$2,620,826	$2,647,415

[redacted]

		Year Ended December 31		
		1989	1988	1987
			(thousands)	
Operating Revenues	Electric	$ 724,030	$ 728,354	$ 696,665
	Steam heat	7,450	8,182	8,174
	Total	731,480	736,536	704,839
Operating Expenses	Operation			
	Fuel	134,329	135,138	141,752
	Interchange power (net)	(45,745)	(31,822)	(44,090)
	Other	137,895	133,219	122,668
	Maintenance	68,951	85,195	75,143
	Depreciation	85,356	85,169	83,412
	Taxes *(See statements)*			
	Income	66,105	59,214	67,961
	General	80,381	79,813	73,831
	Amortization of			
	MPSC rate phase-in plan *(Note 1)*	7,072	—	—
	Deferred Wolf Creek costs *(Note 1)*	10,366	10,366	9,500
	Total	544,712	556,292	530,177
Operating Income		186,768	180,244	174,662
Other Income and Deductions	Allowance for equity funds used during construction	235	6	(16)
	Deferred Wolf Creek carrying costs *(Note 1)*	6,037	10,988	8,700
	MPSC rate phase-in plan *(Note 1)*	—	3,780	14,866
	Miscellaneous—net of income taxes	968	493	512
	Total	7,240	15,267	24,062
Income Before Interest Charges		194,008	195,511	198,724
Interest Charges	Long-term debt	78,570	84,604	89,723
	Short-term notes	6,531	2,896	3,347
	Miscellaneous	1,985	2,963	1,708
	Allowance for borrowed funds used during construction	(1,696)	(607)	(36)
	Total	85,390	89,856	94,742
Yearly Results	Net income	108,618	105,655	103,982
	Preferred and preference stock dividend requirements	6,359	6,681	10,882
	Earnings available for common stock	$ 102,259	$ 98,974	$ 93,100
	Average number of common shares outstanding	30,927,257	30,939,199	30,954,363
	Earnings per common share	$ 3.31	$ 3.20	$ 3.01
	Cash dividends per common share	$ 2.50	$ 2.34	$ 2.12

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

[redacted]

		Year Ended December 31 1989	1988 (thousands)	1987
Cash Flows From Operating Activities	Net income	$ 108,618	$ 105,655	$ 103,982
	Adjustments to reconcile net income to net cash provided by operating activities:			
	Depreciation	85,356	85,169	83,412
	Amortization of nuclear fuel	10,739	11,597	13,604
	Deferred income taxes (net)	35,599	29,602	47,741
	Investment tax credit (net)	7,894	4,920	3,544
	Deferred Wolf Creek costs and amortization	4,329	(622)	800
	MPSC rate phase-in plan and amortization	7,072	(3,780)	(14,866)
	Other amortizations	2,521	3,864	3,541
	Allowance for equity funds used during construction	(235)	(6)	16
	Total	261,893	236,399	241,774
	Cash flows affected by changes in:			
	Receivables	36,229	(1,923)	(689)
	Fuel inventories	3,761	(1,032)	377
	Materials and supplies	(3,502)	(4,283)	135
	Accounts payable	(12,967)	22,992	11,045
	Accrued taxes	2,179	985	1,821
	Accrued interest	73	(2,827)	240
	Settlement of fuel contracts	(22,601)	(71)	(245)
	Other operating activities	8,370	2,924	1,105
	Net cash provided by operating activities	273,435	253,164	255,563
Cash Flows From Investing Activities	Construction expenditures	(103,169)	(95,022)	(78,648)
	Allowance for borrowed funds used during construction	(1,696)	(607)	(36)
	Other investing activities	(3,140)	(1,892)	2,554
	Net cash used in investing activities	(108,005)	(97,521)	(76,130)
Cash Flows From Financing Activities	Issuance of long-term debt	566	34,370	109,971
	Increase (decrease) in borrowings under loan agreements	15,000	(43,000)	—
	Retirement of long-term debt	(92,908)	(78,076)	(161,094)
	Retirement of preferred and preference stock	—	—	(75,300)
	Premium on retirement of stock and long-term debt	—	—	(9,347)
	Preferred and preference stock sinking fund	(111)	(4,286)	(4,272)
	Increase (decrease) in short-term borrowings	(7,300)	6,200	39,000
	Dividends declared	(83,681)	(79,018)	(74,658)
	Other financing activities	(2)	8,172	(11,098)
	Net cash used in financing activities	(165,436)	(155,638)	(186,798)
	Net increase (decrease) in cash and temporary cash investments	(6)	5	(7,365)
	Cash and temporary cash investments at beginning of year	144	139	7,504
	Cash and temporary cash investments at end of year	$ 138	$ 144	$ 139
	Cash paid during the year for:			
	Interest (net of amount capitalized)	$ 83,658	$ 90,649	$ 93,302
	Income taxes	$ 20,389	$ 23,386	$ 16,557

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

[redacted]

		Year Ended December 31		
		1989	1988	1987
			(thousands)	
Components of Income Tax Expense				
Currently Payable	Federal	$ 18,082	$ 17,483	$ 13,742
	State	4,310	4,496	2,948
	Total	22,392	21,979	16,690
Deferred	Federal (net)	31,142	26,046	42,547
	State (net)	4,457	3,556	5,194
	Total	35,599	29,602	47,741
Investment Tax Credit	Provision	12,080	8,925	7,39.
	Amortization	(4,186)	(4,005)	(3,847)
	Total	7,894	4,920	3,544
	Total income tax expense	65,885	56,501	67,975
Less:	Income taxes applicable to other income and deductions	(220)	(2,713)	14
	Income tax expense applicable to operating income	$ 66,105	$ 59,214	$ 67,961
Deferred Income Tax Expense				
	Depreciation differences	$ 32,718	$ 32,314	$ 37,262
	Deferred Wolf Creek carrying costs—debt	1,859	3,582	3,116
	Deferred Wolf Creek costs amortization	(2,363)	(2,363)	(2,328)
	Repair allowance	857	3,744	36
	Unbilled revenues	(2,073)	(4,284)	(2,248)
	Settlement of fuel contracts	8,133	(201)	(160)
	Tax loss carryforward	—	—	14,851
	Other	(3,532)	(3,190)	(2,788)
	Total	$ 35,599	$ 29,602	$ 47,741
General Tax Expense				
	Property and real estate	$ 34,188	$ 33,289	$ 30,086
	Gross receipts	38,571	38,766	36,751
	Other	7,622	7,758	6,994
	Total	$ 80,381	$ 79,813	$ 73,831

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

[redacted]

			December 31 1989	1988
			(thousands)	
CUMULATIVE PREFERRED STOCK *(Note 7)*				
$100 Par Value	3.80%	— 100,000 shares	$ 10,000	$ 10,000
	4.50%	— 100,000 shares	10,000	10,000
	4.20%	— 70,000 shares	7,000	7,000
	4.35%	— 120,000 shares	12,000	12,000
	7.72%	— 130,000 shares	13,000	13,000
No Par	$ 2.33	— 800,000 shares	20,000	20,000
	$ 2.20	— 800,000 shares	20,000	20,000
		Total	$ 92,000	$ 92,000
CUMULATIVE PREFERRED STOCK (REDEEMABLE) *(Note 7)*				
$100 Par Value	4%	— 23,957 and 25,557 shares	$ 2,396	$ 2,556
LONG-TERM DEBT *(excluding current maturities) (Note 8)*				
First Mortgage Bonds	5%	series due 1990	$ —	$ 20,000
	13½%	series due 1991	25,000	25,000
	13.48%	series due 1991*	25,000	25,000
	10¾%	series due 1993*	7,500	7,500
	9.46%	series due 1994*	60,000	60,000
	4¾%	series due 1995	15,000	15,000
	5¾%	series due 1997	30,000	30,000
	6¼%	series due 1998	25,000	25,000
	7¼%	series due 1999	26,000	26,000
	9¼%	series due 2000	35,000	35,000
	7¾%	series due 2001	27,000	27,000
	7¾%	series due 2002	30,000	30,000
	8¾%	series due 2006	40,000	40,000
	8¼%	series due 2006	30,000	30,000
	5¼%	series due 2007*	21,940	21,940
	5¼%	series due 2007*	20,000	20,000
	8½%	series due 2007	30,000	30,000
	9¼%	series due 2008	25,000	25,000
	6¼%	series "A" due 2008*	9,200	9,200
	6¼%	series "B" due 2008*	21,800	21,800
	12%	series due 2013*	11,980	11,980
Mortgage Bonds	8¾%	series due 1990**	—	20,000
	8¾%	series due 1994	60,000	60,000
Guaranty of Pollution Control Bonds	5¾%	series due 2003	14,620	14,820
	Variable rate series (% at December 31, 1989):			
	6.85%	series "A" due 2015	56,500	56,500
	6.83%	series "B" due 2015	50,000	50,000
	6.81%	series "A" due 2017	50,000	50,000
	6.60%	series "B" due 2017	40,000	40,000
Loan Agreements			93,000	75,000
Nuclear Fuel Lease			—	42,005
Unamortized Premium and Discount (net)			(1,037)	(1,136)
		Total	$ 878,511	$ 942,609

*Pledged in support of pollution control bonds or other agreements.
**Pledged in support of medium-term notes.
The accompanying Notes to Financial Statements are an integral part of these statements.

[redacted]

		Year Ended December 31		
		1989	1988	1987
			(thousands)	
Beginning Balance		$ 359,067	$ 332,431	$ 310,670
Net Income		108,618	105,655	103,982
		467,685	438,086	414,652
Loss on Reacquired Preferred and Preference Stock		—	1	7,563
Dividends Declared	Preferred and preference stock (at required annual rates)	6,357	6,624	9,035
	Common stock —			
	$2.12 per share			65,623
	$2.34 per share		72,394	
	$2.50 per share	77,324		
		83,681	79,018	74,658
Ending Balance *(Note 6)*		$ 384,004	$ 359,067	$ 332,431

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

[redacted]

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

System of Accounts The accounting records of the Company are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) and generally accepted accounting principles.

Utility Plant Utility plant is stated at historical costs of construction. These costs include taxes, payroll related costs including pensions and other fringe benefits and an allowance for funds used during construction.

Allowance for Funds Used During Construction (AFDC) AFDC includes the cost of borrowed funds used for construction purposes and a reasonable rate upon other (equity) funds. The allowance for borrowed funds represents an allocation of interest costs to construction, while the allowance for equity funds is a non-cash item of income. AFDC is charged to construction work in progress during the period of construction. When a construction project is placed in service, the related AFDC becomes a part of the original cost of the completed plant which is used to establish rates for utility charges under established regulatory rate practices. The rates used to compute gross AFDC are compounded semi-annually and averaged 10.0% for 1989, 8.9% for 1988 and 8.8% for 1987.

Depreciation and Maintenance Provisions for depreciation are computed on a straight-line basis pursuant to rates ordered to be used for jurisdictional property by the Missouri Public Service Commission (MPSC) and the Kansas Corporation Commission (KCC). Approximate annual composite rates were 3.00% in 1989 and 3.07% in 1988 and 1987.

The Company charges to maintenance expense the repairs of property and replacement and renewals of items determined to be less than units of property, except for such costs which are charged to clearing accounts and redistributed to various operating, construction and other accounts. The costs of renewals and betterments of units of property are charged to the utility plant accounts. Property units retired or otherwise disposed of in the normal course of business are charged to accumulated depreciation, along with removal costs, net of salvage. The amounts of maintenance and depreciation expense other than those set forth in the Statements of Income are not significant.

Nuclear Plant Decommissioning Costs The MPSC in 1986 and the KCC in 1985 estimated in 1985 dollars the cost of decommissioning the Wolf Creek Generating Station (Wolf Creek) to be $103.3 million and $140 million, respectively. Pursuant to MPSC and KCC requirements, the respective jurisdictional portions of its 47% share of these costs, which are being charged to operating expense, are being recovered over the life of the plant and placed in an external trust fund to be used only for the physical decommissioning of Wolf Creek. In August 1989, the KCC increased their estimated cost of decommissioning Wolf Creek to $206 million in 1988 dollars. The corresponding increase in funding and expense will commence during 1990.

The investment in the trust fund was $4.0 million and $2.8 million at December 31, 1989 and 1988, respectively. Such amounts are reflected under Investments and Nonutility Property on the balance sheets with the related liabilities for decommissioning included in Deferred Credits-Other.

Nuclear Fuel The cost of nuclear fuel is amortized to fuel expense based on the quantity of heat produced for the generation of electric energy. Under the Nuclear Waste Policy Act of 1982, the Department of Energy (DOE) is responsible for the permanent disposal of spent nuclear fuel. The Company currently pays a quarterly fee of one mill per kilowatt-hour of nuclear generation to the DOE for future permanent disposal services. The disposal costs are charged to fuel expense and recovered through electric rates.

Deferred Wolf Creek Costs Orders from the KCC and MPSC provided for continuance of construction accounting for ratemaking purposes subsequent to the September 3, 1985 commercial in-service date of Wolf Creek to September 30, 1985 and May 5, 1986, respectively. Also authorized was the deferral of certain other carrying costs. These deferrals are being amortized and recovered in rates over an approximate ten year period.

KCC Wolf Creek Carrying Costs On May 30, 1989, the KCC approved a Stipulation and Agreement (Stipulation) which, among other things, extended the Wolf Creek depreciable life from 30 to 40 years, and authorized the Company to cease on June 30, 1989 the accrual of carrying costs on 314 mw of alleged excess capacity and to accrue carrying costs on the $13.9 million cumulative deferred asset from July 1, 1989 until its six year amortization starts July 1, 1991.

MPSC Rate Phase-In Plan The MPSC's rate phase-in plan has resulted in deferral of a cash recovery of a portion of the cost of equity and the carrying costs on the deferral.

In accordance with a November 23, 1987 Order, the Company has ceased deferral of this cash recovery under the plan effective September 30, 1987 and ceased the accrual of carrying costs on this deferral effective December 31, 1988. Recovery of such deferrals and the corresponding amortization of these deferrals over five years began on January 1, 1989.

Other Deferred Charges Certain costs, such as those incurred for major storms, premium on redeemed debt, debt expense, settlement of fuel contracts and other costs, are recorded as deferred charges when it is probable, based on historical regulatory precedent, that future rates established by the regulators will recover amortization of such costs.

Revenue Recognition The Company utilizes cycle billing and accrues the amount of revenue for sales unbilled at the end of each reporting period.

Income Taxes The Company has adopted Financial Accounting Standards Board (FASB) Statement No. 96 which requires establishment of deferred tax liabilities and assets, as appropriate, for all temporary differences caused when the tax basis of an asset or liability differs from that reported in the financial statements. Also, the deferred tax assets and liabilities created as a result of these temporary differences must be determined using the tax rates scheduled by the tax law to be in effect when the temporary differences reverse.

The asset — Deferred Regulatory Asset — reflects basically the future revenue requirements necessary to recover the tax benefits of existing temporary differences flowed through to the ratepayers in the past. An asset was established because it is probable that future rates will include provisions for recovery of this asset.

Although the Company calculates its deferred tax assets and liabilities pursuant to FASB 96, operating income taxes are recorded in accordance with ratemaking principles. Such income taxes were $66.1 million in 1989, $59.2 million in 1988 and $68.0 million in 1987.

The following table shows the reconciliation of the federal statutory income tax rate and the effective federal tax rate reflected in the income statement:

	1989	1988	1987
Statutory federal income tax rate	34.0%	34.0%	40.0%
MPSC rate phase-in plan	1.4	(.8)	(3.5)
Differences between book and tax depreciation not normalized	1.4	1.6	2.6
Amortization of investment tax credit	(2.4)	(2.5)	(2.2)
State income taxes	3.3	3.3	2.8
Other	.1	(.8)	(.2)
Effective federal tax rate	37.8%	34.8%	39.5%

If the application of FASB 96 was reflected in the statements of income, net income would remain the same, but the yearly change in the deferred regulatory asset and deferred income tax liabilities would change revenues and income taxes in each year by the same amount.

Investment tax credits have been deferred when utilized and are being amortized to income over the service lives of the related properties. As of December 31, 1989, the Company had utilized virtually all of its investment tax credits.

Restatement of Financial Statements In 1988, the Company restated prior years financial statements for the adoption of FASB No. 90 and 96. This resulted in a $96.1 million reduction of 1986 net income. The effect of this restatement on the financial statements presented herein, was to reduce retained earnings by $96.1 million at January 1, 1987.

2. RETIREMENT PLANS

The Company has pension plans for all its regular employees, including officers, providing for benefits upon retirement, normally at age 65. In accordance with the Employee Retirement Income Security Act of 1974 (ERISA), the Company has satisfied at least its minimum funding requirements. Benefits under these plans reflect the employee's compensation, years of service and age at retirement.

Provisions for pensions are determined under the rules prescribed by FASB No. 87. The following is the funded status of the plans:

	December 31	
	1989	1988
	(thousands)	
Accrued Benefit Obligation:		
Vested	$139,995	$119,299
Non-vested	4,809	6,432
Total	$144,804	$125,731
Determination of Plan Assets less Obligations:		
Fair value of plan assets (a)	$215,638	$194,473
Projected benefit obligation (b)	187,532	156,399
Difference	$ 28,106	$ 38,074
Reconciliation of Difference:		
Contributions to trusts		
Prepaid	$ 1,422	$ 428
Accrued liability	(5,687)	(3,651)
Unamortized transition amount	25,043	27,116
Unrecognized net gain	12,755	19,372
Unrecognized prior service cost	(5,427)	(5,191)
Difference	$ 28,106	$ 38,074

(a) Plan assets are invested in insurance contracts, corporate bonds, equity securities, U.S. Government securities and short-term investments.

(b) Based on discount rates and rates of increase in future salary levels of 8% to 9% and 5% to 6%, respectively.

Components of provisions for pensions (in thousands):

	1989	1988	1987
Service cost	$ 5,345	$ 4,901	$ 5,088
Interest cost on projected benefit obligation	13,646	12,884	12,219
Actual return on plan assets	(27,436)	(6,375)	(24,396)
Other	12,856	(7,402)	11,433
Total Pension Expense	$ 4,411	$ 4,008	$ 4,344

Long-term rates of return on plan assets of 7% to 8% were used.

3. COMMITMENTS AND CONTINGENCIES

Nuclear Liability and Insurance The Price-Anderson Act currently limits the public liability, including attorney costs, of nuclear reactor owners for claims that could arise from a nuclear incident to $7.7 billion. Accordingly, the Company and other owners of Wolf Creek have liability insurance coverage of this amount which consists of the maximum available private insurance of $200 million and Secondary Financial Protection (SFP). The SFP coverage is funded by a mandatory program of deferred premiums assessed against all owners of licensed reactors for any nuclear incident anywhere in the country. The maximum assessment per reactor is $63 million ($29.6 million, Company's share), plus 5% for attorney costs. The owners of Wolf Creek are jointly and severally liable for these charges, payable at a rate not to exceed $10 million ($4.7 million, Company's share) per year.

The owners of Wolf Creek have procured property damage insurance of approximately $2.0 billion (the maximum available) and extra expense (replacement power) insurance. Under both policies, the Company is subject to retroactive assessments if industry losses, with respect to each policy year, exceed the accumulated funds available to the insurer under that policy. The estimated maximum retroactive assessments for the Company under the policies total approximately $5.4 million per year.

Nuclear Fuel Commitments At December 31, 1989, Wolf Creek's nuclear fuel commitments (Company's share) were approximately $30 million for uranium concentrates through 1997, $171 million for enrichment through 2014 and $51 million for fabrication through 2014.

Other Agreements The Company has entered into, in the normal course of business, a variety of coal and other contracts including leases. Under leases, the Company incurred rental expense during the last three years of approximately $8 million to $11 million per year. Rental commitments under leases for railroad cars, computer equipment, buildings and similar items are approximately $50 million in total with payments ranging during each of the next five years from a high of $10 million in 1990 to $4 million in 1994.

Settlement of Fuel Contract The Company and Kansas Gas and Electric Company, co-owners of LaCygne Unit No. 1, entered into a Settlement Agreement dated December 7, 1989 with Pittsburg & Midway Coal Mining Company (P&M) concluding the pending legal proceedings.

The settlement resulted in the termination on December 31, 1989 of the long-term coal purchase contract with P&M in consideration of a $45 million payment by the Company and Kansas Gas and Electric Company ($22.5 million, Company's share). The Company believes that this compromise with P&M will yield net benefits to the Company, to its customers and to the environment.

The Company will amortize its share of the settlement payment to expense over the remaining term of the P&M contract which would have expired December 31, 2002. The Company believes it is probable that future rates will recover such annual amortization. If subsequent recovery is not permitted, the unamortized balance would be charged to expense at that time.

4. SALE OF ACCOUNTS RECEIVABLE

On September 27, 1989, the Company entered into an agreement with a financial institution to sell with limited recourse up to $50 million of an undivided interest in designated accounts receivable. At December 31, 1989, $50 million of the Company's accounts receivable remained sold under this agreement. In 1989, the Company incurred $1.2 million due to costs associated with sale of Customer Accounts Receivable.

5. SHORT-TERM BORROWINGS

The Company borrows short-term funds from banks and through the sale of commercial paper as needed. Under minimal fee arrangements the Company has confirmed bank lines-of-credit totaling $132 million, of which $114 million remain unused at December 31, 1989.

6. COMMON STOCK

Retained earnings at December 31, 1989 included $12 million which was not available for cash dividends on common stock under the provisions of the Indenture of Mortgage securing First Mortgage Bonds.

Of the Company's 30,954,363 shares issued, 30,954,363 and 30,896,215 were outstanding at December 31, 1989 and 1988. At December 31, 1988, 58,148 shares were being held by the Company for the employees' 401(K) plan and were distributed to the plan in 1989. The gain on the difference between the purchase price of these shares and market at time of distribution was charged to capital surplus along with the gain on the purchase of preferred stock for sinking fund requirements.

7. PREFERRED AND REDEEMABLE PREFERRED AND PREFERENCE STOCK

The outstanding Cumulative Preferred Stock of $92 million may be redeemed at the option of the Company at prices which in the aggregate total $98 million.

Scheduled sinking fund requirements for outstanding redeemable preferred stock for the next five years are $160 thousand per year.

During the period 1987 through 1989, the following issues were redeemed or purchased:

Redemption	Series	Number of Shares	Amount *(thousands)*
Cumulative Preferred (Redeemable)			
1987–89	4%	1,600(a)	$ 160
1987	$17.05	228,000	$22,800
1987	$12.875	100,000	$10,000
1987	$13.25	300,000	$30,000
Cumulative Preference (Redeemable)			
1987	$ 8.00	41,667(a)	$ 4,167
1988	$ 8.00	41,665(a)	$ 4,166
1987	$12.75	124,999	$12,500

(a) Represents annual mandatory sinking fund.

At December 31, 1989, the Company had authorized 543,957 shares of Cumulative Preferred Stock at a par value of $100 per share, 3,172,000 shares of Cumulative No Par Preferred Stock and 11,000,000 shares of Preference Stock without par value.

If any dividends on its preferred stock are not declared and paid when scheduled, the Company could not declare or pay dividends on its common stock or acquire any shares thereof for consideration. If the amount of any such unpaid dividends equals four or more full quarterly dividends, the holders of preferred stock, voting as a single class, could elect representatives on the Company's Board of Directors.

8. LONG-TERM DEBT

First Mortgage Bonds The Company cannot issue additional First Mortgage Bonds authorized by the Indenture of Mortgage and Deed of Trust dated as of December 1, 1946, as supplemented, as long as any of the Mortgage Bonds (discussed below) are outstanding. Substantially all of the Company's utility plant is pledged under the terms of the Indenture.

Mortgage Bonds The amount of Mortgage Bonds authorized by the General Mortgage Indenture and Deed of Trust dated as of December 1, 1986, as supplemented, is unlimited. The amount of additional bonds which may be issued is subject to certain restrictive provisions of the General Mortgage Indenture. The General Mortgage Indenture constitutes a mortgage lien upon substantially all of the Company's utility plant and is junior to the lien of the First Mortgage.

Loan Agreements The Company has an agreement, expiring May 31, 1991, with a group of international banks which provides for unsecured loans up to $200 million at interest rates derived from the London Inter-Bank Offered Rate. At December 31, 1989, $75 million at interest rates ranging from 8.8% to 9.1% was outstanding ($50 million at January 31, 1990).

The Company has a financing arrangement with a bank, expiring January 16, 1992, which enables the Company to borrow up to $50 million by collateralizing its coal and fuel oil inventories at rates based upon the current bankers' acceptance discount rate plus an acceptance charge. At December 31, 1989, $18 million at 8.6% was outstanding ($17 million at January 31, 1990).

Nuclear Fuel Lease In May 1989, the Company paid off the $38 million balance on the nuclear fuel lease and has terminated the financing agreement.

Scheduled Maturities The following pollution control bond series have sinking fund requirements which begin in various years: 5 3/4% in 1989, 5 7/8% in 1997, 5 7/8% in 1998, 6 7/8% "A" in 1999 and 6 7/8% "B" in 1999.

The aggregate amount of maturities and sinking fund requirements during each of the next five years of long-term debt outstanding at December 31, 1989 is $66.1 million in 1990, $100.2 million in 1991, $17.2 million in 1992, $7.7 million in 1993 and $120.2 million in 1994.

On January 2, 1990, the Company redeemed $20 million of First Mortgage Bonds, 5% series due 1990, which was reflected as current maturities of long-term debt as of December 31, 1989.

9. JOINTLY-OWNED ELECTRIC UTILITY PLANTS

The Company has, under joint ownership agreements with other utilities, undivided interests at December 31, 1989 in utility plants as follows (in millions of dollars):

	Wolf Creek Unit	LaCygne Units	Iatan Unit
Company's share	47%	50%	70%
Utility plant in service	$1,315	$246	$239
Nuclear fuel in service	$ 30	—	—
Spent nuclear fuel	$ 42	—	—
Estimated accumulated depreciation (Production plant only)	$ 158	$123	$ 80
Accumulated amortization (Nuclear fuel)	$ 62	—	—
Company's accredited capacity—mw	533	658	469

Each participant must provide its own financing. The Company's share of direct expenses is included in the corresponding operating expenses on the Statements of Income.

10. QUARTERLY OPERATING RESULTS (UNAUDITED)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
		(thousands)		
1989				
Operating revenues	$163,225	$176,797	$220,863	$170,595
Operating income	$ 37,383	$ 41,457	$ 68,104	$ 39,824
Net income	$ 17,711	$ 21,617	$ 47,681	$ 21,609
Earnings per common share	$ .52	$ .65	$ 1.49	$ .65
1988				
Operating revenues	$165,318	$183,617	$227,976	$159,625
Operating income	$ 37,162	$ 50,192	$ 68,139	$ 24,751
Net income	$ 18,103	$ 31,827	$ 49,362	$ 6,363
Earnings per common share	$ .53	$ .97	$ 1.54	$ .15(a)

(a) Reflects the additional costs incurred during a scheduled refueling outage at Wolf Creek.

The business of the Company is subject to seasonal fluctuations with peak periods occurring during summer months.

[redacted]

To the Stockholders and Board of Directors
Kansas City Power & Light Company:

We have audited the accompanying balance sheets and statements of cumulative preferred stock and long-term debt of Kansas City Power & Light Company as of December 31, 1989 and 1988, and the related statements of income, taxes, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Kansas City Power & Light Company for the year ended December 31, 1987, before restatement, were examined by other auditors whose report, dated January 29, 1988, expressed an unqualified opinion on those statements.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kansas City Power & Light Company as of December 31, 1989 and 1988, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the Company restated its 1987 financial statements for the adoption of Statements of Financial Accounting Standards No. 90, "Accounting for Abandonments and Disallowances of Plant Costs," and No. 96, "Accounting for Income Taxes." We have also reviewed the adjustments that were applied to restate the 1987 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

COOPERS & LYBRAND

Kansas City, Missouri
February 6, 1990

[redacted]

Kwh Sales and Operating Revenues
Sales and revenue data:

	Increase (Decrease) From Prior Year			
	1989		1988	
	Kwh	Revenues	Kwh	Revenues
		(millions)		*(millions)*
Kwh sales				
Residential	(2.7)%	$(11)	6.6%	$ 15
Commercial	3.2	5	5.3	18
Industrial	(3.0)	(2)	(3.7)	(1)
Other	4.0	1	3.6	—
Total	0.0%	(7)	4.0%	32
Steam heat and other revenues		2		—
Total		$ (5)		$ 32

The components of change in revenues applicable to kwh sales:

	Increase (Decrease) From Prior Year	
	1989	1988
	(millions)	
Revenues		
Kwh sales	$ —	$ 33
Base rates	(12)	—
Fuel cost recovery through fuel adjustment clauses	5	(1)
Total	$ (7)	$ 32

Residential kwh sales decreased in 1989 reflecting reduced usage due to a milder cooling season, partially offset by an increase in load growth and a colder heating season. Commercial kwh sales increased in 1989 mainly due to an increase in load growth. Residential and commercial kwh sales increased in 1988 compared with the prior year reflecting primarily higher usage due to a warmer cooling season, colder heating season and an increase in load growth. Industrial kwh sales were significantly affected by decreased sales in 1989 and 1988 to a major steel manufacturer. Excluding this manufacturer, industrial sales increased .5% in 1989 and 2.8% in 1988.

In addition to changes in kwh sales, revenues reflect the Missouri retail electric second and third year annual rate increases under the phase-in plan of $7.7 million effective May 5, 1987 and $8.7 million effective May 5, 1988. These increases were partially offset by Kansas retail electric annual rate decreases of $4.3 million effective August 1,

1987 and $10.4 million effective August 1, 1988.

Other revenues in 1989 include $2.9 million of Transmission Services charges which in prior years were recorded as interchange sales.

The change in revenues applicable to base rates is also affected by changes in the mix of kwh sales among classifications and by the impact on certain classifications of declining price per kwh as kwh usage increases. With the elimination of the retail fuel adjustment clause in Kansas as of July 1, 1989 (see discussion below), only the wholesale rate schedules of the Company contain fuel adjustment provisions; wholesale revenues account for less than 1% of the Company's revenues. Prior to July 1, 1989, the Kansas fuel adjustment clause resulted in a credit (negative revenue charge). With the cancellation of this clause, this credit is now reflected in base rates. This is a major reason that fuel cost recovery reflects an increase and base rates reflect a decrease in 1989.

KCC Stipulation and Agreement On May 30, 1989, the Kansas Corporation Commission (KCC) approved a Stipulation and Agreement (Stipulation) which authorizes settlement of numerous regulatory issues. The Stipulation provides that the Company will not seek a general rate increase to be effective before July 1991 absent financial hardship caused by unforseen events. Several elements of the Stipulation became effective July 1, 1989. These include the extension of the Wolf Creek Generating Station (Wolf Creek) depreciable life from 30 to 40 years, a reduction in the carrying costs accrual and elimination of the automatic monthly fuel adjustment clause. The Company estimates that the Stipulation will have a neutral effect on earnings.

Fuel Costs Average electric fuel cost per million BTU decreased to $.842 in 1989 from $.904 in 1988 and $.950 in 1987.

Average fuel cost per million BTU of nuclear fuel, including disposal costs, decreased to $.331 in 1989 from $.456 in 1988 and $.527 in 1987. These decreases reflect the lower cost of nuclear fuel loaded in the reactor during the 1987 and 1988 refuelings. Generation from Wolf Creek accounted for 31%, 24% and 23% of the total BTUs used in electric production in 1989, 1988 and 1987, respectively.

Average fuel cost per million BTU for fossil plants increased to $1.077 in 1989 from $1.040 in 1988 and $1.073 in 1987. The 1989 increase reflects higher reclamation costs and a reduced level of lower cost spot purchases due to contractual obligations. The 1988 decrease reflects the completion of the western coal conversion projects which allowed the Company to utilize less expensive western coal.

The components of change in fuel costs:

	Increase (Decrease) From Prior Year	
	1989	1988
	(millions)	
Generation for customers and interchange sales	$ 9	$ (1)
Average fuel cost	(10)	(6)
Total	$ (1)	$ (7)

The $10 million effect of the decrease in average fuel cost in 1989 was primarily due to Wolf Creek's lower average fuel cost and increased generation. Wolf Creek's generation increased because of no refueling outage in 1989.

Interchange Power (Net) Interchange sales exceeded interchange purchases by an increased amount in 1989 compared to 1988 primarily due to greater availability of generating units and requirements of other electric systems. Interchange sales exceeded interchange purchases by a decreased amount in 1988, as compared to 1987, primarily due to the Company's higher system requirements, mainly sales to customers.

The level of interchange sales in the future will depend upon the availability of generating units, fuel costs, the requirements of other electric systems and the Company's system requirements.

Other Operation Expenses Other operation expenses increased in 1989 reflecting an increase of $3.0 million in overall levels of general and administrative expenses, $1.2 million due to costs associated with sale of Customer Accounts Receivable, $1.3 million in distribution system operating costs and $1.1 million for customer service expenses. These increases were partially offset by a $2.7 million decrease in operating expenses at the Company's generating stations.

Other operation expenses increased in 1988 reflecting an increase of $4.2 million in overall levels of general and administrative expenses, particularly employee benefits, increases in operating expenses of $3.2 million at the Company's generating stations and an increase of $3.1 million for distribution system operating costs and customer service expenses.

Maintenance The decrease in maintenance costs during 1989 reflects a reduction of $4.6 million for maintenance of the distribution system and $6.4 million for maintenance at the LaCygne and Iatan power plants. In addition, Wolf Creek maintenance expenses were $5.6 million lower in 1989 due mainly to no refueling outage in 1989. The next refueling is scheduled to start in March 1990 and subsequent refuelings are currently planned to be approximately every eighteen months.

Increased maintenance expense in 1988 reflects a $6 million increase in coal-fired generating unit maintenance, mainly for boiler overhauls and generator and turbine maintenance. Wolf Creek maintenance costs were $1.7 million greater in 1988 due to the increased number of activities undertaken during the scheduled 1988 refueling outage. In addition, maintenance of the Company's distribution system increased $1.5 million during 1988.

Income Taxes The increase in operating income taxes in 1989 results from an increase in income subject to tax. The decrease in operating income taxes in 1988, as compared to 1987, is due to the decrease in the 1988 federal

income tax rate resulting from the Federal Tax Reform Act of 1986.

General Taxes General taxes increased in 1988 reflecting increased property taxes resulting from higher tax rates and property assessments. In addition, general taxes in 1988 reflect higher gross receipts taxes because of increases in billed sales.

MPSC Rate Phase-in Plan In accordance with a November 23, 1987 Order, the Company ceased deferral of a cash recovery of a portion of the cost of equity under the plan effective September 30, 1987 and ceased the accrual of carrying costs on this deferral effective December 31, 1988. Amortization of these deferrals over five years began on January 1, 1989.

Interest Expense The decline in long-term interest expense for 1989 and 1988 reflects primarily the retirement or repayment of higher interest rate bonds and the nuclear fuel lease, partially offset by higher interest rates on variable rate debt. The average long-term debt including current maturities has declined compared to the prior year by $93.7 million in 1989 and $56.1 million in 1988.

Interest on short-term notes during 1989 increased over the prior year due to higher rates and levels of short-term borrowings. Commercial paper was used in January 1989 for the first time in over two years because its utilization became economical following an upgrade of its credit rating.

Earnings Per Share Earnings per share, excluding the listed non-cash credits, are as follows:

	1989	1988	1987
Earnings per share (EPS)	$3.31	$3.20	$3.01
Less:			
AFDC per share*	.20	.26	.18
MPSC phase-in plan per share**	—	.12	.48
Net	$3.11	$2.82	$2.35

*AFDC represents the combination of allowance for funds used during construction and deferred Wolf Creek carrying costs (net of deferred income taxes).

**Base rates reflect the inclusion of those items phased-in during these periods by the MPSC.

EPS for 1989 were negatively affected by the cooler temperatures during the summer, partially offset by higher relative humidity and increased load growth. The Company estimates that EPS would have been approximately $.29 higher for the year had normal temperatures prevailed. This estimate is based on a statistical relationship between sales and the differences in actual and normal temperatures for the period. The adverse effect of the mild weather on EPS was also offset by the Company's ongoing internal cost control efforts and the continued reduction of outstanding indebtedness.

EPS for 1989 were favorably affected, approximately $.30, because Wolf Creek did not incur a refueling outage during the year as occurred in the fourth quarter of 1988. The 1990 scheduled refueling outage will negatively affect 1990 EPS due to the maintenance and additional fuel costs anticipated during the scheduled refueling outage.

Projected Construction Expenditures Projected five-year construction expenditures, excluding AFDC, are as follows:

	Construction Expenditures					
	1990	1991	1992	1993	1994	Total
	(millions)					
Generating facilities	$ 24.3	$ 36.7	$ 31.3	$ 45.3	$ 87.2	$224.8
Nuclear fuel	8.0	17.3	20.0	8.8	21.2	75.3
Transmission facilities	11.6	14.8	9.2	9.6	9.2	54.4
Distribution and general facilities	59.8	62.4	56.7	59.3	66.3	304.5
Total	$103.7	$131.2	$117.2	$123.0	$183.9	$659.0

The timing of construction and cost estimates are subject to continuing review and adjustments. Actual construction expenditures may vary significantly from such estimates.

Capital Requirements and Liquidity The Company currently estimates that it will be able to meet construction expenditures with internally-generated funds. It is anticipated that funds for maturing debt through 1994 and the preferred stock and long-term debt sinking fund obligations will be provided from operations, refinancings or short-term debt.

The amount and timing of future sales of the Medium-Term Notes (secured by Mortgage Bonds) and/or Mortgage Bonds will depend primarily upon market conditions and the needs of the Company.

Uncertainties which affect the degree to which these capital requirements will be met by funds provided from operations include such items as the effect of inflation on operating expenses, the level of kwh sales, regulatory actions, availability of the Company's generating units and the level of interchange sales with other utilities.

Since June 1, 1988 the Company has entered into interest rate swap agreements and an interest rate cap agreement with terms of one to three years which limit the interest rate on approximately $95 million of its variable rate debt at a maximum weighted average interest rate of approximately 8.4%. The Company saved approximately $.5 million in 1989 because of these agreements.

Cash provided by operating activities during 1989 increased mainly as a result of the sale of $50 million of Customer Accounts Receivable, partially offset by the settlement of the fuel contract with Pittsburg & Midway Coal Mining Company (P&M) for $22.5 million. See Note 3 to the Financial Statements for a discussion regarding the accounting treatment of this payment to P&M.

[redacted]

Summary of Earnings	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Operating Revenues (000's)	$ 731,480	$ 736,536	$ 704,839	$ 664,870	$ 596,621	$ 583,414	$ 562,543	$ 485,629	$ 471,711	$ 445,965	$ 370,875
Operating Expenses (000's)	544,712	556,292	530,177	511,839	490,278	470,786	458,060	407,706	377,226	359,118	326,800
Operating Income (000's)	186,768	180,244	174,662	153,031	106,343	112,628	104,483	77,923	94,485	86,847	44,075
Other Income and Deductions (000's)	7,240	15,267	24,062	(41,569)*	104,683	74,122	53,834	36,026	29,400	19,653	19,771
Income before Interest Charges (000's)	194,008	195,511	198,724	111,462	211,026	186,750	158,317	113,949	123,885	106,500	63,846
Interest Charges (000's)	85,390	89,856	94,742	101,093	55,905	35,309	31,836	33,008	44,739	37,799	27,295
Income before Cumulative Effect (000's)	108,618	105,655	103,982	10,369	155,121	151,441	126,481	80,941	79,146	68,701	36,551
Cumulative Effect of Change in Revenue Recognition (000's)	—	—	—	—	—	—	—	—	—	—	7,202
Net Income (000's)	108,618	105,655	103,982	10,369	155,121	151,441	126,481	80,941	79,146	68,701	43,753
Preferred and Preference Stock Dividend Requirements (000's)	6,359	6,681	10,882	19,973	21,867	21,917	21,570	18,193	13,749	12,418	10,573
Applicable to Common Stock (000's)	$ 102,259	$ 98,974	$ 93,100	$ (9,604)	$ 133,254	$ 129,524	$ 104,911	$ 62,748	$ 65,397	$ 56,283	$ 33,180
Earnings Per Common Share	$ 3.31	$ 3.20	$ 3.01	$ (.31)	$ 4.41	$ 4.48	$ 4.15	$ 2.79	$ 3.22	$ 2.91	$ 2.01
Capitalization Data											
Common Stock Equity (0	$ 835,917	$ 810,831	$ 784,119	$ 764,163	$ 838,394	$ 751,734	$ 666,273	$ 535,192	$ 459,313	$ 424,852	$ 373,224
Average shares outstanding	30,927,257	30,939,199	30,954,363	30,942,149	30,196,715	28,887,407	25,278,388	22,510,368	20,382,723	19,373,655	16,514,110
Cash dividends per share	$ 2.58	$ 2.34	$ 2.12	$ 2.09	$ 2.36	$ 2.33	$ 2.17	$ 2.01	$ 1.88	$ 1.79	$ 1.76
Preferred Stock (000's)	$ 92,000	$ 92,000	$ 92,000	$ 92,000	$ 112,000	$ 112,000	$ 112,000	$ 112,000	$ 112,000	$ 112,000	$ 112,000
Preferred Stock (Redeemable) (000's)**	$ 2,396	$ 2,556	$ 2,716	$ 65,676	$ 65,836	$ 65,996	$ 56,156	$ 56,316	$ 3,676	$ 3,836	$ 3,996
Preference Stock (Redeemable) (000's)**	$ —	$ —	$ 4,166	$ 20,833	$ 33,333	$ 41,667	$ 45,833	$ 50,000	$ 50,000	$ 50,000	$ 25,000
Long-term Debt (000's)**	$ 918,654	$ 992,897	$1,079,505	$1,130,114	$1,136,596	$1,048,117	$ 805,644	$ 767,616	$ 662,050	$ 612,477	$ 588,876
Other Data and Ratios											
Construction expenditures (000's)	$ 103,169	$ 95,022	$ 78,648	$ 72,386	$ 157,727	$ 277,072	$ 182,547	$ 153,160	$ 133,980	$ 125,016	$ 205,318
Total Assets (000's)	$2,620,826	$2,647,415	$2,654,371	$2,665,855	$2,654,058	$2,424,602	$2,071,015	$1,792,227	$1,617,781	$1,538,978	$1,391,038
Book Value per share	$ 27.00	$ 26.19	$ 25.33	$ 24.69	$ 27.10	$ 25.29	$ 23.53	$ 21.96	$ 22.25	$ 21.12	$ 21.30
Common Stock Equity Ratio	46.2%	43.9%	41.2%	38.7%	38.5%	37.5%	39.5%	36.0%	35.7%	36.1%	34.2%
Common Stock Price											
High	$ 36¼	$ 32⅝	$ 31½	$ 32⅛	$ 24⅞	$ 20⅜	$ 22⅝	$ 18⅛	$ 16⅛	$ 15⅛	$ 15⅝
Low	$ 28⅜	$ 24⅛	$ 21	$ 22⅛	$ 18	$ 14⅛	$ 16⅛	$ 14⅛	$ 13	$ 12⅛	$ 14⅛
Ratio of Earnings to Fixed Charges	2.92	2.75	2.77	1.27	3.08	3.37	3.43	2.62	2.75	2.80	1.99
Return on Year-end Equity	12.2%	12.2%	11.9%	(1.3)%	15.9%	17.2%	15.7%	11.7%	14.2%	13.2%	7.0%
Employee Data											
Salaries and wages (000's)	$ 108,744	$ 104,369	$ 96,607	$ 96,399	$ 97,425	$ 92,950	$ 89,246	$ 87,907	$ 80,239	$ 73,602	$ 68,465
Pensions and benefits (000's)	14,453	13,464	11,339	9,483	11,497	13,377	15,060	14,473	12,759	11,670	9,947
	$ 123,197	$ 117,833	$ 107,946	$ 105,882	$ 108,922	$ 106,327	$ 104,306	$ 102,380	$ 92,998	$ 85,272	$ 78,412
Number of employees, December 31	2,873	2,863	2,799	2,771	2,863	2,838	2,939	2,957	2,928	2,856	2,868
Employee Data — Associated*											
Sala and wages (000's)	$ 120,040	$ 115,563	$ 110,024	$ 105,752	$ 93,627	$ 84,986	$ 81,058	$ 80,194	$ 72,627	$ 66,469	$ 62,569
Pen and benefits (000's)	16,905	15,356	12,636	10,712	11,092	12,350	13,792	13,281	11,610	10,751	9,282
	$ 136,945	$ 130,919	$ 122,660	$ 116,464	$ 104,719	$ 97,336	$ 94,850	$ 93,475	$ 84,237	$ 77,220	$ 71,851
Number of employees, December 31	3,251	3,214	3,154	3,105	3,069	2,633	2,708	2,720	2,694	2,628	2,659

*Reflects a $96.1 million reduction resulting from write-off of disallowed Wolf Creek investment.

**Including amounts to be redeemed or purchased and current maturities.

***Excludes or includes data related to employees allocated to or from other participants in jointly-owned units.

Electric Sales Statistics	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979
Revenues *(000's)*											
Residential	$ 255,913	$ 266,745	$ 252,217	$ 253,398	$ 250,839	$ 196,625	$ 199,713	$ 160,364	$ 154,936	$ 161,973	$ 121,170
Commercial	332,350	326,716	309,005	289,396	254,535	241,005	227,286	205,906	192,536	174,505	148,139
Industrial	110,413	112,699	113,640	110,373	105,145	105,816	93,963	86,953	94,168	80,823	76,956
Public street and highway lighting	13,863	13,611	13,240	13,002	12,127	11,694	11,015	9,636	9,332	8,525	7,063
Public authorities — power and lighting	108	105	105	99	96	97	89	86	82	75	69
Other electric utilities	5,174	4,826	4,999	5,167	6,525	11,754	17,678	12,631	12,669	10,638	9,994
Total	717,821	724,702	693,213	651,285	579,267	466,899	549,744	477,558	463,672	438,197	363,352
Other electric revenues	6,809	3,652	3,452	3,102	3,866	3,659	3,626	2,248	2,153	1,845	1,782
Total	$ 724,630	$ 728,354	$ 696,665	$ 654,387	$ 583,133	$ 570,558	$ 553,370	$ 479,802	$ 465,825	$ 440,182	$ 365,084
Sales in Kilowatt Hours *(000's)*											
Residential	3,165,473	3,251,764	3,050,543	2,839,310	2,657,018	2,625,440	2,719,062	2,378,647	2,347,646	2,689,867	2,254,962
Commercial	4,699,160	4,554,053	4,282,779	4,034,405	3,757,144	3,579,710	3,498,956	3,339,673	3,251,255	3,338,385	3,183,710
Industrial	2,162,396	2,229,379	2,315,898	2,266,131	2,248,524	2,272,457	2,039,736	1,959,431	2,336,664	2,161,904	2,383,298
Public street and highway lighting	70,442	69,895	69,117	69,277	69,097	67,707	66,744	66,625	66,308	67,172	66,561
Public authorities — power and lighting	1,633	1,654	1,635	1,604	1,652	1,687	1,563	1,657	1,638	1,693	1,876
Other electric utilities	120,589	113,605	107,952	113,134	160,174	260,575	430,358	325,997	327,022	355,154	328,077
Total	10,219,613	10,220,340	9,827,926	9,323,859	8,893,609	8,807,576	8,756,379	8,072,030	8,330,509	8,593,595	8,218,385
Average Number of Customers											
Residential	356,609	351,199	342,098	331,587	324,133	315,207	309,999	306,756	304,613	301,617	298,415
Commercial	46,857	46,316	44,974	43,295	41,947	40,926	40,550	40,065	39,758	38,984	38,372
Industrial	2,452	2,479	2,486	2,558	2,588	2,528	2,488	2,476	2,359	2,215	2,142
Public street and highway lighting	121	121	121	122	123	123	120	120	122	123	123
Public authorities — power and lighting	12	11	11	11	11	11	11	11	11	11	11
Other electric utilities	12	11	11	12	14	17	19	13	13	14	14
Total	406,063	400,137	389,701	377,583	368,816	358,792	353,097	349,441	346,876	342,964	339,077
Residential Sales											
Average kwh per customer	8,877	9,259	8,917	8,563	8,197	8,327	8,774	7,754	7,709	8,923	7,556
Average revenue per kwh — cents	8.085	8.203	8.268	8.220	7.559	7.489	7.345	6.742	6.606	6.073	5.373
Load Statistics											
Generated (net) — kwh *(000's)*	13,764,615	12,706,879	12,965,948	12,115,894	11,170,702	10,156,804	9,191,332	9,138,284	10,762,030	10,097,801	7,535,581
Purchased — kwh *(000's)*	15,529	15,464	14,728	13,212	12,504	12,825	12,559	11,346	11,051	11,761	79,995
Interchanged (net) — kwh *(000's)*	(2,877,621)	(1,803,815)	(2,492,935)	(2,159,836)	(1,589,115)	(651,560)	193,436	(539,953)	(1,908,379)	(902,501)	1,196,104
Total — kwh *(000's)*	10,902,523	10,918,488	10,487,741	9,969,270	9,594,091	9,518,070	9,397,327	8,609,697	8,864,702	9,205,061	8,811,688
Maximum net hourly demand in kilowatts (winter)	1,829,000	1,573,000	1,514,000	1,490,000	1,466,000	1,388,000	1,435,000	1,315,000	1,304,000	1,299,020	1,317,000
Maximum net hourly demand in kilowatts (summer)	2,541,000	2,456,000	2,531,000	2,373,000	2,235,000	2,297,000	2,324,000	2,167,000	2,123,000	2,198,000	1,964,000
Net generating capability in kilowatts (summer)	3,025,000	2,992,000	2,937,000	2,937,000	2,937,000	2,477,000	2,636,000	2,776,000	2,586,000	2,838,000	2,560,000
Net capacity in kilowatts (sold) purchased (summer)	81,000	36,000	(64,000)	41,000	41,000	151,000	41,000	—	(200,000)	(150,000)	—
Btu per net kwh generated	10,674	10,797	10,676	10,754	10,635	10,756	10,874	11,138	11,319	11,158	11,633

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ARTHUR J. DOYLE*
Chairman of the Board

WILLIAM H. CLARK*
President
Urban League of Greater Kansas City
—community service agency

ROBERT J. DINEEN*
President and Chief Executive Officer
The Marley Company
—diversified manufacturing and service company

W. THOMAS GRANT II
President and Chief Executive Officer
Business Men's Assurance Company of America
—insurance

A. DRUE JENNINGS*
President and Chief Executive Officer

GEORGE E. NETTELS, JR.
President
Midwest Minerals, Inc.
Pittsburg, Kansas
—construction mineral processing and quarry operations

LOUIS C. RASMUSSEN***
Vice Chairman

GEORGE A. RUSSELL
Chancellor
University of Missouri–Kansas City

EUGENE M. STRAUSS
Owner of Strauss
insurance general agency

LINDA HOOD TALBOTT
President
Clearinghouse for Midcontinent Foundations
—information exchange for philanthropic activities

ROBERT H. WEST*
Chairman of the Board and Chief Executive Officer
Butler Manufacturing Company
—supplier of non-residential building systems, specialty components and construction services

[redacted]

A. DRUE JENNINGS, *43*
President and Chief Executive Officer
1980

LOUIS C. RASMUSSEN, *61*
Vice Chairman
1974

SAMUEL P. COWLEY, *55*
Senior Vice President-Corporate Affairs, Secretary and Chief Legal Officer
1979

J. MICHAEL EVANS, *44*
Senior Vice President-System Operations and Chief Operating Officer
1983

BERNARD J. BEAUDOIN, *49*
Vice President-Finance and Chief Financial Officer
1984

JAMES L. HOGAN, *59*
Vice President-Engineering
1984

FRANK L. BRANCA, *42*
Vice President-Power Supply
1989

MARCUS JACKSON, *38*
Vice President-Power Production
1989

WILLIAM H. MILLER, *55*
Vice President-Human Resources
1980

RONALD G. WASSON, *45*
Vice President-Administrative Services
1983

JOHN J. DeSTEFANO, *40*
Treasurer
1989

NEIL A. ROADMAN, *44*
Controller
1980

MARK C. SHOLANDER, *4:*
General Counsel
1986

*Member, Executive Committee

**Listing includes age, title and year promoted to officer.

***Mr. Rasmussen resigned from the Board of Directors effective February 6, 1990.

[redacted]

INVESTOR CONTACTS

Shareholder Account Information
Shareholder Relations Department
(816) 556-2053

Financial Information
Investor Relations Department
(816) 556-2312

ANNUAL REPORT ON FORM 10-K

Copies of the Company's annual report to the Securities and Exchange Commission on Form 10-K will be provided without charge to any shareholder or beneficial owner of shares of the Company's stock upon written request to Samuel P. Cowley, Senior Vice President and Secretary, Kansas City Power & Light Company, P.O. Box 418679, Kansas City, Missouri 64141-9679.

TRANSFER AGENT AND REGISTRAR
For Common and Preferred Stock

United Missouri Bank of Kansas City, N.A.
Securities Transfer Department
P.O. Box 410064
Kansas City, Missouri 64141
(816) 556-7888

COMMON STOCK PRICE RANGE

	1989		1988	
Quarter	High	Low	High	Low
First	31	28¼	29¼	24¼
Second	33¼	29¼	29½	26¼
Third	35¼	32¾	30¼	27¼
Fourth	36¼	32¼	32¼	29½

Common Stock is listed on the New York Stock Exchange (NYSE) and the Midwest Stock Exchange.

NYSE Ticker Symbol: KLT

Number of Common Stockholders: 30,665 at December 31, 1989.

COMMON STOCK DIVIDENDS

Common Stock dividends were declared as follows:

Quarter	1990	1989	1988
First	$0.64	$0.61	$0.56
Second		0.61	0.56
Third		0.64	0.61
Fourth		0.64	0.61

PREFERRED STOCK DIVIDENDS

Quarterly dividends on Preferred Stock were declared in each quarter of 1989 and 1988 as follows:

Cumulative Preferred Stock		Cumulative No Par Preferred Stock	
Series	Amount	Series	Amount
3.80%	$0.95	$ 2.33	$0.5825
4.00%	1.00	2.20	0.55
4.20%	1.05		
4.35%	1.0875		
4.50%	1.125		
7.72%	1.93		

All dividends paid by the Company in 1989 were determined to be dividend income and no portion was considered a return of capital.

Kansas City Power & Light Company is a medium-size electric utility and the corporate successor to one of the world's first electric companies, generating electricity since 1882. Headquartered in downtown Kansas City, Missouri, the Company generates and distributes electricity to over 409,000 customers in a 4,700-square-mile area located in 23 counties in western Missouri and eastern Kansas. Customers include 360,000 residences, 47,000 commercial firms, and over 2,000 industries, municipalities and other electric utilities. About two-thirds of total kwh sales and revenue are from Missouri customers and the remainder from Kansas.

Generating Capacity and the MOKAN Pool The Company's 1989 total available capacity was 3,106 mw, including 3,025 mw of installed generating capacity plus 81 mw of net capacity purchases. Its 1989 system peak load was 2,541 mw and resulted in a capacity margin of about 18.2%, the equivalent of a reserve margin of 22.2%. In addition to being a member of the Southwest Power Pool, a regional reliability council, KCPL is one of 11 members of the MOKAN Pool formed in 1962 to share reserve capacity, coordinate planning for additional generating units and expand transmission lines. Transmission connections with numerous utilities in Missouri, Kansas, Nebraska, Iowa and Minnesota enhance the Company's system reliability. Kansas City is a key center in the interconnected system which enables regional and interregional bulk power transactions among electric utility systems.

Service Area Some 95% of the Company's business is derived from metropolitan Kansas City. With a metro-area population of over 1.5 million, Kansas City has a diversified economy which features a healthy mix of manufacturing and services with a strong agribusiness base. Kansas City is considered a world agribusiness capital, centered around the Kansas City Board of Trade where wheat and other commodity futures are traded. In addition, Kansas City leads the nation in hard winter wheat marketing and frozen food storage and distribution, ranks second in wheat flour production, third in grain elevator storage capacity and is the nation's third largest feeder cattle market.

Along with its strong agribusiness base, Kansas City leads the nation in greeting card publishing and the manufacturing of instrument landing systems, has the nation's second largest rail center and ranks third in automobile assembly. Kansas City is a major retail center, ranking 25th among large metropolitan areas in total retail sales, and is a major convention and entertainment center.

Located halfway between the population centers of the country and midway between Houston and the Canadian border, Kansas City is well-positioned as a national hub for efficient networks of transportation and communications. Kansas City is a major operating base for AT&T and is home to United Telecommunications, Inc. and its US Sprint unit, the nation's third largest telephone long-distance service carrier. Kansas City is also home to three of the country's largest trucking companies. The centrality of Kansas City will continue to play an important role in the area's steady economic growth.

arisa City, is

the capital city of the nation and

the world's most productive

agriculture region.

he people of

Kansas City have been a major

reason for Hallmark's success over the

past 80 years."

ansas City's

central location and excellent work-

force make it a very attractive place for

us to grow and expand our businesses."

ur 58-acre

research park will be visible evidence

of what a university base can mean

to a healthy Kansas City economy."

[illegible]

ansas City

ranks among the best in offering a

healthy business environment for

growing companies."

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