FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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

For the quarterly period ended June 30, 1999

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

For the transition period from   to

Commission file number 1-7324

KANSAS GAS AND ELECTRIC COMPANY
(Exact name of registrant as specified in its charter)

KANSAS	48-1093840
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

P.O. BOX 208
WICHITA, KANSAS 67201
(Address of Principal Executive Offices)

316/261-6611
(Registrant's telephone number, including area code)

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

Yes X No

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

Class	Outstanding at August 16, 1999
Common Stock (No par value)	1,000 Shares

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

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

	June 30, 1999	December 31, 1998
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 36	$ 41
Accounts receivable (net)	64,776	66,513
Advances to parent company (net)	64,407	64,405
Inventories and supplies (net)	45,358	43,121
Prepaid expenses and other	34,434	15,097
Total Current Assets	209,011	189,177
PROPERTY, PLANT AND EQUIPMENT (NET)	2,499,987	2,527,357
OTHER ASSETS:		
Regulatory assets	254,454	260,789
Other	96,620	80,648
Total Other Assets	351,074	341,437
TOTAL ASSETS	$3,060,072	$3,057,971
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 76,772	$ 78,510
Accrued liabilities	41,161	34,199
Accrued income taxes	43,292	29,599
Other	6,614	6,020
Total Current Liabilities	167,839	148,328
LONG-TERM LIABILITIES:		
Long-term debt (net)	684,209	684,167
Deferred income taxes and investment tax credits	779,529	785,116
Deferred gain from sale-leaseback	204,037	209,951
Other	109,239	92,165
Total Long-term Liabilities	1,777,014	1,771,399
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDER'S EQUITY:		
Common stock, without par value, authorized and issued 1,000 shares	1,065,634	1,065,634
Retained earnings	49,585	72,610
Total Shareholder's Equity	1,115,219	1,138,244
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$3,060,072	$3,057,971

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

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

	Three Months Ended June 30, 1999	1998
SALES	$ 147,170	$ 162,816
COST OF SALES	34,042	36,931
GROSS PROFIT	113,128	125,885
OPERATING EXPENSES:		
Operating and maintenance expense	41,214	38,977
Depreciation and amortization	25,187	24,676
Selling, general and administrative expense	14,992	18,120
Total Operating Expenses	81,393	81,773
INCOME FROM OPERATIONS	31,735	44,112
OTHER INCOME (EXPENSE)	(318)	6,635
EARNINGS BEFORE INTEREST AND TAXES	31,417	50,747
INTEREST EXPENSE:		
Interest expense on long-term debt	11,451	11,505
Interest expense on other	1,165	828
Total Interest Expense	12,616	12,333
EARNINGS BEFORE INCOME TAXES	18,801	38,414
INCOME TAXES	4,731	9,907
NET INCOME	$ 14,070	$ 28,507

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

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

	Six Months Ended June 30, 1999	1998
SALES	$ 281,080	$ 297,382
COST OF SALES	59,791	62,888
GROSS PROFIT	221,289	234,494
OPERATING EXPENSES:		
Operating and maintenance expense	80,351	74,484
Depreciation and amortization	50,244	49,109
Selling, general and administrative expense	28,787	30,756
Total Operating Expenses	159,382	154,349
INCOME FROM OPERATIONS	61,907	80,145
OTHER INCOME (EXPENSE)	(1,573)	11,478
EARNINGS BEFORE INTEREST AND TAXES	60,334	91,623
INTEREST EXPENSE:		
Interest expense on long-term debt	22,904	22,994
Interest expense on other	1,974	1,698
Total Interest Expense	24,878	24,692
EARNINGS BEFORE INCOME TAXES	35,456	66,931
INCOME TAXES	8,481	16,009
NET INCOME	$ 26,975	$ 50,922

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

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

	Twelve Months Ended June 30, 1999	Twelve Months Ended June 30, 1998
SALES	$ 632,077	$ 619,210
COST OF SALES	146,263	139,880
GROSS PROFIT	485,814	479,330
OPERATING EXPENSES:		
Operating and maintenance expense	156,369	161,174
Depreciation and amortization	99,957	115,040
Selling, general and administrative expense	58,308	61,748
Total Operating Expenses	314,634	337,962
INCOME FROM OPERATIONS	171,180	141,368
OTHER INCOME (EXPENSE)	(4,375)	8,287
EARNINGS BEFORE INTEREST AND TAXES	166,805	149,655
INTEREST EXPENSE:		
Interest expense on long-term debt	45,900	46,049
Interest expense on other	3,644	3,530
Total Interest Expense	49,544	49,579
EARNINGS BEFORE INCOME TAXES	117,261	100,076
INCOME TAXES	37,443	23,690
NET INCOME	$ 79,818	$ 76,386

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

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

	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 26,975	$ 50,922
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	50,244	49,109
Amortization of gain from sale-leaseback	(5,914)	(5,914)
Changes in working capital items:		
Accounts receivable (net)	1,737	(14,770)
Inventories and supplies (net)	(2,237)	(754)
Prepaid expenses and other	(19,337)	(12,562)
Accounts payable	(1,738)	6,628
Accrued liabilities	6,962	(16)
Accrued income taxes	13,693	3,332
Other	593	1,880
Changes in other assets and liabilities	6,701	16,592
Net cash flows from operating activities	77,679	94,447
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to property plant and equipment (net)	(27,662)	(28,116)
Net cash flows (used in) investing activities	(27,662)	(28,116)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	-	(45,000)
Advances to parent company (net)	(2)	28,753
Retirements of long-term debt	(20)	(85)
Dividends to parent company	(50,000)	(50,000)
Net cash flows (used in) financing activities	(50,022)	(66,332)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(5)	(1)
CASH AND CASH EQUIVALENTS:		
Beginning of period	41	43
End of period	$ 36	$ 42
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized)	$ 55,506	$ 51,694
Income taxes	-	19,220

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

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

	Twelve Months Ended June 30, 1999	Twelve Months Ended June 30, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 79,818	$ 76,386
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	99,957	115,040
Amortization of gain from sale-leaseback	(11,828)	(11,828)
Changes in working capital items:		
Accounts receivable (net)	16,648	(7,821)
Inventories and supplies (net)	(3,585)	1,846
Prepaid expenses and other	(4,707)	4,310
Accounts payable	(11,842)	17,683
Accrued liabilities	8,432	489
Accrued income taxes	35,748	(8,325)
Other	701	1,936
Changes in other assets and liabilities	(11,761)	(9,223)
Net cash flows from operating activities	197,581	180,483
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Additions to property plant and equipment (net)	(76,965)	(70,740)
Net cash flows (used in) investing activities	(76,965)	(70,740)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term debt (net)	-	(10,000)
Advances to parent company (net)	(20,602)	349
Retirements of long-term debt	(20)	(85)
Dividends to parent company	(100,000)	(100,000)
Net cash flows (used in) financing activities	(120,622)	(109,736)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6)	7
CASH AND CASH EQUIVALENTS:		
Beginning of period	42	35
End of period	$ 36	$ 42
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest on financing activities (net of amount capitalized)	$ 79,423	$ 71,770
Income taxes	18,300	51,220

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

KANSAS GAS AND ELECTRIC COMPANY
STATEMENTS OF SHAREHOLDER'S EQUITY
(Dollars in Thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		Twelve Months Ended June 30,	
	1999	1998	1999	1998	1999	1998
Common Stock	$1,065,634	$1,065,634	$1,065,634	$1,065,634	$1,065,634	$1,065,634
Retained Earnings:						
Beginning balance.	60,515	66,260	72,610	68,845	69,767	93,381
Net income	14,070	28,507	26,975	50,922	79,818	76,386
Dividends to parent company.	(25,000)	(25,000)	(50,000)	(50,000)	(100,000)	(100,000)
Ending balance . .	49,585	69,767	49,585	69,767	49,585	69,767
Total Shareholder's Equity	$1,115,219	$1,135,401	$1,115,219	$1,135,401	$1,115,219	$1,135,401

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

KANSAS GAS AND ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business: Kansas Gas and Electric Company (the company, KGE) is a rate-regulated electric utility and wholly-owned subsidiary of Western Resources, Inc. (Western Resources). The company is engaged in the production, purchase, transmission, distribution, and sale of electricity. The company serves approximately 286,000 electric customers in southeastern Kansas. At June 30, 1999, the company had no employees. All employees are provided by the company's parent, Western Resources, which allocates costs related to the parent's employees.

The Company owns 47% of Wolf Creek Nuclear Operating Corporation (WCNOC), the operating company for Wolf Creek Generating Station (Wolf Creek). The company records its proportionate share of all transactions of WCNOC as it does other jointly-owned facilities.

The company's unaudited financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for interim financial information and in accordance with the instructions to Form 10-Q. Accordingly, certain information and footnote disclosures normally included in financial statements presented in accordance with GAAP have been condensed or omitted. These financial statements and notes should be read in conjunction with the financial statements and the notes included in the company's 1998 Annual Report on Form 10-K. The accounting and rates of the company are subject to requirements of the Kansas Corporation Commission (KCC) and the Federal Energy Regulatory Commission (FERC).

In management's opinion, all adjustments, consisting only of normal recurring adjustments considered necessary for a fair presentation, have been included. The results of operations for the three or six months ended June 30, 1999 are not necessarily indicative of the results to be expected for the full year.

Reclassifications: Certain amounts in prior years have been reclassified to conform with classifications used in the current year presentation.

2. WESTERN RESOURCES AND KANSAS CITY POWER & LIGHT COMPANY MERGER AGREEMENT

In May 1999, a Stipulation and Agreement was reached with the KCC staff which resulted in a set of settlement recommendations in connection with the Kansas City Power & Light Company (KCPL) merger. At an administrative meeting on August 11, 1999, the KCC Commissioners generally indicated their support of the merger, however, they could not approve the merger under the terms of the Stipulation and Agreement reached in May. The KCC is expected to issue an order in October 1999.

In July 1999, a Settlement Agreement was reached with the Missouri Public Service Commission (MPSC) staff, the Office of Public Counsel and other key parties in connection with the KCPL merger. The stipulation and agreement have been filed with the MPSC for its review and approval. Significant terms of the Missouri settlement are as follows:

- An electric rate moratorium of three years beginning on the date the transaction closes
- Westar Energy would make a one-time rate credit in the amount of $5 million to its Missouri retail customers at the beginning of the second year of the merger
- Westar Energy's executive headquarters would be located in Kansas City.

Western Resources is currently negotiating with FERC staff and intervenors. Hearings before FERC, if necessary, are scheduled to begin October 25, 1999.

Western Resources and KCPL have filed an application with the Nuclear Regulatory Commission to approve the Western Resources/KCPL merger and the formation of Westar Energy.

For additional information on the Western Resources and KCPL Merger Agreement, see Note 13 of the company's 1998 Annual Report on Form 10-K.

3. COMMITMENTS AND CONTINGENCIES

Manufactured Gas Sites: The company is associated with three former manufactured gas sites which may contain coal tar and other potentially harmful materials. The company and the Kansas Department of Health and Environment (KDHE) entered into a consent agreement governing all future work at the three sites. The terms of the consent agreement will allow the company to investigate these sites and set remediation priorities based upon the results of the investigations and risk analyses. At June 30, 1999, the costs incurred from preliminary site investigation and risk assessment have been minimal.

For additional information on Commitments and Contingencies, see Note 2 of the company's 1998 Annual Report on Form 10-K.

4. INCOME TAXES

Total income tax expense included in the Statements of Income reflects the Federal statutory rate of 35%. The Federal statutory rate produces effective income tax rates of 25.2%, 23.9% and 31.9% for the three, six and twelve month periods ended June 30, 1999, compared to 25.8 %, 23.9% and 23.7% for the three, six and twelve month periods ended June 30, 1998. The effective income tax rates vary from the Federal statutory rate due to the permanent differences, including the amortization of investment tax credits, and benefits from corporate-owned life insurance.

5. SEGMENTS OF BUSINESS

In 1998, the company adopted SFAS 131, "Disclosures about Segments of an Enterprise and Related Information." This statement requires the company to define and report the company's business segments based on how management currently evaluates its business. The company is evaluated from a segment perspective as a part of its parent company, Western Resources. The company is an integral component of Western Resources and its financial position and operations are managed as such. Based on the management approach to determining business segments, the company has two business segments, electric operations and nuclear generation. The company's remaining operations of fossil generation and energy delivery are fully integrated with those of Western Resources.

The accounting policies of the segments are substantially the same as those described in the summary of significant accounting policies. The company evaluates segment performance based on earnings before interest and taxes. The company has no single external customer from which it receives ten percent or more of its revenues.

Three Months Ended June 30, 1999:

	Electric Operations	Nuclear Generation	Eliminating Items	Total
		(Dollars in Thousands)		
External sales. . .	$ 147,170	$ -	$ -	$ 147,170
Allocated sales . .	-	20,598	(20,598)	-
Earnings before interest and taxes	45,531	(11,114)	-	31,417
Interest expense. .				12,616
Earnings before income taxes . . .				18,801

Three Months Ended June 30, 1998:

	Electric Operations	Nuclear Generation	Eliminating Items	Total
		(Dollars in Thousands)		
External sales. . .	$ 162,816	$ -	$ -	$ 162,816
Allocated sales . .	-	29,288	(29,288)	-
Earnings before interest and taxes	56,333	(5,586)	-	50,747
Interest expense. .				12,333
Earnings before income taxes . . .				38,414

Six Months Ended June 30, 1999:

	Electric Operations	Nuclear Generation	Eliminating Items	Total
		(Dollars in Thousands)		
External sales. . .	$ 281,080	$ -	$ -	$ 281,080
Allocated sales . .	-	49,816	(49,816)	-
Earnings before interest and taxes	75,673	(15,339)	-	60,334
Interest expense. .				24,878
Earnings before income taxes . . .				35,456

Six Months Ended June 30, 1998:

	Electric Operations	Nuclear Generation	Eliminating Items	Total
		(Dollars in Thousands)		
External sales. . .	$ 297,382	$ -	$ -	$ 297,382
Allocated sales . .	-	58,527	(58,527)	-
Earnings before interest and taxes	101,155	(9,532)	-	91,623
Interest expense. .				24,692
Earnings before income taxes . . .				66,931

Twelve Months Ended June 30, 1999:

	Electric Operations	Nuclear Generation	Eliminating Items	Total
		(Dollars in Thousands)		
External sales. . .	$ 632,077	$ -	$ -	$ 632,077
Allocated sales . .	-	108,806	(108,806)	-
Earnings before interest and taxes	193,532	(26,727)	-	166,805
Interest expense. .				49,544
Earnings before income taxes . . .				117,261

Twelve Months Ended June 30, 1998:

	Electric Operations	Nuclear Generation	Eliminating Items	Total
		(Dollars in Thousands)		
External sales. . .	$ 619,210	$ -	$ -	$ 619,210
Allocated sales . .	-	103,731	(103,731)	-
Earnings before interest and taxes	198,685	(49,030)	-	149,655
Interest expense. .				49,579
Earnings before income taxes . . .				100,076

KANSAS GAS AND ELECTRIC COMPANY

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

INTRODUCTION

In Management's Discussion and Analysis we explain the general financial condition and the operating results for the company. We explain:

- What factors affect our business
- What our earnings and costs were for the three, six and twelve month periods ended June 30, 1999 and 1998
- Why these earnings and costs differed from period to period
- How our earnings and costs affect our overall financial condition
- Any other items that particularly affect our financial condition or earnings

The following Management's Discussion and Analysis of Financial Condition and Results of Operations updates the information provided in the 1998 Annual Report on Form 10-K and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in the company's 1998 Annual Report on Form 10-K.

FORWARD-LOOKING STATEMENTS

Certain matters discussed here and elsewhere in this Form 10-Q are "forward-looking statements." The Private Securities Litigation Reform Act of 1995 has established that these statements qualify for safe harbors from liability. Forward-looking statements may include words like we "believe," "anticipate," "expect" or words of similar meaning. Forward-looking statements describe our future plans, objectives, expectations or goals. Such statements address future events and conditions concerning capital expenditures, earnings, litigation, rate and other regulatory matters, possible corporate restructurings, mergers, acquisitions, dispositions, liquidity and capital resources, compliance with debt covenants, interest and dividend rates, Year 2000 Issue, environmental matters, changing weather, nuclear operations and accounting matters. What happens in each case could vary materially from what we expect because of such things as electric utility deregulation, including ongoing state and federal activities; future economic conditions; legislative and regulatory developments; our regulatory and competitive markets; and other circumstances affecting anticipated operations, sales and costs.

FINANCIAL CONDITION

General

Net income for the three and six months ended June 30, 1999 of $14 million and $27 million decreased substantially from net income of $29 million and $51 million for the same periods of 1998, respectively. The decreases in net income were primarily due to lower sales to residential customers, an electric rate decrease that was implemented on June 1, 1999, and a decrease in other income. The decrease in other income was related to proceeds received in 1998 from corporate-owned life insurance policies.

Net income for the twelve months ended June 30, 1999, of $80 million, increased from net income of $76 million for the comparable period of 1998. The increase was primarily attributable to increased sales because of warmer weather during the summer of 1998, lower operating expenses, and the completion of the amortization of a regulatory asset in December 1997.

OPERATING RESULTS

The following discussion explains significant changes in results of sales, cost of sales, operating expenses, other income (expense), interest expense and income taxes between the three, six and twelve month periods ended June 30, 1999 and comparable periods of 1998.

Sales

Sales are based on sales volumes and rates authorized by the Kansas Corporation Commission (KCC) and the Federal Energy Regulatory Commission (FERC). Rates charged for the sale and delivery of electricity are designed to recover the cost of service and allow investors a fair rate of return. Our sales vary with levels of sales volumes. Changing weather affects the amount of energy our customers use. Very hot summers and very cold winters prompt more demand, especially among our residential customers. Mild weather reduces demand.

Many things will affect our future sales. They include:

- The weather
- Our electric rates
- Competitive forces
- Customer conservation efforts
- Wholesale demand
- The overall economy of our service area

The following table reflects changes in retail sales volumes for the three, six and twelve months ended June 30, 1999 from the comparable periods of 1998.

	3 Months Ended	6 Months Ended	12 Months Ended
Residential	(15.9)%	(8.6)%	2.3%
Commercial	0.3%	1.9%	5.0%
Industrial	(3.8)%	(3.2)%	(1.5)%
Wholesale	(7.7)%	(5.8)%	(4.8)%
Total	(6.6)%	(3.8)%	0.4%

Sales decreased $16 million for the three and six months ended June 30, 1999, from the comparable periods of 1998. The decreases are a result of decreased residential, industrial and wholesale sales volumes and the effect of our $10 million electric rate reduction implemented on June 1, 1999.

Sales increased $13 million or 2% for the twelve months ended June 30, 1999, primarily due to increased residential sales volumes as a result of warmer summer temperatures during 1998. Our June 1, 1999 electric rate reduction partially offset this increase.

Cost of Sales

Items included in energy cost of sales are fuel expense and purchased power expense (electricity we purchase from others for resale).

Electric fuel costs are included in base rates. Therefore, if we wished to recover an increase in fuel costs, we would have to file a request for recovery in a rate filing with the KCC which could be denied in whole or in part. Any increase in fuel costs from the projected average which the company did not recover through rates would reduce our earnings. The degree of any such impact would be affected by a variety of factors, however, and thus cannot be predicted.

Actual cost of fuel to generate electricity (coal, nuclear fuel, natural gas or oil) and the amount of power purchased from other utilities decreased $3 million for the three and six months ended June 30, 1999 primarily due to lower sales volumes.

Cost of sales were $6 million higher for the twelve months ended June 30, 1999. An increase in net generation, as a result of higher sales volumes to our residential and commercial customers, caused our fuel costs to increase for the twelve months ended June 30, 1999.

OPERATING EXPENSES

Operating and Maintenance Expense

Total operating and maintenance expense increased $2 million and $6 million for the three and six months ended June 30, 1999. The restarting of our Neosho generation station, a boiler outage at our Gordon Evans generation station, and preliminary refueling expenses at Wolf Creek contributed to the increases.

Wolf Creek was taken off-line on April 3, 1999, for its tenth refueling and maintenance outage. Wolf Creek was returned to service on May 9, 1999.

Total operating and maintenance expense decreased $5 million or 3% for the twelve months ended June 30, 1999. The decrease is attributable to an decrease in KGE's portion of costs shared with Western Resources which are associated with the dispatching of electric power. This decrease is partially offset by increased maintenance expenses as mentioned above.

Depreciation and Amortization Expense

Depreciation and amortization expense increased $0.5 million and $1 million for the three and six months ended June 30, 1999 from the same periods in 1998 as a result of an increase in our depreciable plant base.

Depreciation and amortization expense decreased $15 million for the twelve months ended June 30, 1999 from 1998 primarily due to the complete amortization of a regulatory asset in 1997.

Selling, General and Administrative Expense

Selling, general and administrative expense decreased $3 million and $2 million for the three and six months ended June 30, 1999, from the same periods in 1998. The decreases are primarily due to storm related restoration expenses recorded during the second quarter of 1998.

Selling, general and administrative expense decreased $3 million for the twelve months ended June 30, 1999, from the same period in 1998. The decrease is also due to the storm related restoration expenses as mentioned above.

The decreases in selling, general and administrative expense were partially offset by higher employee benefit costs.

Business Segments

We define and report our business segments based on how management currently evaluates our business. We are evaluated from a segment perspective as a part of our parent company, Western Resources. Our company is an integral component of Western Resources and its financial position and operations are managed as such. Based on the management approach to determining business segments, our company has two business segments, electric generation and nuclear generation. Our remaining operations of fossil generation and power delivery are fully integrated with those of Western Resources.

We along with Western Resources manage our business segments' performance based on our earnings before interest and taxes (EBIT).

Allocated sales are external sales collected from customers by our electric operations segment that are allocated to our nuclear generation business segment based on demand and energy cost. The following discussion identifies key factors affecting our business segment.

Nuclear Generation

	3 Months Ended June 30,		6 Months Ended June 30,		12 Months Ended June 30,	
	1999	1998	1999	1998	1999	1998
	(Dollars in Thousands)					
Allocated sales .	$ 20,598	$ 29,288	$ 49,816	$ 58,527	$ 108,806	$ 103,731
EBIT.	(11,114)	(5,586)	(15,339)	(9,532)	(26,727)	(49,030)

Nuclear Generation has no external sales because it provides all of its power to its co-owners KGE, KCPL and Kansas Electric Power Cooperative, Inc. The amounts above are our 47% share of Wolf Creek's operating results.

Allocated sales and EBIT decreased for the three and six months ended June 30, 1999 compared to the same periods in 1998 due to a 36-day scheduled refueling and maintenance outage at Wolf Creek during the second quarter of 1999.

Allocated sales and EBIT were higher for the twelve months ended June 30, 1999 compared to the same period in 1998 because Wolf Creek had a 36-day scheduled refueling and maintenance outage in 1999 compared to a 58 day scheduled refueling and maintenance outage in 1998. EBIT was also higher because depreciation and amortization expense decreased because we had fully amortized a regulatory asset during 1997.

Other Income (Expense)

Other income (expense) includes miscellaneous income and expenses not directly related to our operations. Other income and (expense) for the three, six and twelve months ended June 30, 1999 decreased $7 million, $13 million and $13 million, respectively, compared to the same periods in 1998. The decreases are attributed to benefits received during the first and second quarters of 1998 pursuant to our corporate-owned life insurance policies totaling $13 million.

Interest Expense

Interest expense includes the interest we paid on outstanding debt. Interest expense has remained virtually unchanged for the three, six and twelve months ended June 30, 1999 compared to the same periods in 1998.

LIQUIDITY AND CAPITAL RESOURCES

The company's liquidity is a function of its ongoing construction and maintenance program designed to improve facilities which provide electric service and meet future customer service requirements. Our ability to provide the cash or debt to fund our capital expenditures depends upon many things, including available resources, our financial condition and current market conditions.

Other than operations, our primary source of short-term cash is from short-term bank loans. At June 30, 1999, we had no short-term borrowings.

Protection One, Inc. a Deleware corporation, an 85% owned subsidiary of our parent, Western Resources, is subject to compliance with certain financial covenants pursuant to its senior credit facility. Protection One currently believes it is likely, absent successful implementation of alternatives discussed below, that it will be unable to satisfy these covenants. Western Resources' credit facility contains a cross default provision which would be triggered in the event of a Protection One default. Protection One is exploring alternatives to address these covenant restrictions, including the sale of assets to reduce debt, seeking waivers or renegotiating these covenants with lenders, or refinancing the facility.

While our internally generated cash is sufficient to fund operations, we do not maintain independent short term credit facilities and rely on Western Resources for short-term cash needs. If Western Resources is unable to borrow under its credit facility, we could have a short-term liquidity issue which could require us to obtain a credit facility for our short-term cash needs.

OTHER INFORMATION

Collective Bargaining Agreement

Western Resources' contract with the International Brotherhood of Electrical Workers (IBEW) expired on July 1, 1999. The contract covered approximately 1,440 employees who are currently working under the terms of the contract. Western Resources has reached a tentative agreement with the IBEW leadership. The IBEW employees will vote on the contract on September 1, 1999. Western Resources has experienced no strikes or work stoppages as a result of the expiration of the contract.

Competition

On August 10, 1999, the Wichita City Council adopted a resolution authorizing a study to determine the feasibility of creating a municipal electric utility. We have an exclusive franchise with the City of Wichita that expires March 2002. Customers within the City of Wichita account for approximately 57% of our sales.

We will oppose any attempt by the City of Wichita to eliminate the company as the electric provider to Wichita customers. In order to municipalize our Wichita electric facilities, the City of Wichita would be required to purchase our facilities or build a separate independent system.

Year 2OOO Issue

We, as part of the Western Resources Year 2000 readiness program, are currently addressing the effect of the Year 2000 Issue on information systems and operations. We face the Year 2000 Issue because many computer systems and applications abbreviate dates by eliminating the first two digits of the year, assuming that these two digits are always "19". On January 1, 2000, some computer programs may incorrectly recognize the date as January 1, 1900. Some computer systems and applications may incorrectly process critical information or may stop processing altogether because of the date abbreviation. Calculations using dates beyond December 31, 1999 may affect computer applications before January 1, 2000.

As of June 30, 1999, Western Resources has completed the remediation and testing of mission critical systems necessary to continue providing electric service to our customers. On June 30, Western Resources reported to the North American Electric Reliability Council (NERC), that based on its standards, they are 100% Year 2000 ready. However, additional testing and remediation of non-mission critical systems, project administration and contingency planning will continue through December 31, 1999. Overall, based on manhours as a measure of work effort, Western Resources believes it is approximately 85% complete with its readiness efforts.

The estimated progress of Western Resources departments and business units, exclusive of WCNOC, at June 30, 1999, based on percentage of completion in manhours and mission critical systems, is as follows:

Department/Business Unit	Manhours	Mission Critical
Fossil Fuel	76%	100%
Power Delivery.	79%	100%
Information Technology.	88%	100%
Administrative.	84%	100%

Western Resources currently estimates that total costs to update all of its electric utility operating systems for Year 2000 readiness, excluding costs associated with WCNOC discussed below, to be approximately $6.9 million, of which $4.4 million represents IT costs and $2.5 million represents non-IT costs. As of June 30, 1999 Western Resources has expensed approximately $5.5 million of these costs, of which $3.7 million represent IT costs and $1.8 million represent non-IT costs. Based on what they know, they expect to incur the remaining $1.4 million, of which $0.7 million represents IT costs and $0.7 million represents non-IT costs, by the end of 1999. Western Resources has allocated approximately $2.2 million of the expensed costs to our company and we expect an additional $0.6 million to be allocated for the remaining costs to be incurred.

WOLF CREEK NUCLEAR OPERATING CORPORATION (WCNOC): The table below sets forth estimates of the status of the components of WCNOC's Year 2000 readiness program at June 30, 1999.

Phase	Percentage Completion
Identification and assessment of plant components	100%
Identification and assessment of computers/software	100%
Identification and assessment of other areas	100%
Identified critical remediations complete	100%
Comprehensive testing guidelines	100%
Comprehensive testing	100%
Contingency planning guidelines	100%
Contingency planning individual plans	100%

Additional non-mission critical remediations continue with a goal to be 95% ready by September 30, 1999, and 100% ready by December 31, 1999.

WCNOC has estimated the costs to complete the Year 2000 project at $3.8 million ($1.8 million, our share). As of June 30, 1999, $2.7 million ($1.3 million, our share) had been spent on the project. A summary of the projected costs to complete and actual costs incurred through June 30, 1999, is as follows:

	Projected Costs	Actual Costs
	(Dollars in Thousands)	
Wolf Creek Labor and Expenses. .	$ 499	$ 367
Contractor Costs	1,254	920
Remediation Costs.	1,995	1,390
Total.	$3,748	$2,677

Approximately $2.9 million ($1.4 million, our share) of WCNOC's total Year 2000 cost is purchased items and installation costs associated with remediation. The total projected Year 2000 costs have decreased from the total projected costs of $4.6 million at December 31, 1998, as alternate remediation paths have been identified which have eliminated the need for extensive equipment changeouts. All of these costs are being expensed as they are incurred and are being funded on a daily basis along with our normal costs of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The company has not experienced any significant changes in its exposure to market risk since December 31, 1998. For additional information on the company's market risk, see the Form 10-K dated December 31, 1998.

KANSAS GAS AND ELECTRIC COMPANY
Part II Other Information

Item 1. Legal Proceedings

None

Item 2. Changes in Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

Information required by Item 4 is omitted pursuant to General Instruction H(2)(b) to Form 10-Q.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 12 - Computation of Ratio of Earnings to Fixed Charges for 12 Months Ended June 30, 1999 (filed electronically)

Exhibit 27 - Financial Data Schedule (filed electronically)

(b) Reports on Form 8-K:

None

SIGNATURE

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

KANSAS GAS AND ELECTRIC COMPANY

Date August 16, 1999 By /s/ Richard D. Terrill
Richard D. Terrill
Secretary, Treasurer and
General Counsel

Exhibit 12

KANSAS GAS AND ELECTRIC COMPANY
Computations of Ratio of Earnings to Fixed Charges
(Dollars in Thousands)

	Unaudited Twelve Months Ended June 30, 1999	Year Ended December 31, 1998	1997	1996	1995	1994
Net Income.	$ 79,818	$103,765	$ 52,128	$ 96,274	$110,873	$104,526
Taxes on Income	37,443	44,971	17,408	36,258	51,787	55,349
Net Income Plus Taxes.	117,261	148,736	69,536	132,532	162,660	159,875
Fixed Charges:						
Interest on Long-Term Debt. . . .	45,900	45,990	46,062	46,304	47,073	47,827
Interest on Other Indebtedness. .	3,644	3,368	4,388	11,758	5,190	5,183
Interest on Corporate-owned Life Insurance Borrowings . . .	31,570	32,368	31,253	27,636	25,357	20,990
Interest Applicable to Rentals. .	24,815	25,106	25,143	25,539	25,375	25,096
Total Fixed Charges	105,929	106,832	106,846	111,237	102,995	99,096
Earnings (1).	$223,190	$255,568	$176,382	$243,769	$265,655	$258,971
Ratio of Earnings to Fixed Charges.	2.11	2.39	1.65	2.19	2.58	2.61

(1) Earnings are deemed to consist of net income to which has been added income taxes (including net deferred investment tax credit) and fixed charges. Fixed charges consist of all interest on indebtedness, amortization of debt discount and expense, and the portion of rental expense which represents an interest factor.

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This schedule contains summary financial information extracted from the Balance Sheet at June 30, 1999 and the Statement of Income for the six months ended June 30, 1999 and is qualified in its entirety by reference to such financial statements.

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6-MOS
DEC-31-1999
JUN-30-1999
36
0
67,119
2,343
45,358
209,011
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1,166,352
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0
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3,060,072
281,080
281,080
59,791
219,173
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35,456
8,481
26,975
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26,975
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