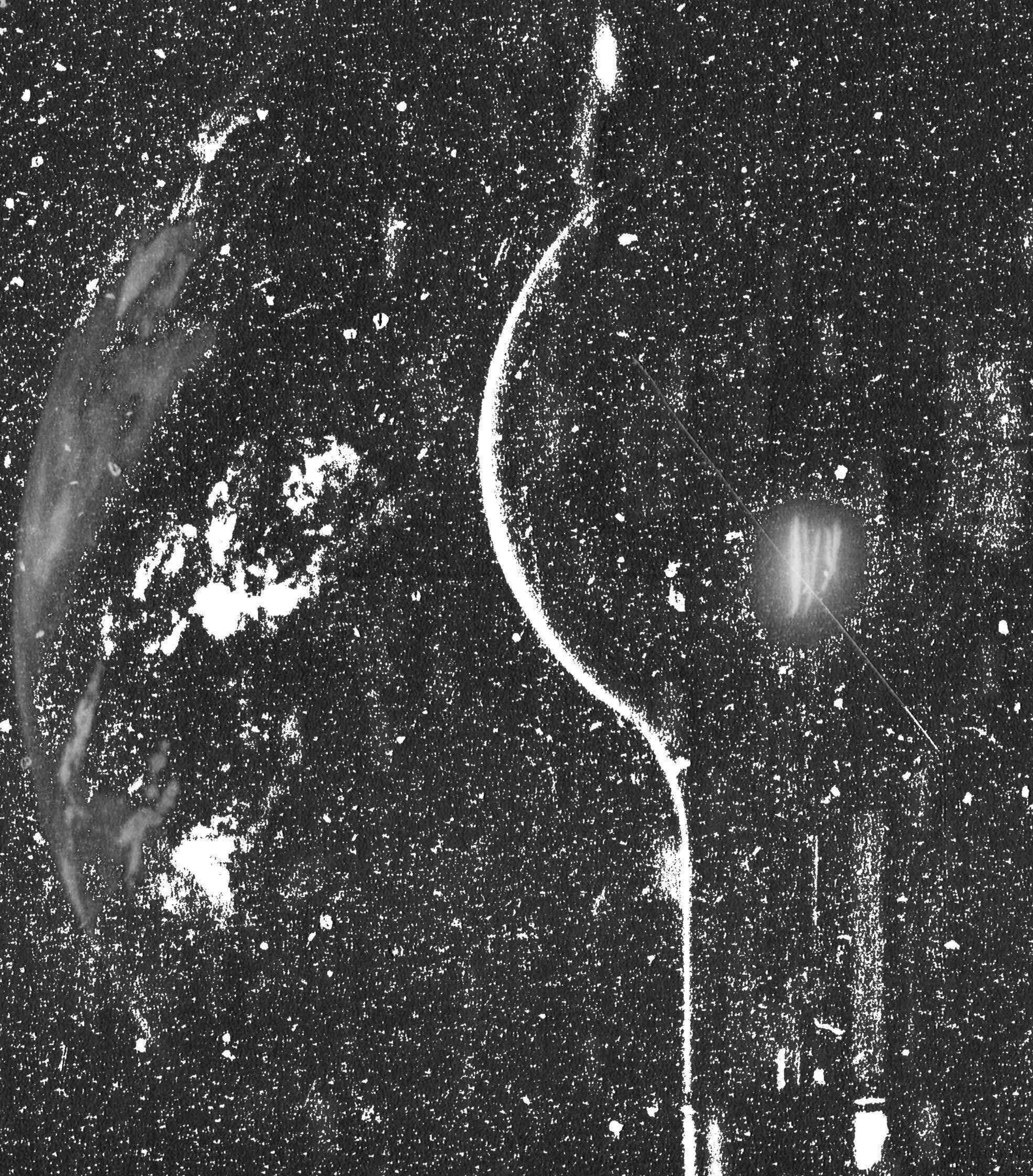
A N N U A L R E P O R T 1 9 9 2

KANSAS CITY
POWER & LIGHT
COMPANY



ENERGY FOR OUR FUTURE

YEAR AT A GLANCE

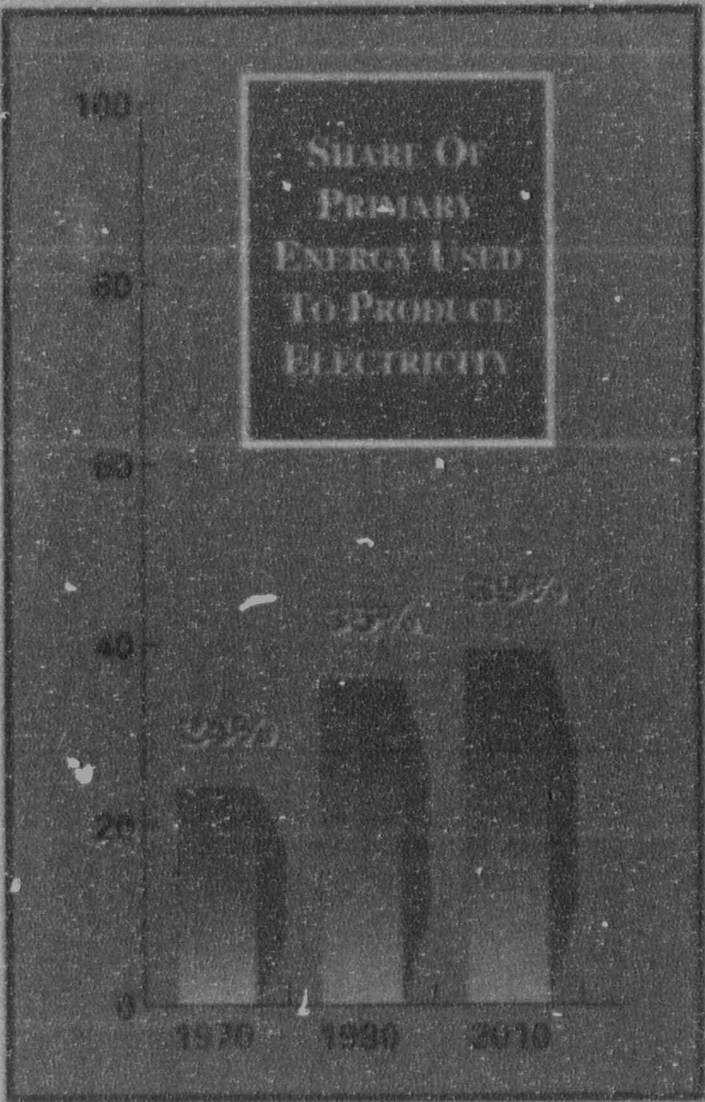
- TWO-FOR-ONE COMMON STOCK SPLIT DECLARED, EFFECTIVE MAY 29, 1992.
- QUARTERLY COMMON STOCK DIVIDEND INCREASED MAY 5 TO $0.36 PER SHARE, $1.44 INDICATED ANNUAL LEVEL.
- COOLEST SUMMER RECORDED IN KANSAS CITY SINCE 1950, SECOND COOLEST ON RECORD, REDUCED KWH SALES, ELECTRIC RETAIL REVENUES.
- EARNINGS PER AVERAGE COMMON SHARE TOTALED $1.35. WEATHER ALONE REDUCED EARNINGS BY APPROXIMATELY $0.35 PER SHARE.
- CORPORATE HEADQUARTERS RELOCATED TO MODERN ALL-ELECTRIC FACILITY IN DOWNTOWN KANSAS CITY.
- EXTENSIVE BENCHMARKING PROCESS ASSESSED BUSINESS PRACTICES TO IMPROVE SERVICE.
- FORMED KLT INC., A WHOLLY-OWNED SUBSIDIARY TO INVEST IN NON-REGULATED, ENERGY-RELATED ENTERPRISES.

ON THE COVER

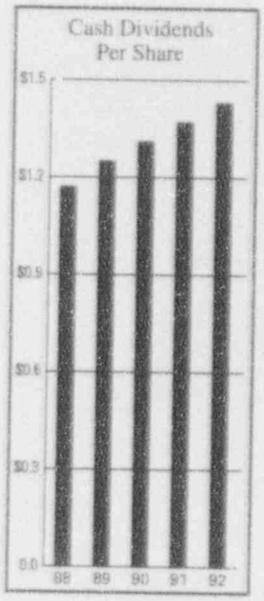
Electricity, so inextricable a part of human life, increasingly powers our businesses, our homes, our nation and our global community. Electricity is the energy of our future.

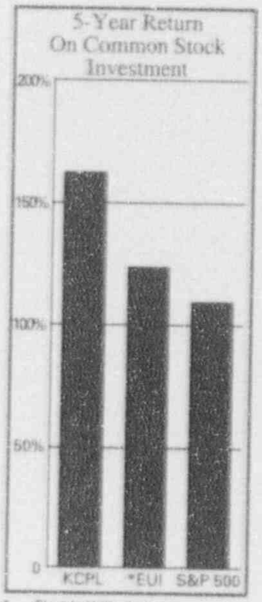
OPPOSITE

Over the next 20 years, electricity will capture an increasing share of the total energy market. After growing from 24 percent in 1970 to 36 percent in 1990, the share of total primary energy consumed to produce electricity is expected to approach 39 percent by 2010. *Annual Energy Outlook 1993*, Energy Information Administration.


Share Of Primary Energy Used To Produce Electricity
100
80
60
40
20
0
1970
1990
2010

Contents





* Electric Utility Index

1993 Annual Meeting of Shareholders

Date: Tuesday, May 4, 1993

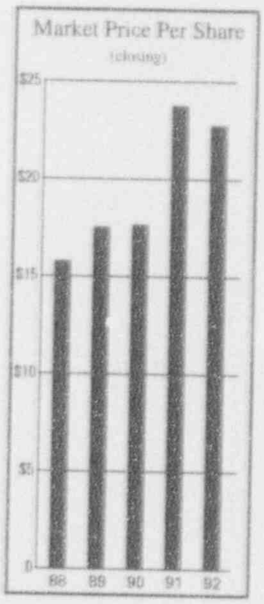
Time: 10:00 a.m.

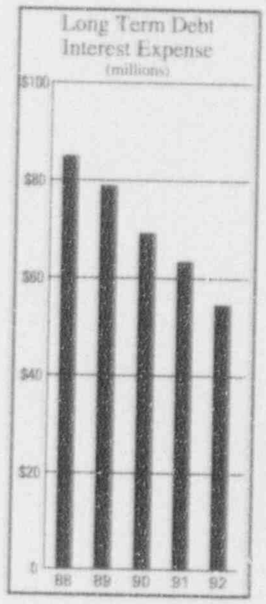
Location: Folly Theater
300 West Twelfth Street
Kansas City, Missouri

Shareholders of record on March 1, 1993, are eligible to vote at the meeting and will be mailed a notice of meeting, proxy statements and form of proxy.

CORPORATE OFFICES
1201 Walnut
Kansas City, Missouri 64106-2124

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





TO OUR STOCKHOLDERS:

DRUE JENNINGS,
CHAIRMAN OF THE BOARD
AND PRESIDENT

Our 1992 results display the influence of two significant factors:

- The adverse impact on earnings per share of abnormally mild weather that prevailed throughout the region, and
- The otherwise outstanding performance of virtually all other aspects of Company operations.

Our earnings per share were $1.35, compared with $1.58 in 1991 (adjusted for the May 1992 two-for-one stock split). The mild weather's impact reduced earnings by an estimated 35¢ per share.

Retail electric revenues of $741.9 million were down 4.5% from last year on sales of 10.7 billion kilowatt-hours. Based upon records kept since 1935, the summer of 1992 was the second coolest on record, surpassed only by 1950.

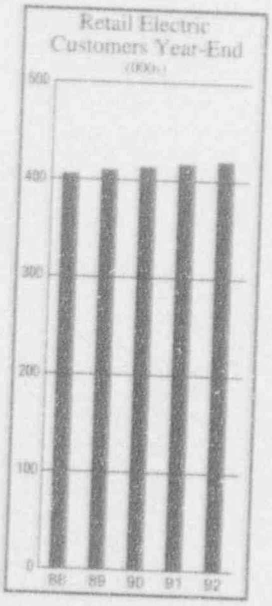
While overall sales were down, sales to industrial customers increased 5.9% over last year, revealing modest growth in the regional economy despite the effects of national recession. And though lagging historical trends, the addition of 3,200 new customers was encouraging.

In May, stockholders approved an increase in authorized shares of common stock, enabling among other things the implementation of a two-for-one stock split. That same month, the Board of Directors declared an increase of approximately 3% in the common stock dividend, to an indicated annual rate of $1.44 per share.

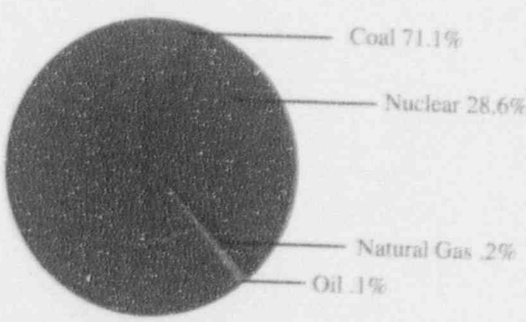
Highlights of the Year

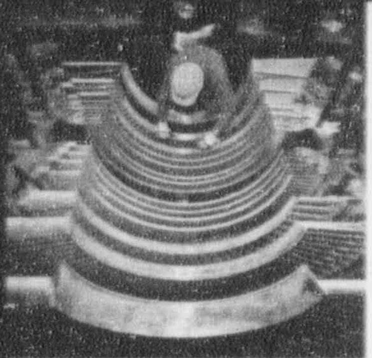
	Year Ended December 31 1992	1991	Percent Increase (Decrease)
Total Operating Revenues (000's)	$ 802,668	$ 825,101	(2.7)
Net Income (000's)	$ 86,334	$ 103,893	(16.9)
Earnings Available for Common (000's)	$ 83,272	$ 97,870	(14.9)
*Average Number of Shares**	61,908,726	61,908,726	—
*Per Common Share:**			
Earnings	$ 1.35	$ 1.58	(14.6)
Dividends	$ 1.43	$ 1.37	4.4
Book Value	$ 13.79	$ 13.90	(.8)
Year-end Stock Price	$ 22¾	$ 23¾	(4.2)
Return on Year-end Common Equity (%)	9.8	11.4	(14.0)
Dividend Payout (%)	106	87	21.8
Construction Expenditures (000's)	$ 129,559	$ 122,447	5.8
Electric Plant (000's)	$ 3,133,059	$ 3,060,333	2.4
Selected Statistics (000's)			
Retail Kilowatt-hour Sales	10,658,908	11,052,269	(3.6)
Peak Load—Summer (kw)	2,624	2,751	(4.6)
Peak Load—Winter (kw)	1,687	1,674	.8
Number of Retail Customers (average)	416,052	413,426	.6
Number of Stockholders	32,553	30,698	6.0
*Capitalization (% total)***			
Common Equity	49.3	49.9	
Preferred Stock	5.2	2.4	
Long-term Debt	45.5	47.7	

*Prior year amounts have been restated to reflect the May 1992 two-for-one common stock split.
**Exclusive of long-term debt and preferred stock included in current liabilities.



1992 Fuel Mix %





IN 1992, KCPL'S TOTAL BASELOAD GENERATING UNITS MARKED 83% AVAILABILITY, WITH A NET GENERATION OF 13,417,000 MEGAWATT-HOURS.

THE AVERAGE NUMBER OF OUTAGES PER METRO CUSTOMER DECREASED 16%, AND THE AVERAGE LENGTH OF OUTAGES DECLINED 10.6%.

RESULTS FROM CAMBRIDGE SURVEYS SHOW AN 81% CUSTOMER FAVORABILITY RATING FOR KCPL, COMPARED TO AN INDUSTRY AVERAGE OF 73%.

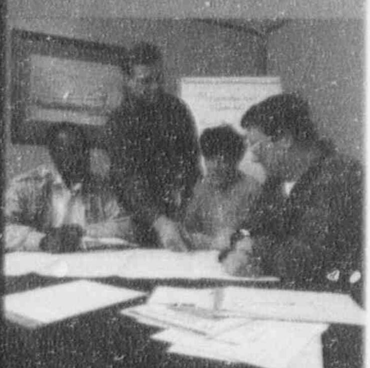
We continued to enjoy strong cash flow from operations for the year, providing 2.8 times coverage of common stock dividend requirements, and to take advantage of lower interest rates in reducing the 1992 average rate on long-term debt to 6.63%. That rate has declined consistently, from 8.32% in 1989 to 8% in 1990, and to 7.53% in 1991. Over the past five years total long-term debt has been reduced nearly 25%, from $1,079.5 million to $814.7 million, while annual interest expense on long-term debt has declined from $89.7 million in 1987, to $54.3 million in 1992. Meanwhile, our credit ratings have regained a solid A status.

One of our most significant operating expenses—system fuel costs—remained among the lowest in the region at 83¢ per million Btu. Wolf Creek Generating Station, our only nuclear unit (of which we own 47%), recorded average nuclear fuel costs of 32¢ per million Btu, while our fossil-fuel plants (essentially coal) posted average costs of $1.03 per million Btu. Generating plant performance was again commendable, averaging 83% availability for the year. Wolf Creek overcame a delayed first quarter return to service from a 1991 refueling outage, finishing the year with an average 86% availability. The unit is scheduled for refueling again commencing in March 1993.

Over the past five years, the Company has added nearly 23,000 retail customers and seen its total annual retail electric revenues grow by $54 million. Meanwhile, total employment has remained essentially flat, revealing productivity gains so essential in a more competitive environment. Cost containment efforts, coupled with enhanced customer service, have yielded pleasing results. Electric service rates have remained stable, actually declining on an inflation-adjusted basis. KCPL's total return to stockholders for the five years ended 1992 was 162%, compared with 124% for the EEI 100 Electric Utility Index, and 109% for the S&P 500.

KCPL WAS INVOLVED IN NUMEROUS ENVIRONMENTAL PROJECTS SUCH AS RESTORING NATIVE GRASSES AND WILDFLOWERS ON THIS SUBSTATION PROPERTY.

EMPLOYEES DEMONSTRATED COMMITMENT TO OUR COMMUNITIES AS VOLUNTEERS FOR HUNDREDS OF PROJECTS AND ACTIVITIES.



EMPLOYEES WORKED HAND IN HAND TO IMPLEMENT IDEAS FOR CONTINUOUSLY IMPROVING KCPL PRODUCTS AND PROCEDURES WHILE CONTAINING COSTS.

Despite this performance record, we realize the change underway in our industry represents a significant challenge. In October, the President signed the complex and far-reaching Energy Policy Act of 1992, thus codifying policies aimed at encouraging greater competition, heightened environmental protection, and energy conservation. Significant among the Act's sweeping provisions are those that promote the growth of independent power producers, provide for expanded use of high voltage transmission facilities by non-owning systems, and direct the implementation of measures to reduce kilowatt-hour consumption by all customers. We have anticipated these changes and have attempted to prepare ourselves for the opportunities they represent.

In order to meet our goal of being the regional energy supplier of choice, we have stressed prudent, cost-effective management of all our facilities striving for improved availabilities and life extension. We have forged new relationships with customers, including partnership arrangements where mutually beneficial, and have stressed cost containment with our employees in order to keep rates stable. We have carried on frequent and open dialogue with regulators and public policy leaders in order to keep them apprised of our plans.

We began last year a process to "benchmark" our key measures of performance and cost causation throughout the Company, and took steps to better link performance and compensation. Several areas of improvement are being addressed now.

In November, the Board of Directors authorized the formation of a wholly-owned subsidiary—KLT Inc.—through which the Company will pursue investment in non-regulated ventures such as new power generation facilities, energy management and power quality improvement consulting services, and other activities that complement our traditional core business. We continue to investigate and analyze opportunities that offer the prospects for economies of scale, strengthened and enlarged markets, improved customer service, and thus an increase in stockholder value.

KCPL RELOCATED CORPORATE HEADQUARTERS AS PART OF A $23 MILLION FACILITIES PLAN TO IMPROVE CUSTOMER SERVICE AND DEMONSTRATE ELECTRIC TECHNOLOGIES.

INCLUDED WAS A NEW NORTHLAND SERVICE CENTER TO BETTER SERVE A GROWING CUSTOMER BASE IN THE NORTHERN SECTION OF METROPOLITAN KANSAS CITY.

AND, EXISTING FACILITIES WERE RENOVATED TO PROVIDE EMPLOYEES MORE EFFICIENT WORKING ENVIRONMENTS AS THEY PURSUE EVEN GREATER ACHIEVEMENT.

The prospects for future growth in electricity requirements remain quite positive, as most forecasts indicate electricity consumption keeping pace with gross domestic product growth, while outpacing total energy growth. The growth of electrotechnologies, expanding domestic and commercial space conditioning and process uses, and generally greater energy efficiency associated with increasing electric energy use are positive trends. The demonstrably stable area economy should benefit from this growth as well. In a recent study of five comparable cities, Kansas City was the only one to see an increase in manufacturing employment, and was next to lowest in percentage unemployment. Public improvement projects, expansion of convention and entertainment facilities, and redevelopment initiatives are indicative of civic and business reinvestment for the future. Often cited among Kansas City's attributes are its transportation network of rail, river and surface roads, improving public school systems, a quality work force and the proactive attitude of local government and the participation of civic groups in the City's future.

Over the past several years, we have placed considerable emphasis on preparing our Company, and our work force, for the challenges of enhanced competition. We have stressed improved customer service, greater personal accountability, cost consciousness, performance based compensation, and above all, adaptability to change. While much remains to be accomplished, we have made considerable progress, which is responsible for the Company's performance record. We believe we are better prepared for a competitive environment, and welcome its opportunities.

For the Board of Directors,

Drue Jennings

Drue Jennings
Chairman of the Board
and President

Balance Sheets

	Assets	December 31 1992	1991
		(thousands)	
Utility Plant, at original cost (Notes 1, 7 and 8)	Electric	$3,133,059	$3,060,333
	Less — Accumulated depreciation	948,266	891,782
	Net utility plant in service	2,184,793	2,168,551
	Construction work in progress	65,965	57,706
	Nuclear fuel, net of amortization of $78,735,000 and $69,152,000	34,210	27,060
	Total	2,284,968	2,253,317
Regulatory Asset — Deferred Wolf Creek Costs (Note 1)		39,484	49,850
Regulatory Asset — Recoverable Taxes (Note 1)		94,000	99,000
Investments and Nonutility Property		27,570	17,394
Current Assets	Cash	128	128
	Receivables		
	Customer accounts receivable *(Note 4)*	14,372	20,324
	Other receivables	24,043	20,939
	Fuel inventories, at average cost	20,625	19,766
	Materials and supplies, at average cost	45,263	45,917
	Prepayments	12,968	8,165
	Deferred income taxes	5,553	1,655
	Total	122,952	116,894
Deferred Charges	Regulatory Assets *(Note 1)*		
	Settlement of fuel contracts	25,751	29,982
	KCC Wolf Creek carrying costs	12,311	15,047
	MPSC rate phase-in plan	7,072	14,144
	Other	26,798	14,816
	Other deferred charges	6,017	4,595
	Total	77,949	78,584
	Total	$2,646,923	$2,615,039

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

	Liabilities	1992	1991
		December 31 (*thousands*)	
Capitalization (Notes 6 and 7) (See Statements)	Common stock—authorized 150,000,000 shares without par value—61,908,726 shares issued and outstanding—stated value	**$ 449,697**	$ 449,697
	Retained earnings	**405,985**	411,161
	Capital stock premium and expense	**(1,758)**	(629)
	Common Stock Equity	**853,924**	860,229
	Cumulative preferred stock	**89,000**	39,000
	Cumulative preferred stock (redeemable)	**1,916**	2,076
	Long-term debt	**788,209**	822,680
	Total	**1,733,049**	1,723,985
Current Liabilities	Notes payable to banks *(Note 5)*	**—**	34,000
	Commercial paper *(Note 5)*	**33,000**	52,000
	Current maturities of long-term debt	**26,500**	—
	Preferred stock *(Note 6)*	**—**	13,000
	Accounts payable	**77,162**	72,324
	Dividends declared	**423**	680
	Accrued taxes	**19,864**	17,460
	Accrued interest	**12,949**	12,461
	Accrued payroll and vacations	**18,04[illegible]**	15,169
	Accrued refueling outage costs *(Note 1)*	**12,600**	—
	Other	**7,631**	7,444
	Total	**208,173**	224,538
Deferred Credits and Other Liabilities	Deferred income taxes	**576,222**	553,345
	Deferred investment tax credits	**91,530**	96,051
	Other	**37,949**	17,120
	Total	**705,701**	666,516
Commitments and Contingencies (Note 3)			
	Total	**$2,646,923**	$2,615,039

Statements of Income

		1992	1991	1990
		Year Ended December 31	*(thousands)*	
Operating Revenues	Electric	$ 802,668	$ 825,101	$ 812,912
	Steam heat	—	—	2,658
	Total	802,668	825,101	815,570
Operating Expenses	Operation			
	Fuel	130,032	132,100	136,849
	Purchased power	21,868	22,226	15,421
	Other	175,937	162,548	148,444
	Maintenance	81,163	80,922	79,467
	Depreciation	88,768	86,795	85,020
	Taxes (See statements)			
	Income	51,691	61,871	65,040
	General	92,461	88,525	83,564
	Amortization of			
	MPSC rate phase-in plan *(Note 1)*	7,072	7,072	7,072
	Deferred Wolf Creek costs *(Note 1)*	13,102	11,734	10,366
	Total	662,094	653,793	631,243
Operating Income		140,574	171,308	184,327
Other Income and Deductions	Allowance for equity funds used during construction	1,073	539	126
	Deferred Wolf Creek carrying costs *(Note 1)*	—	791	1,489
	Miscellaneous	2,595	(3,829)	(15,952)
	Income taxes	(505)	1,593	7,978
	Total	3,163	(906)	(6,359)
Income Before Interest Charges		143,737	170,402	177,968
Interest Charges	Long-term debt	54,266	63,057	68,853
	Short-term notes	2,749	3,299	6,199
	Miscellaneous	2,173	2,665	2,492
	Allowance for borrowed funds used during construction	(1,785)	(2,512)	(2,308)
	Total	57,403	66,509	75,236
Yearly Results	Net income	86,334	103,893	102,732
	Preferred stock dividend requirements	3,062	6,023	6,360
	Earnings available for common stock	$ 83,272	$ 97,870	$ 96,372
	Average number of common shares outstanding*	61,908,726	61,908,726	61,899,526
	Earnings per common share*	$ 1.35	$ 1.58	$ 1.56
	Cash dividends per common share*	$ 1.43	$ 1.37	$ 1.31

*Prior year amounts have been restated to reflect the May 1992 two-for-one common stock split.

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

Statements of Cash Flows

		1992	1991	1990
			Year Ended December 31 (thousands)	
Cash Flows From Operating Activities	Net income	**$ 86,334**	$103,893	$102,732
	Adjustments to reconcile net income to net cash provided by operating activities:			
	Depreciation	**88,768**	86,795	85,020
	Amortization of nuclear fuel	**9,583**	6,199	8,391
	Deferred income taxes (net)	**23,979**	28,064	28,255
	Investment tax credit (net)	**(4,521)**	(7,009)	(3,276)
	Deferred Wolf Creek costs and amortization	**13,102**	10,943	8,877
	MPSC rate phase-in plan amortization	**7,072**	7,072	7,072
	Other amortizations	**5,921**	5,147	3,631
	Allowance for equity funds used during construction	**(1,073)**	(539)	(126)
	Total	**229,165**	240,565	240,576
	Cash flows affected by changes in:			
	Receivables	**2,848**	13,636	([illegible]64)
	Fuel inventories	**(859)**	137	2,8[illegible]3
	Materials and supplies	**654**	(98)	2,129
	Accounts payable	**4,838**	2,861	2,566
	Accrued taxes	**2,404**	2,995	549
	Accrued interest	**488**	(1,244)	(1,239)
	Wolf Creek refueling outage accrual	**12,600**	—	—
	Settlement of fuel contracts	**—**	(8,578)	(939)
	Other operating activities	**1,599**	2,175	2,401
	Net cash provided by operating activities	**253,737**	252,449	242,872
Cash Flows From Investing Activities	Construction expenditures	**(129,559)**	(122,447)	(92,558)
	Allowance for borrowed funds used during construction	**(1,785)**	(2,512)	(2,308)
	Other investing activities	**(4,589)**	(5,404)	2,290
	Net cash used in investing activities	**(135,933)**	(130,363)	(92,576)
Cash Flows From Financing Activities	Issuance of long-term debt	**134,750**	135,250	—
	Issuance of preferred stock	**50,000**	—	—
	Retirement of long-term debt	**(143,230)**	(163,215)	(68,345)
	Retirement of preferred stock	**(13,000)**	(40,000)	—
	Premium on reacquired stock and long-term debt	**(2,321)**	(5,516)	—
	Increase (decrease) in short-term borrowings	**(53,000)**	42,500	5,600
	Dividends declared	**(91,277)**	(90,232)	(87,442)
	Other financing activities	**274**	(879)	(113)
	Net cash used in financing activities	**(117,804)**	(122,092)	(150,300)
	Net decrease in cash	**—**	(6)	(4)
	Cash at beginning of year	**128**	134	138
	Cash at end of year	**$ 128**	$ 128	$ 134
	Cash paid during the year for:			
	Interest (net of amount capitalized)	**$ 55,223**	$ 66,290	$ 74,844
	Income taxes	**$ 32,995**	$ 37,117	$ 28,600

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

Statements of Taxes

		1992	1991	1990
		Year Ended December 31	(thousands)	
Components of Income Tax Expense				
Currently Payable	Federal	$ 28,081	$ 33,667	$ 27,324
	State	4,657	5,556	4,759
	Total	32,738	39,223	32,083
Deferred	Federal (net)	20,488	23,696	24,013
	State (net)	3,491	4,368	4,242
	Total	23,979	28,064	28,255
Investment Tax Credit	Provision	60	—	1,413
	Amortization	(4,581)	(7,009)	(4,689)
	Total	(4,521)	(7,009)	(3,276)
	Total income tax expense	52,196	60,278	57,062
Less:	Income taxes applicable to other income and deductions	505	(1,593)	(7,978)
	Income tax expense applicable to operating income	$ 51,691	$ 61,871	$ 65,040
Deferred Income Tax Expense				
	Depreciation differences	$ 29,136	$ 30,270	$ 30,683
	Deferred Wolf Creek costs amortization	(2,363)	(2,363)	(2,363)
	Wolf Creek refueling outage accrual	(4,725)	—	—
	Other	1,931	157	(65)
	Total	$ 23,979	$ 28,064	$ 28,255
General Tax Expense				
	Property and real estate	$ 44,300	$ 38,803	$ 35,666
	Gross receipts	39,232	41,223	39,637
	Other	8,929	8,499	8,261
	Total	$ 92,461	$ 88,525	$ 83,564

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

Statements of Cumulative Preferred Stock & Long-Term Debt

			December 31 1992	1991
			(thousands)	
Cumulative Preferred Stock *(excluding current portion) (Note 6)*				
$100 Par Value	3.80%	— 100,000 shares issued	**$ 10,000**	$ 10,000
	4.50%	— 100,000 shares issued	**10,000**	10,000
	4.20%	— 70,000 shares issued	**7,000**	7,000
	4.35%	— 120,000 shares issued	**12,000**	12,000
No Par	3.44%*	— 500,000 shares issued	**50,000**	-
		Total	**$ 89,000**	$ 39,000
Cumulative Preferred Stock (Redeemable) *(Note 6)*				
$100 Par Value	4%	— 19,157 and 20,757 shares issued	**$ 1,916**	$ 2,076
Long-Term Debt *(excluding current maturities) (Note 7)*				
First Mortgage Bonds	10¾%	series due 1993**	**$ —**	$ 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
	6¾%	series due 1998	**25,000**	25,000
	7⅛%	series due 1999	**26,000**	26,000
	9⅛%	series due 2000	**—**	35,000
	7¾%	series due 2001	**27,000**	27,000
	7⅝%	series due 2002	**30,000**	30,000
	8⅛%	series due 2006	**—**	40,000
	8⅛%	series due 2006	**30,000**	30,000
	5⅝%	series due 2007**	**21,940**	21,940
	5¾%	series due 2007**	**20,000**	20,000
	8½%	series due 2007	**30,000**	30,000
	9½%	series due 2008	**—**	25,000
	6⅞%	series "A" due 2008**	**—**	9,200
	6½%	series "B" due 2008**	**—**	21,800
	12%	series due 2013**	**11,980**	11,980
Medium-Term Notes	7.20%	series B due 1994 thru 2000***	**131,000**	135,250
	7.43%	series C due 2004 thru 2007***	**89,000**	—
Mortgage Bonds	4.10%*	series due 2017**	**31,000**	—
Guaranty of Pollution Control Bonds	5¾%	series due 2003	**13,980**	14,210
	3.36%	series "A" due 2015*	**56,500**	56,500
	3.52%	series "B" due 2015*	**50,000**	50,000
	3.42%	series "A" due 2017*	**50,000**	50,000
	3.51%	series "B" due 2017*	**40,000**	40,000
Banker's Acceptances			**—**	12,000
Unamortized Premium and Discount (net)			**(191)**	(700)
		Total	**$788,209**	$822,680

*Variable interest/dividend rate is as of December 31, 1992.

**Pledged in support of pollution control bonds or other agreements.

***Secured by Mortgage Bonds—the interest rates are on a weighted average basis.

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

Statements of Retained Earnings

		Year Ended December 31		
		1992	1991 (thousands)	1990
Beginning Balance		**$411,161**	$399,294	$384,004
Net Income		**86,334**	103,893	102,732
		497,495	503,187	486,736
Premium on Reacquired Preferred Stock		**233**	1,794	—
Dividends Declared	Preferred stock (at required rates)	**2,747**	5,417	6,359
	Common stock—			
	$1.31 per share			81,083
	$1.37 per share		84,815	
	$1.43 per share	**88,530**		
		91,277	90,232	87,442
Ending Balance (Note 6)		**$405,985**	$411,161	$399,294

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

Notes to Financial Statements

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. Unconsolidated subsidiaries are not material.

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 6.6% for 1992, 7.7% for 1991, and 9.0% for 1990.

Depreciation and Maintenance

Depreciation is computed on a straight-line basis pursuant to depreciation rates ordered to be used for jurisdictional property by the Missouri Public Service Commission (MPSC) and the Kansas Corporation Commission (KCC). Annual composite rates were approximately 2.9% during the last three years.

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. In 1989, the KCC increased their estimated cost of decommissioning Wolf Creek to $206 million in 1988 dollars and in 1992, the MPSC increased their estimated cost to $347 million in 1990 dollars. The corresponding increases in funding and expense commenced during 1990 and 1992 for the respective estimates. Pursuant to MPSC and KCC requirements, the jurisdictional portions of the Company's 47% share of these costs are being recovered and charged to operating expense over the life of the plant and placed in an external trust fund to be used only for the physical decommissioning of Wolf Creek which is not expected to occur prior to 2025.

The investment in the trust fund was $10.6 million and $7.8 million at December 31, 1992 and 1991, 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 to the DOE, for future permanent disposal services, a quarterly fee of one mill per kilowatt-hour of net nuclear generation. The disposal costs are charged to fuel expense and recovered through rates. Such disposal services may not be available prior to 2010 although an interim facility may be available earlier. Wolf Creek has an on-site spent nuclear fuel storage facility which, under current regulatory guidelines, can provide space until approximately 2006 for the temporary storage of spent nuclear fuel. The Company believes additional temporary storage space can be constructed or obtained, as necessary.

Regulatory Assets

Certain costs are recorded as regulatory assets when a rate order allows the deferral and inclusion of the amortization in rates or when it is probable, based on historical regulatory precedent, that future rates established by the regulators will recover amortization of such costs. If subsequent recovery is not permitted, any unamortized balance, net of tax, will be charged to expense at that time.

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 10-year period.

Recoverable Taxes

See Income Taxes for discussion.

Settlement of Fuel Contracts

The Company has deferred the cost incurred to terminate certain coal purchase contracts. These costs are being amortized through the year 2002.

KCC Wolf Creek Carrying Costs

On May 30, 1989, the KCC approved a Stipulation and Agreement 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 cumulative deferred asset through June 30, 1991. The recovery and corresponding amortization of this deferral over six years began on July 1, 1991.

MPSC Rate Phase-in Plan

The MPSC's 1986 Wolf Creek rate phase-in plan resulted in deferral of a cash recovery of a portion of the cost of equity and the carrying costs on the deferral. Recovery of such deferrals and the corresponding amortization of these deferrals over five years began on January 1, 1989.

Other

Other regulatory assets include premium on redeemed debt, deferral of costs to decommission and decontaminate the federal uranium enrichment facilities and other costs.

Fair Value of Financial Instruments

The stated value of financial instruments as of December 31, 1992 approximated fair market value. The fair market values were determined based on quoted market prices for the securities or for similar types of securities as of December 31, 1992 or were based on the Company's incremental borrowing rates for similar types of debt if quotes were not available on the Company's long-term debt.

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. In 1992, the FASB issued Statement No. 109 which supersedes FASB 96 and is effective for 1993. The effects of adopting FASB 109 in 1993 will not be material.

The asset, Regulatory Asset-Recoverable Taxes, created as a result of FASB 96, reflects primarily the future revenue requirements necessary to recover the tax benefits of existing temporary differences flowed through to the ratepayers in the past.

Although the Company has calculated its deferred tax assets and liabilities pursuant to Statement No. 96, operating income taxes were recorded in accordance with ratemaking principles.

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

	1992	1991	1990
Federal statutory income tax rate	34.0%	34.0%	34.0%
Differences between book and tax depreciation not normalized	1.7	1.8	1.7
Amortization of investment tax credit	(3.3)	(4.3)	(2.9)
State income taxes	3.9	4.0	3.7
Other	1.4	1.2	(.8)
Effective income tax rate	37.7%	36.7%	35.7%

If the application of FASB 96 were reflected in the Statements of Income, net income would remain the same.

Investment tax credits have been deferred when utilized and are being amortized to income over the remaining service lives of the related properties.

Accrued Refueling Outage Costs—Change in Accounting Principle

The Company changed, effective January 1992, its method of accounting for the incremental costs to be incurred during scheduled Wolf Creek refueling outages. Instead of expensing these costs as incurred, the Company is accruing forecasted outage costs evenly (monthly) over the unit's operating cycle which normally lasts approximately 18 months. The Company believes this method of accounting will produce a more meaningful presentation of yearly results of operations than the prior method. Since the accrual began on January 15, 1992, when Wolf Creek returned on-line after the last refueling outage, there is no cumulative effect for the change in accounting principle. The pro forma effects on prior periods, which are not material to the Statements of Income, would have increased net income by $3.2 million for 1991 ($0.05 per share) and $3.0 million for 1990 ($0.05 per share). Because there was no refueling outage in 1992, the effect of this change on 1992 operations increased operation, maintenance and replacement power costs by a total of $12.6 million and, after taxes, decreased net income by $7.8 million ($0.13 per share). The next refueling outage is scheduled to begin in March 1993.

Reclassifications

Certain reclassifications have been made to previously issued financial statements in order to conform with the 1992 presentation.

2. PENSION AND LONG-TERM INCENTIVE PLANS

Pension Plans

The Company has defined benefit 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 87. The following is the funded status of the plans:

	December 31	
	1992	1991
	(thousands)	
Accumulated Benefit Obligation:		
Vested	$173,021	$154,858
Non-vested	6,126	5,272
Total	$179,147	$160,130
Determination of Plan Assets less Obligations:		
Fair value of plan assets (a)	$272,001	$251,535
Projected benefit obligation (b)	241,902	212,655
Difference	$ 30,099	$ 38,880
Reconciliation of Difference:		
Contributions to trusts		
Prepaid	$ 8,759	$ 3,776
Accrued liability	(4,881)	(3,118)
Unamortized transition amount	18,828	20,899
Unrecognized net gain	11,494	21,852
Unrecognized prior service cost	(4,101)	(4,529)
Difference	$ 30,099	$ 38,880

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

(b) Based on discount rates of 8% to 8.5% and rates of increase in future salary levels of 5% to 6%.

Components of provisions for pensions (in thousands):

	1992	1991	1990
Service cost	$ 7,301	$ 6,162	$ 6,208
Interest cost on projected benefit obligation	17,903	16,617	15,757
Actual return on plan assets	(24,541)	(45,542)	1,088
Other	3,653	27,026	(18,416)
Total Pension Expense	$ 4,316	$ 4,263	$ 4,637

Long-term rates of return on plan assets of 8% to 8.5% were used.

Long-term Incentive Plan

In 1992, the shareholders adopted a 10-year Long-Term Incentive Plan for officers and key employees. Awards issued under the Plan cannot exceed 3 million common stock shares. During 1992, the Company granted options to purchase 86,000 shares of common stock at the then market price of $21.625 per share. The recipients of stock options are entitled to receive accumulated dividends as though reinvested if the options are exercised and if the market price at the time of exercise equals or exceeds the grant price. Fifty percent of the options can be exercised on or after June 8, 1993 with the remaining exercisable on or after June 8, 1994. Under the assumption that all shares will eventually be exercised, an expense of $0.2 million for accumulated dividends and the change in stock price since date of grant has been recorded as a 1992 operating expense.

3. COMMITMENTS AND CONTINGENCIES

Nuclear Liability and Insurance

The Price-Anderson Act currently limits the public liability to $7.807 billion, including attorney costs, of nuclear reactor owners for claims that could arise from a nuclear incident. Accordingly, the Company and the other owners of Wolf Creek have liability insurance coverage of this amount which consists of the maximum available commercial 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 a surcharge of 5%, per incident. 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 incident per year.

The owners of Wolf Creek also have property damage, decontamination and decommissioning insurance for loss resulting from damage to the Wolf Creek facilities in the amount of $2.625 billion. Nuclear insurance pools provide $1.3 billion of coverage. Nuclear Electric Insurance Limited (NEIL) provides $1.325 billion. In the event of an accident, insurance proceeds must first be used for reactor stabilization and site decontamination. The remaining proceeds from the $2.625 billion insurance coverage ($1.234 billion, Company's share), if any, can be used for property damage up to $1,070 million (Company's share), premature decommission-

ing costs up to $117 million (Company's share) in excess of funds previously collected for decommissioning (as discussed in Note 1) with the remaining $47 million (Company's share) available for either property damage or premature decommissioning costs.

The owners of Wolf Creek have also procured extra expense insurance from NEIL. Under both the NEIL property and extra expense policies, the Company is subject to retroactive assessment if NEIL 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's share under the policies total approximately $8 million per year.

In the event of a catastrophic loss at Wolf Creek, the amount of insurance available may not be adequate for property damages and extra expenses incurred. Uninsured losses, to the extent not recovered through rates, would be assumed by the Company and could have a material adverse effect on the Company's financial condition.

Nuclear Fuel Commitments

At December 31, 1992, Wolf Creek's nuclear fuel commitments (Company's share) were approximately $20 million for uranium concentrates through 1997, $139 million for enrichment through 2014 and $50 million for fabrication through 2014.

Tax Matters

The Company's federal income tax returns for the years 1985 through 1990 are presently under examination by the Internal Revenue Service (IRS). In 1992, the IRS issued Revenue Agent's Reports including proposed Income Tax Examination Changes for the years 1985 through 1988. The Reports include proposed adjustments which would reduce the Company's Wolf Creek investment tax credit (ITC) by 25% or approximately $20 million and tax depreciation by 23% or approximately $170 million. These amounts include the continuing effect of the adjustments through December 31, 1992. These adjustments, principally, are based upon the IRS's contention that (i) certain start-up and testing costs, which the Company considers to be costs of the plant, should be treated as licensing costs, which do not qualify for ITC or accelerated depreciation, and (ii) certain cooling and generating facilities should not qualify for ITC or accelerated depreciation.

If the IRS were to prevail on all of these proposed adjustments, the Company would be obligated to make cash payments, calculated through December 31, 1992, of approximately $90 million for additional federal and state income taxes and $40 million for corresponding interest. After offsets for deferred income taxes, these payments would reduce net income by approximately $25 million.

Based upon their interpretation of applicable tax principles and the tax treatment of similar costs and facilities with respect to other plants, it is the opinion of management and outside tax counsel that the IRS's proposed Wolf Creek adjustments are substantially overstated. The Company has filed a protest with the appeals division of the IRS. Management believes that any additional taxes, together with interest, which will result from the final resolution of these matters will not be material to the Company's financial condition.

Environmental Matters

The Company's operations must comply with federal, state and local environmental laws and regulations. Compliance programs necessary to meet existing and future environmental laws and regulations governing water and air quality, including carbon dioxide (CO_2) emissions, hazardous waste handling and disposal, toxic substances and the effects of electromagnetic fields (EMF) could require substantial changes to the Company's operations or facilities. Also any tax on emissions such as CO_2 or energy could significantly affect costs. The costs of compliance with environmental laws and regulations are normally recoverable through the ratemaking process.

Interstate Power Company (Interstate) filed a complaint in 1989 against the Company under the Federal Superfund law seeking indemnity and contribution for cleanup costs, estimated to be $1 million to $10 million, at an Iowa site sold by the Company to Interstate in 1957. The Company acquired a gas manufacturing plant on the site in 1932 and allegedly operated it for very brief periods of time before demolishing it in 1952.

The Company believes that it has several meritorious defenses against this action and has asserted them in its proceedings, including the fact that the 1957 sales documents include a clause indemnifying the Company from and against all claims and damages arising after the sale. As well, the Company is seeking contribution or indemnity for these cleanup costs, to the extent that the Company is found liable, from other parties to the lawsuit.

A hearing to determine if the Company should share in the costs of cleanup was completed in April 1992; the decision on this part of the case is expected to be received within the next year. If the Company is unsuccessful on the issues of liability, the Company believes that its allocated share of the cleanup costs would not be material to the financial condition of the Company.

Other Agreements

The Company has entered into, in the normal course of business, a variety of contracts.

Under long-term contractual arrangements, the Company's share of purchased coal during the last three years totaled approximately $21 million in 1992 and 1991 and $28 million in 1990. The Company's share of purchase commitments in 1992 dollars under the remaining term of the coal contracts is approximately $125 million. The Company also purchases coal on the spot market.

Under leases, the Company incurred rental expense during the last three years of approximately $13 million to $17 million per year. Rental commitments under leases for railroad cars, computer equipment, buildings and similar items are approximately $122 million over the remaining life of the leases with payments during each of the next five years ranging from a high of $17 million in 1993 to $8 million in 1997. Capital leases are not material to the Company and are included in the amounts discussed above. In addition, the Company has a transmission line lease with another utility whereby, with FERC approval, the rental payments under this lease can be increased by the lessor, after which the Company is entitled to cancel the lease if the Company is able to secure an alternative transmission path. Total commitments under this lease, not included above, are $1.9 million per year and approximately $62 million over the remaining life of the lease if the lease is not canceled.

The Company has entered into contracts to purchase capacity through May 2000 from other utilities. Such obligations increase each contract year from $10.6 million in 1993 for 395 mw to $16.1

million in 1995 for 450 mw. For contract years 1996 to 1999, the cost is $13.7 million per year for 300 mw of capacity.

4. SALE OF ACCOUNTS RECEIVABLE

In 1989, the Company entered into an agreement with a financial institution to sell with limited recourse, an undivided interest in designated accounts receivable. Accounts receivable sold under this agreement totaled $60 million as of December 31, 1992 and 1991 and $50 million as of December 31, 1990. Costs associated with the sale of customer accounts receivable of $2.6 million, $3.5 million and $4.4 million for 1992, 1991 and 1990, respectively, are included in other income and deductions-miscellaneous.

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 $175 million, which were not borrowed against as of December 31, 1992.

6. COMMON STOCK EQUITY, PREFERRED STOCK AND REDEEMABLE PREFERRED STOCK

On May 5, 1992, the Company's common shareholders approved an amendment to the Restated Articles of Consolidation increasing the number of authorized shares of common stock from 60,000,000 to 150,000,000 and a two-for-one common stock split. One additional share of common stock was issued on May 29, 1992 for each share issued and outstanding on May 13, 1992, the record date for the stock split. The Company incurred $0.2 million of costs during 1992 related to this stock split which was charged to capital stock premium and expense. All share and per share data has been restated to reflect the stock split.

The Company purchased common stock in 1990 which was distributed to the employees' 401(k) plan in 1990. The difference between the purchase price of these shares and market value at the time of distribution was charged to capital stock premium and expense along with the gain on retirement of preferred stock for sinking fund requirements.

Retained earnings at December 31, 1992 included $15 million which was not available for cash dividends on common stock under the provisions of the Indenture of Mortgage securing First Mortgage Bonds.

During 1991, the Company reacquired and retired the 800,000 shares of the $2.33 and 800,000 shares of the $2.20 Cumulative No Par Preferred Stock with a combined stated value of $40 million. The total cost of this transaction included a $4.7 million premium of which $2.9 million was charged against capital stock premium and expense and $1.8 million was charged against retained earnings.

In February 1992, the Company redeemed and retired the 130,000 shares of the 7.72% Cumulative Preferred Stock with a par value of $13 million. The cost of redeeming this stock included a premium of $0.3 million which was charged against retained earnings.

In April 1992, the Company issued $50 million, Cumulative No Par Preferred Stock, Auction Series A, stated value of $100 per share. The $0.9 million in costs associated with this issue were charged to capital stock premium and expense.

The issued Cumulative Preferred Stock of $91 million may be redeemed at the option of the Company at prices which, in the aggregate, total $91 million.

Scheduled mandatory sinking fund requirements for outstanding redeemable 4% Cumulative Preferred Stock are $160,000 per year.

At December 31, 1992, the Company had authorized 409,157 shares of Cumulative Preferred Stock at a par value of $100 per share, 1,572,000 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.

7. 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 Company is authorized to issue Mortgage Bonds under the General Mortgage Indenture and Deed of Trust dated December 1, 1986, as supplemented. 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.

The Company pledged Mortgage Bonds in the amount of $550 million to secure the outstanding $239 million (including $19 million recorded as current maturation of long-term debt) and the unissued $311 million of Medium-Term Notes as of December 31, 1992. In January 1993, $12 million of additional Notes were issued.

Scheduled Maturities

The following pollution control bond series have sinking fund requirements which begin in various years: 5¾% in 1989, 5⅞% in 1997 and 5⅞% in 1998.

The aggregate amount of maturities and sinking fund requirements during each of the next five years for the long-term debt outstanding as of December 31, 1992 is $26.5 million in 1993, $119.5 million in 1994, $45.0 million in 1995, $17.3 million in 1996 and $30.8 million in 1997.

8. JOINTLY-OWNED ELECTRIC UTILITY PLANTS

The Company has, under joint ownership agreements with other utilities, undivided interests at December 31, 1992 in utility plants as follows (in millions of dollars):

	Wolf Creek Unit	La Cygne Units	Iatan Unit
Company's share	47%	50%	70%
Utility plant in service	$1,315	$264	$247
Nuclear fuel in service	$ 34	—	—
Spent nuclear fuel	$ 53	—	—
Estimated accumulated depreciation (Production plant only)	$ 237	$144	$105
Accumulated amortization (Nuclear fuel)	$ 79	—	—
Company's accredited capacity-mw	532	678	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.

9. QUARTERLY OPERATING RESULTS (UNAUDITED)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(thousands)			
1992				
Operating revenues	$180,022	$196,505	$229,425	$196,716
Operating income	$ 23,795	$ 34,351	$ 50,638	$ 31,790
Net income	$ 8,321	$ 21,335	$ 38,044	$ 18,634
Earnings per common share	$ .12	$ .33	$ .60	$ .29
1991				
Operating revenues	$181,851	$208,575	$254,392	$180,283
Operating income	$ 35,131	$ 45,522	$ 66,627	$ 24,028
Net income	$ 17,728	$ 28,833	$ 49,633	$ 7,699
Earnings per common share	$ .26	$ .44	$ .78	$ .10

The business of the Company is subject to seasonal fluctuations with peak periods occurring during summer months. See Management's Discussion and Analysis of Financial Condition and Results of Operations for discussion of items affecting quarterly results such as Wolf Creek refueling outages and accruals and the abnormally cool 1992 summer season.

REPORT OF INDEPENDENT ACCOUNTANTS

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, 1992 and 1991, and the related statements of income, taxes, retained earnings, and cash flows for each of the three years in the period ended December 31, 1992. 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.

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, 1992 and 1991, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1992, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the Company changed its method of accounting for incremental nuclear refueling outage costs in 1992.

Coopers & Lybrand

Kansas City, Missouri
January 29, 1993

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Kwh Sales and Operating Revenues

Sales and revenue data:

	Increase (Decrease) From Prior Year			
	1992		1991	
	Kwh	Revenues	Kwh	Revenues
		(millions)		(millions)
Retail sales:				
Residential	(12.2)%	$ (33)	8.4 %	$ 18
Commercial	(1.7)%	(4)	4.1 %	9
Industrial	5.9 %	3	3.7 %	2
Other	1.3 %	—	(.7)%	—
Total retail sales	(3.6)%	(34)	5.3 %	29
Sales for resale:				
Bulk power sales	51.2 %	12	(39.0)%	(17)
Other	(5.8)%	—	(3.9)%	—
Total sales		(22)		12
Steam heat and other revenues		—		(2)
Total operating revenues		$ (22)		$ 10

A milder than normal cooling season adversely affected residential and commercial sales in 1992 in contrast to the warmer than normal cooling season of 1991. Based on the Company's records of cooling degree days above 65 °F, which date back to 1935, the summer of 1992 was the second coolest on record, 1950 being the coolest summer. The weather conditions were the primary cause of the variances in residential and commercial sales for 1992 and 1991 although both years also reflect load growth. Industrial kwh sales continued to increase over prior years and reflect increased large customer usage in the steel, auto manufacturing, grain processing and plastic container production sectors.

Bulk power sales have been affected by the Company's system requirements, requirements of other electric systems and availability of generating units.

Tariffs did not change materially during the last three years. Changes in total revenue per kwh are due to changes in the mix of kwh sales among customer classifications and the effect on certain classifications of declining price per kwh as kwh usage increases. Only the Company's wholesale rate schedules, which do not include bulk power sales, contain fuel adjustment provisions; wholesale revenues account for less than 1% of the Company's revenues.

The level of kwh sales in the future will depend upon weather conditions, customer conservation efforts, competing fuel sources and the overall economy of the Company's service area. Sales to industrial customers, such as steel and auto manufacturers, are also affected by the national economy. Future retail kwh sales will be positively affected by the 3,200 increase in the number of customers during 1992. The level of bulk power sales in the future will depend upon the availability of generating units, fuel costs, requirements of other electric systems and the Company's system requirements.

Also, issues facing the electric utility industry in general, such as deregulation, transmission access, demand-side management programs, increased competition and retention of large industrial customers could affect kwh sales. Alternative sources of electricity, such as cogeneration, could affect retention of and future sales to large industrial customers.

The Company sold the steam heat system in March 1990 resulting in minimal steam heat revenues for 1990 and the elimination of steam heat revenues in subsequent years.

Fuel Costs

Average electric fuel cost per million BTU decreased to $0.83 in 1992 from $0.92 in 1991 and $.87 in 1990.

Average nuclear fuel cost per million BTU, including disposal costs, was $0.32 in 1992, $0.30 in 1991 and $0.29 in 1990. The capacity factor at Wolf Creek Generating Station (Wolf Creek) was 85% in 1992, 59% in 1991 and 79% in 1990. The capacity factor for 1990 reflects a 68 day refueling outage. During the first half of 1991, Wolf Creek's capacity was reduced to approximately 50% to assure adequate fuel for full-power operation during the summer season. In September 1991, the unit was brought down for a scheduled refueling. The outage was extended through year-end for a total of 103 days in 1991 and 14 days in 1992 to accommodate additional motor-operated valve testing performed in response to a Nuclear Regulatory Commission (NRC) industry-wide generic letter. In February 1992, a forced outage occurred and during restart, a noise was heard in the containment building. The unit remained off-line for a total of 37 days to investigate and determine the cause of the noise and make minor modifications before it was returned to service. Wolf Creek has since operated at or near full capacity.

Average fuel cost per million BTU for fossil plants was $1.03 in 1992, $1.08 in 1991 and $1.06 in 1990. The 1992 lower cost reflects decreased coal prices and freight rates.

Because Wolf Creek's fuel costs are lower than any other Company unit, the combined nuclear and fossil average fuel cost is higher whenever the unit is down for refueling or operates below the prior period's average capacity.

Effective January 1992, in accordance with the change in accounting principle, the Company started accruing to fuel expense the estimated replacement power costs to be incurred during the scheduled spring 1993 Wolf Creek refueling outage. (Average fuel cost, as discussed above, does not include this accrual.)

The components of change in fuel costs:

	Increase (Decrease) From Prior Year	
	1992	1991
	(millions)	
Generation for customers and bulk power sales	$ 3	$ (8)
Average fuel cost	(13)	8
Wolf Creek refueling outage accrual	6	—
Coal physical inventory adjustment	2	(3)
Total	$ (2)	$ (3)*

*Excluding a $2 million drop in fuel costs because of the sale of the steam system.

Purchased Power

Purchased power for 1992 decreased only slightly from 1991 as the mild weather forced power prices down making it more economical at times to purchase power than to operate a higher cost per million BTU generating unit to meet peak loads. Purchased power for 1991 reflects lower availability of generating units and higher Company system requirements. The level of purchased power in the future will depend upon availability of generating units, fuel costs, requirements of other electric systems and the Company's system requirements.

See Note 3 to the Financial Statements-Commitments and Contingencies-for commitments under contracts to purchase capacity.

Other Operation Expenses

Other operation expenses increased in 1992 and 1991 partially due to increases in overall levels of general and administrative expenses of $7.7 million in 1992 and $5.9 million in 1991 reflecting increased wages, costs of various employee benefits and other effects of inflation. In addition, other production operation expenses at Wolf Creek increased $2.8 million in 1992 reflecting the $2.6 million accrual for estimated incremental operating expenses to be incurred during the next refueling outage. Wolf Creek expenses for 1992 also include the effects of the 37 day forced outage and 14 days of the extended refueling outage that began in 1991. Production operation expenses at Wolf Creek for 1991 increased by $4.2 million over 1990 mainly resulting from 103 days of the extended refueling outage compared to 68 days for the 1990 outage. The next refueling outage is scheduled to begin in March 1993.

Production operation expenses at the Company's fossil plants for 1992 were approximately equal to 1991 and increased $1.6 million over 1990.

Maintenance

Maintenance expenses at Wolf Creek for 1992, excluding the $4.0 million accrual for estimated incremental maintenance expenses to be incurred during the next refueling outage, decreased by $5.3 million from 1991 which had increased by $0.9 million over 1990. Maintenance expenses for 1992 include the effects of a 37 day forced outage at Wolf Creek and 14 days of the extended 1991 refueling outage whereas 1991 maintenance expense includes 103 days of the refueling outage compared to 68 days of the 1990 refueling outage.

Offsetting the decreases at Wolf Creek for 1992, fossil plant maintenance increased by $3.3 million mainly due to boiler overhauls. The 1991 fossil plant generating unit maintenance was approximately equal to the amount incurred in 1990.

Income Taxes

The decreases in operating income taxes for 1992 and 1991 are due to decreases in income subject to tax. In addition, investment tax credit (ITC) amortization increased $2.7 million in the fourth quarter of 1991 to fully amortize previously utilized ITC on nuclear fuel already burned.

General Taxes

The increase in general taxes for 1992 is due primarily to the new Kansas school finance legislation that increased the Company's property tax expense over 1991 by $4 million. The Company estimates this legislation will increase its property tax expense over 1991 by $5 million in 1993 and $6 million in 1994. In addition, general taxes also increased approximately $1 million due to higher property assessments and tax rates, offset by a decrease of $2 million in gross receipts taxes due to lower billed revenues in areas subject to tax. A new Kansas property tax classification amendment will further increase the Company's property taxes by an estimated $2 million beginning in 1993.

The 1991 increase in general taxes over 1990 relates primarily to an increase of $1.6 million in gross receipts taxes resulting from higher billed revenues in areas subject to tax and an increase of $3.1 million in property and real estate taxes due to higher property assessments and tax rates.

Other Income and Deductions

Miscellaneous and Income Taxes — This reflects a decrease to net income in 1990 primarily because of the expensing in the fourth quarter of 1990 the costs associated with the terminated tender offer for Kansas Gas and Electric Company (KG&E) in the amount of $12.9 million before taxes and $8.1 million after taxes ($0.13 per share). This decrease to net income was partially offset by the sale in March 1990 of the downtown Kansas City, Missouri steam system at a profit after taxes of $2.6 million. Also included in miscellaneous income and deductions are administrative fees associated with the sale of customer accounts receivable of $2.6 million, $3.5 million and $4.4 million for 1992, 1991 and 1990, respectively. Gains from the sale of miscellaneous property and other contract settlements of $4.4 million are also included in miscellaneous for 1992.

Interest Charges

The declines in long-term interest expense for 1992 and 1991 reflect lower interest rates on variable rate debt and the retirement, repayment or refinancing of debt. The average balance of long-term debt including current maturities declined compared to the prior year by $18.6 million in 1992 and $23.1 million in 1991.

The decline in short-term interest expense reflects the decreasing interest rates since 1990. The average daily outstanding balance of short-term debt was $59.7 million in 1992, $49.8 million in 1991 and $70.4 million in 1990.

Preferred Stock Dividend Requirements

The decrease in 1992 preferred stock dividend requirements reflects the December 1991 and February 1992 retirements of higher rate preferred stock, partially offset by the April 1992 issuance of variable rate preferred stock.

Earnings per Share

	1992	Increase (Decrease)	1991	Increase (Decrease)	1990
Earnings per Share (EPS)	$1.35	$ (.23)	$1.58	$ .02	$1.56
Items affecting comparability of EPS:					
Estimated effects of abnormal weather*	(.35)	(.46)	.11	.14	(.03)
1991-1992 extended Wolf Creek refueling outage costs in excess of forecasted amounts	(.02)	.07	(.09)	(.09)	
1992 forced Wolf Creek outage	(.05)	(.05)			
Terminated tender offer costs				.13	(.13)
Decreased interest expense, accounts receivable sales-administrative fees and preferred dividends		.16		.10	
Other**		.05		(.26)	
EPS change		$ (.23)		$ .02	

*The estimated effect of abnormal weather is based on a statistical relationship between sales and the differences in actual and normal temperatures for the year.

**The $.05 increase from 1991 to 1992 is primarily due to gains from the sale of property and other contract settlements. The $.26 decrease from 1990 to 1991 was caused by increased purchase power, reduced bulk power sales, effects of inflation and other increases in operating expenses partially offset by load growth.

Projected Construction Expenditures

Construction expenditures, excluding AFDC, were $129.6 million in 1992 and are projected for the next five years as follows:

	Construction Expenditures					
	1993	1994	1995	1996	1997	Total
	(millions)					
Generating facilities	$ 43.2	$ 56.7	$ 68.0	$ 45.7	$ 97.4	$311.0
Nuclear fuel	5.8	21.7	21.8	9.4	20.6	79.3
Transmission facilities	12.2	8.7	10.0	10.9	8.0	49.8
Distribution and general facilities	76.8	57.7	59.6	63.0	66.0	323.1
Total	$138.0	$144.8	$159.4	$129.0	$192.0	$763.2

The above expenditures for generating facilities include $80.0 million for three new 90 mw and two new 144 mw gas-fired combustion turbines, the first of which is scheduled to be completed in 1998. The other four units are scheduled to be completed between 1999 and 2000. Generating facilities also include $10.8 million beginning in 1996 for a new 500 mw (250 mw, Company's share) coal-fired generating unit tentatively scheduled to be in service by 2002.

The timing of construction and cost estimates are subject to continual review and adjustment. Actual construction expenditures may vary significantly from these estimates.

Wolf Creek

Wolf Creek represents approximately 17% of the Company's generating capacity and 26% of the Company's generation during the last three years and has the lowest fuel cost of any of the Company's generating facilities. Wolf Creek's assets and operating expenses represent approximately 50% and 20% of the Company's total assets and operating expenses, respectively. Operating expenses during the last three years at Wolf Creek including normalized outage costs, have increased at a rate greater than inflation and the rate of increase in total other Company expenses. Currently no major equipment replacements are anticipated and the Company estimates the cost of nuclear fuel per million BTU after the next refueling in the spring of 1993 will continue to be approximately one-third the cost of coal. It is anticipated that by 1996 the cost of nuclear fuel will increase in relation to coal to be about one-half the cost of coal.

An extended shut-down of the unit could have a substantial adverse effect on the Company's business and financial condition. Although not expected, an abnormal shut-down at the plant could be caused by activities at the plant or by actions of the NRC reacting to safety concerns at the plant or other similar nuclear facilities. If a long-term shut-down occurred, the state regulatory commissions could consider reducing rates by excluding Wolf Creek investment from rate base.

Environmental Matters

On October 27, 1990, Congress approved the Clean Air Act Amendments of 1990. Two parts of the legislation affect the utility industry. The Company estimates that total capital expenditures resulting from the acid rain provisions will be $15.6 million for the installation of continuous emission monitoring equipment and low NO_X burners. The Company has spent $2.3 million as of December 31, 1992 and has included the remaining $13.3 million in the five year projected construction expenditures. The other utility-related provision calls for a study of certain air toxins. Based on the outcome of these studies, regulation of air toxins, including mercury, could be required. The Company cannot, at this time, predict the likelihood of any such regulations or compliance costs. Provisions in the Clean Air Act Amendments require the Company to make payments to state environmental regulatory agencies to fund administration of certain provisions of the Amendments. The 1993 obligation will be approximately $1 million to fund the Missouri and Kansas implementation plans.

See Note 3 to the Financial Statements-Environmental Matters-for discussion of costs of compliance with environmental laws and regulations and a potential liability, which the Company believes is not material to its financial condition, for cleanup costs under the Federal Superfund law.

Energy Policy Act of 1992

On October 24, 1992, President Bush signed into law the Energy Policy Act of 1992 (Act). The provisions of this Act have created many opportunities and challenges for the Company which is continuing to study and evaluate the effects of this Act on its operations:

- The amendments to the Public Utility Holding Company Act (PUHCA) will simplify the organization of independent power producers (called exempt wholesale generators (EWG)) engaged exclusively in generating electricity for sale at wholesale. The Company is currently investigating the possibility of construction and operation of an EWG.
- The Act allows FERC to order, upon application, access to utility transmission facilities. Although the Company already provides such transmission service, the Company recently filed an open access transmission service tariff for approval by FERC.
- The income tax rate on external nuclear decommissioning trust funds has been reduced and certain investment restrictions for the funds have been removed. These changes could save the Company as much as $1 million in contributions to the fund per year. A special assessment against utilities with nuclear plants was established for future costs to decommission and decontaminate the federal uranium enrichment facilities. This assessment to the Company will be approximately $0.7 million per year for 15 years. A $10 million liability and corresponding regulatory asset have been recorded on the Balance Sheet.
- The Act mandates further studies of the potential health effects from utilizing Yucca Mountain as a site for a high level nuclear waste storage facility and of the effect on the environment and human health of greenhouse gases and electromagnetic fields.
- The Act established a wide range of programs to foster and encourage the efficient utilization of resources such as electricity, including provisions targeted at development of electric vehicles.

Capital Requirements and Liquidity

The Company currently estimates that it will be able to meet the projected construction expenditures through 1994 and a significant portion of the remaining years with internally-generated funds. It is anticipated that funds for maturing debt and preferred stock through 1997, including preferred stock and long-term debt sinking fund obligations, totaling $239.9 million will be provided from operations, refinancings or short-term debt. As of December 31, 1992, the Company had $311.0 million of registered but unissued Medium-Term Notes as well as unused lines of credit of $175 million. Uncertainties which affect the degree to which these capital requirements will be met with funds provided from operations include such items as the effect of inflation on operating expenses, the level of kwh sales, regulatory actions, compliance with future environmental regulations, availability of the Company's generating units and the level of bulk power sales with other utilities.

The Company's capital structure at December 31, 1992 (including current maturities of long-term debt) consisted of 48.5% common stock equity, 5.2% preferred stock and 46.3% long-term debt. The Company's goal is to maintain a capital structure in which the percentages of common stock equity and long-term debt are approximately equal.

The Company currently uses an accelerated depreciation method for tax purposes. The accelerated depreciation on Wolf Creek plant has reduced the Company's tax payments during the last three years by approximately $30 million per year. Accelerated depreciation on Wolf Creek ends in 1994.

See Note 3 to the Financial Statements-Tax Matters-for discussion of the Company's federal income tax returns for the years 1985 through 1990 which are presently under audit by the Internal Revenue Service.

In order to take advantage of the potential benefits inherent in a larger energy system, the Company might incur additional debt and/or issue additional equity to finance system growth or new growth opportunities, through business combinations or other investments such as an exempt wholesale generator.

New Accounting Standards

Financial Accounting Standards Board (FASB) Statement No. 106-Employers' Accounting for Postretirement Benefits Other Than Pensions-issued in December 1990, establishes standards of financial accounting and reporting for the Company's medical and life insurance benefits provided to retirees. FASB 106 requires, among other things, that the cost of providing these benefits be recognized as a labor cost over a period of time prior to the employee's retirement rather than after the employee retires. This Statement is effective for fiscal years beginning after December 15, 1992 and will be adopted by the Company in 1993. The current level of these benefits, which is collected through rates and charged to expense as paid (pay-as-you-go), is approximately $1 million per year. The accumulated postretirement benefit obligation (transition obligation) under FASB 106 was approximately $24 million at December 31, 1992 and will be amortized over 20 years starting in 1993. FASB 106 requires yearly accrual of a service cost, amortization of this transition obligation, and interest on this obligation. The 1993 net increase to expense will be approximately $2.4 million ($1.5 million after taxes).

Summary of Operations and Financial Data

Summary of Earnings		1992		1991		1990		1989		1988		1982
Operating Revenues (000's)	$	**802,668**	$	825,101	$	815,570	$	790,216	$	791,650	$	525,766
*Operating Expenses (000's)**		**662,094**		653,793		631,243		602,685		611,406		447,843
*Operating Income (000's)**		**140,574**		171,308		184,327		187,531		180,244		77,923
*Other Income and Deductions (000's)**		**3,163**		(906)		(6,359)		6,477		15,267		36,0[illegible]
Income before Interest Charges (000's)		**143,737**		170,402		177,968		194,008		195,511		113,949
Interest Charges (000's)		**57,403**		66,509		75,236		85,390		89,856		33,008
Net Income (000's)		**86,334**		103,893		102,732		108,618		105,655		80,941
Preferred and Preference Stock Dividend Requirements (000's)		**3,062**		6,023		6,360		6,359		6,681		18,193
Applicable to Common Stock (000's)	$	**83,272**	$	97,870	$	96,372	$	102,259	$	98,974	$	62,748
*Average Shares Outstanding***		**61,908,726**		61,908,726		61,899,526		61,854,514		61,878,398		45,020,736
*Earnings per Common Share***	$	**1.35**	$	1.58	$	1.56	$	1.65	$	1.60	$	1.39
Return on Year-end Common Equity		**9.8%**		11.4%		11.3%		12.2%		12.2%		11.7%
*Cash Dividends per Share***	$	**1.43**	$	1.37	$	1.31	$	1.25	$	1.17	$	1.00
Capitalization Data (000's)***												
Common Stock Equity	$	**853,924**	$	860,229	$	851,282	$	835,917	$	810,801	$	535,192
Preferred Stock	$	**89,000**	$	52,000	$	92,000	$	92,000	$	92,000	$	112,000
Preferred Stock (Redeemable)	$	**1,916**	$	2,076	$	2,236	$	2,396	$	2,556	$	56,316
Preference Stock (Redeemable)	$	**—**	$	—	$	—	$	—	$	—	$	50,000
Long-term Debt	$	**814,709**	$	822,680	$	850,409	$	918,654	$	992,897	$	767,616
Other Data and Ratios												
Construction Expenditures (000's)	$	**129,559**	$	122,447	$	92,558	$	103,169	$	95,022	$	153,160
Total Assets (000's)	$	**2,646,923**	$	2,615,039	$	2,598,859	$	2,620,826	$	2,647,415	$	1,792,227
*Book Value per Share***	$	**13.79**	$	13.90	$	13.75	$	13.50	$	13.10	$	10.98
Common Stock Equity Ratio		**49.3%**		49.9%		50.2%		46.2%		43.9%		36.0%
*Common Stock Price***												
High	$	**24½**	$	23¾	$	18	$	18⅜	$	16⅞	$	9⅞
Low	$	**19⅞**	$	17¼	$	14⅝	$	14⅜	$	12½	$	7¼
Ratio of Earnings to Fixed Charges		**3.12**		3.22		2.96		2.92		2.75		2.62

*Reclassifications have been made to prior year amounts to conform with current year presentation.
**Prior year amounts have been restated to reflect the May 1992 two-for-one common stock split.
***Capitalization data includes amounts to be redeemed or purchased and current maturities.

Electric Statistics

Electric Sales Statistics	1992	1991	1990	1989	1988	1982
Revenues (000's)						
Residential	$ 258,124	$ 291,579	$ 273,080	$ 255,913	$ 266,745	$ 160,364
Commercial	351,024	355,750	347,087	332,150	326,716	203,904
Industrial	118,389	114,979	112,999	110,413	112,699	86,953
Other	14,316	14,193	14,035	13,971	13,716	9,702
Total retail	741,853	776,501	747,201	712,447	719,876	460,923
Bulk power	48,058	35,839	52,862	57,209	55,114	40,137
Other sales for resale	4,319	4,535	4,756	5,174	4,826	12,631
Total	794,230	816,875	804,819	774,830	779,816	513,691
Other electric revenues	8,438	8,226	8,093	7,936	3,652	2,248
Total	$ 802,668	$ 825,101	$ 812,912	$ 782,766	$ 783,468	$ 515,939
Sales in Kilowatt-hours (000's)						
Residential	3,172,611	3,613,751	3,334,828	3,165,473	3,251,764	2,378,647
Commercial	4,984,285	5,072,586	4,871,569	4,699,160	4,554,053	3,339,673
Industrial	2,429,883	2,294,734	2,213,465	2,162,396	2,229,379	1,959,431
Other	72,129	71,198	71,694	72,075	71,539	68,282
Total retail	10,658,908	11,052,269	10,491,556	10,099,104	10,106,735	7,746,033
Bulk power	2,940,905	1,945,182	3,187,751	3,528,919	2,841,579	1,515,852
Other sales for resale	102,971	109,327	113,799	120,509	113,605	325,997
Total	13,702,784	13,106,778	13,793,106	13,748,532	13,061,919	9,587,882
Average Number of Customers						
Residential	365,069	362,878	359,875	356,609	351,199	306,756
Commercial	48,522	48,042	47,551	46,857	46,316	40,065
Industrial	2,328	2,372	2,400	2,452	2,479	2,476
Other	133	134	132	133	132	131
Total retail	416,052	413,426	409,958	406,051	400,126	349,428
Bulk power	24	23	23	22	22	20
Other sales for resale	12	12	13	12	11	13
Total	416,088	413,461	409,994	406,085	400,159	349,461
Residential Sales						
Average kwh per customer	8,690	9,959	9,267	8,877	9,259	7,754
Average revenue per kwh-cents	8.136	8.069	8.189	8.085	8.203	6.742
Load Statistics						
Generated (net)-kwh (000's)	13,416,669	12,922,963	13,836,091	13,764,615	12,706,839	9,138,284
Purchased-kwh (000's)	924,107	880,545	675,507	666,827	1,053,228	987,065
Total-kwh (000's)	14,340,776	13,803,508	14,511,598	14,431,442	13,760,067	10,125,349
Maximum net hourly demand in megawatts — Winter	1,687	1,674	1,680	1,829	1,573	1,315
— Summer	2,624	2,751	2,711	2,541	2,656	2,167
Net generating capability in megawatts (summer)	3,089	3,090	3,048	3,025	2,992	2,774
Net capacity in megawatts (sold) purchased — summer	306	231	186	81	36	—
Btu per net kwh generated	10,632	10,637	10,774	10,674	10,797	11,138
Number of employees						
December 31	2,782	2,881	2,857	2,873	2,863	2,957
December 31 — Adjusted*	3,181	3,276	3,243	3,251	3,214	2,720

*Excludes employees allocated to other participating companies at La Cygne and Iatan stations and includes employees allocated from Wolf Creek.

Company Officers*

DRUE JENNINGS, 46
Chairman of the Board and President
1980

BERNARD J. BEAUDOIN, 52
Senior Vice President-Finance and Chief Financial Officer
1984

SAMUEL P. COWLEY, 58
Senior Vice President-Corporate Affairs and Chief Legal Officer
1977

RONALD G. WASSON, 48
Senior Vice President-Administrative and Technic.' Services
1983

FRANK L. BRANCA, 45
Vice President-Power Supply
1989

CHARLES R. COLE, 46
Vice President-Customer Services
1990

JAMES L. HOGAN, 62
Vice President-Environmental and Research Services
1984

MARCUS JACKSON, 41
Vice President-Power Production
1989

WILLIAM H. MILLER, 58**
Vice President-Human Resources
1980

TURNER WHITE, 43
Vice President-Communications & Marketing
1990

JOHN J. DESTEFANO, 43
Treasurer
1989

JEANIE SELL LATZ, 41
Corporate Secretary
1991

NEIL ROADMAN, 47
Controller
1980

MARK C. SHOLANDER, 47
General Counsel
1986

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

**Mr. Miller retired, effective February 2, 1993.

Board of Directors

DRUE JENNINGS*
Chairman of the Board and President

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

ARTHUR J. DOYLE*
Retired Chairman of the Board

W. THOMAS GRANT II
President and Chief Executive Officer, Seafield Capital Corporation
—diversified insurance, financial and laboratory services company

GEORGE E. NETTELS, JR.
Chairman of the Board, Midwest Minerals, Inc.
—construction mineral processing and quarry operations
President, Yampa Resource Associates, Inc.
—mined land reclamation operation

GEORGE A. RUSSELL
President, University of Missouri

DR. LINDA HOOD TALBOTT
President, The 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

*Member, Executive Committee

Corporate Information

SHAREHOLDER RELATIONS
For shareholder information or assistance with your account, please call or write the Shareholder Relations Department at the address below.

Kansas City Power & Light Company
Shareholder Relations Department
P.O. Box 418679
Kansas City, MO 64141-9679
816-556-2053.

CHANGE OF ADDRESS
To report a change of address, use the form attached to your dividend check or send written notification to Shareholder Relations.

DIRECT DEPOSIT OF DIVIDEND PROGRAM
To have your dividends deposited directly to your financial institution, contact Shareholder Relations or United Missouri Bank for an enrollment form.

DUPLICATE MAILINGS
If you are receiving duplicate mailings, your stock may be registered in different ways. For assistance in consolidating your accounts or eliminating duplicate mailings, please contact United Missouri Bank.

INVESTOR RELATIONS
Members of the financial community seeking corporate information may contact Investor Relations at 816-556-2312.

TRANSFER AGENT AND STOCK REGISTRAR
For Common and Preferred Stock

United Missouri Bank, n.a.
Securities Transfer Division
P.O. Box 410064
Kansas City, MO 64141-0064
816-860-7786

FORM 10-K
Copies of the Company's 1992 annual report filed with the Securities and Exchange Commission on Form 10-K will be provided at no charge to any shareholder or beneficial owner of shares of the Company's stock upon written request to:

Jeanie Sell Latz
Corporate Secretary
Kansas City Power & Light Co.
P.O. Box 418679
Kansas City, MO 64141-9679

TWO-YEAR COMMON STOCK HISTORY

The Company's common stock price range and dividends paid per share were as follows:

	1992		1991		Dividends Paid		
Quarter	High	Low	High	Low	1993	1992	1991
First	23¾	19⅞	18⅛	17⅛	$0.36	$0.35	$0.335
Second	22½	20⅞	19⅛	17¾		0.36	0.335
Third	24½	21⅞	22⅛	18⅛		0.36	0.35
Fourth	23¼	21⅞	23⅛	21		0.36	0.35

All common stock data reflects the two-for-one split of common stock on May 29, 1992.

EXCHANGE LISTING AND STOCK SYMBOL
Common stock is listed on the New York Stock Exchange (NYSE) and the Midwest Stock Exchange.

NYSE Ticker Symbol: KLT

Number of Common stockholders: 31,687 at December 31, 1992.

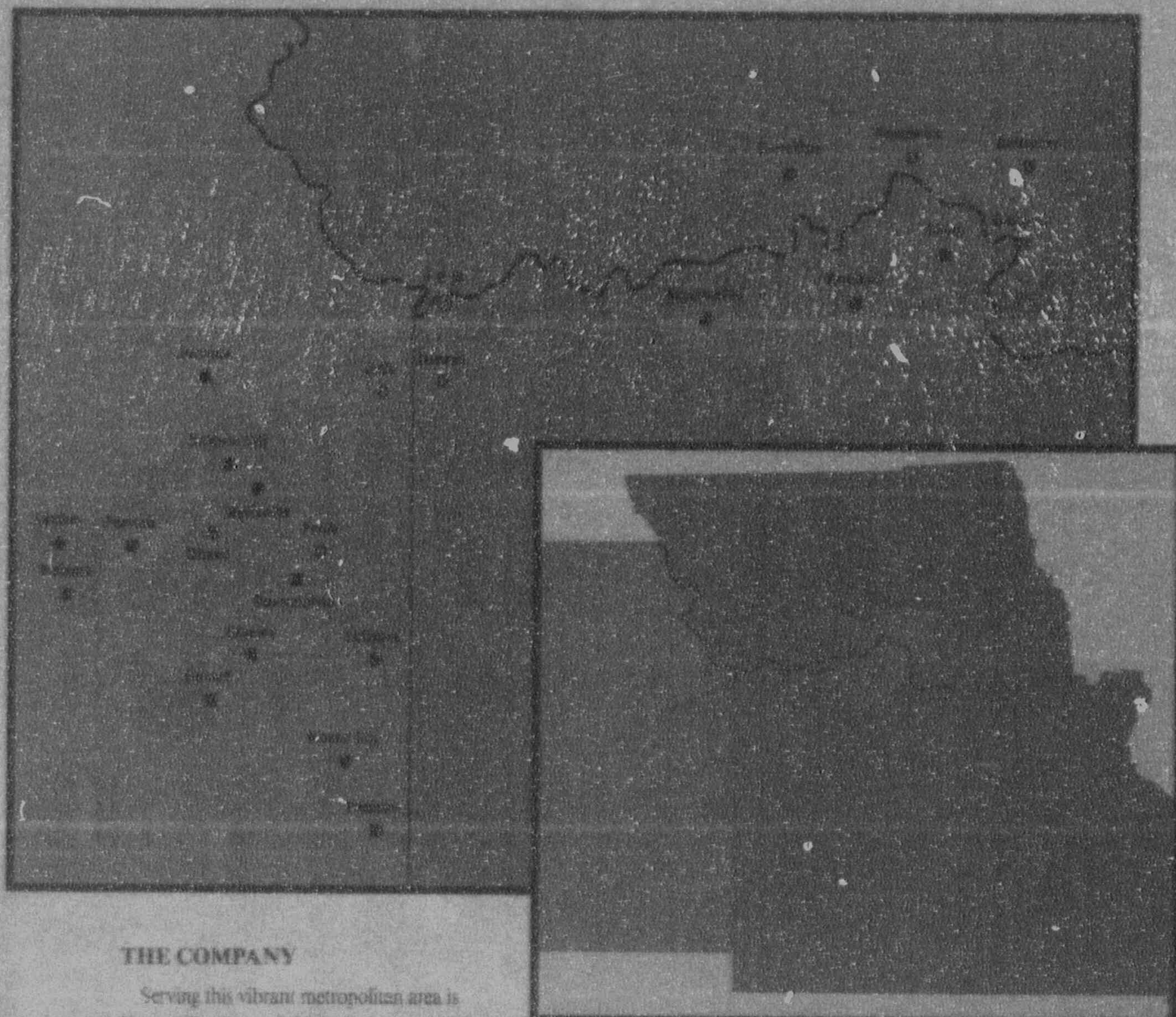
All dividends paid by the Company in 1992 were determined to be dividend income and no portion was considered a return of capital.

PREFERRED STOCK DIVIDENDS
Quarterly dividends on Preferred Stock were declared in each quarter of 1992 and 1991 as follows:

Cumulative Preferred Stock	
Series	Amount
3.80%	$0.95
4.00%	1.00
4.20%	1.05
4.35%	1.0875
4.50%	1.125

GENERATING CAPACITY AND THE MOKAN POOL

The Company's 1992 total available capacity was 3,395 megawatts, including 3,089 mw of installed generating capacity plus 306 mw of net capacity purchases. Its 1992 system peak load was 2,624 mw and resulted in a capacity margin of about 22.7%, the equivalent of a reserve margin of 29.4%. 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.



AREA SHADED IN BLUE IS THE KCPL SERVICE TERRITORY.

THE COMPANY

Serving this vibrant metropolitan area is Kansas City Power & Light Company. KCPL 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 419,000 customers in a 4,700-square-mile area located in 23 counties in western Missouri and eastern Kansas. Customers include 368,000 residences, 49,000 commercial firms, and over 2,000 industrials, municipalities and other electric utilities. About two-thirds of total retail kilowatt-hour sales and revenue are from Missouri customers and the remainder from Kansas customers.

CREDITS:
Design by:
West Associates Advertising
and Design, Inc.
Printed By:
The Lowell Press
Photography:
Cover—Nick Vedros
Computer Chip—Nick Vedros
Sunset—Joel Reuss?
Construction—David W. Hamilton
Airplanes—Comstock
Ford Assembly Line and Lineman—
Rick McKibben
American Royal and remaining
corporate photos—Chuck Kneyse

Thank you to Ford Motor Co. for use of photo.

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