

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the Fiscal Year Ended December 31, 1997

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

COMMISSION FILE NUMBER 1-3187

A. Full title of the plan and address of the plan, if different from that of the
issuer named below:

HOUSTON INDUSTRIES INCORPORATED
SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of
its principal executive office:

HOUSTON INDUSTRIES INCORPORATED
1111 LOUISIANA STREET
HOUSTON, TEXAS 77002

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Pursuant to Item 4 of Form 11-K, the financial statements and schedules referred to above have been prepared in accordance with regulations of the Employee Retirement Income Security Act of 1974.

INDEPENDENT AUDITORS' REPORT

Houston Industries Incorporated Savings Plan:

We have audited, by fund and in total, the accompanying financial statements of the Houston Industries Incorporated Savings Plan (the "Plan") as of December 31, 1997 and 1996 and for the years then ended, listed in the Table of Contents. These financial statements are the responsibility of the Plan'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, such financial statements present fairly, by fund and in total, in all material respects, the net assets available for benefits of the Plan as of December 31, 1997 and 1996, and the changes in net assets available for benefits for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules, listed in the Table of Contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 1997 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

DELOITTE & TOUCHE LLP

Houston, Texas
June 24, 1998

HOUSTON INDUSTRIES INCORPORATED SAVINGS PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 1997

	PARTICIPANT INVESTMENT FUNDS					
	HII COMMON STOCK FUND	ALLOCATED ESOP	CAPITAL APPRECIATION EQUITY FUND	GROWTH & INCOME EQUITY FUND	INTERNATIONAL EQUITY FUND	BALANCED FUND
ASSETS						
INVESTMENTS						
Common Stock	\$ 338,664,722	\$ 125,867,057				
Mutual Funds			\$ 76,615,551	\$ 93,016,707	\$ 25,659,496	\$ 34,732,269
Cash Equivalents	2,003,994	1,039,573				
Other Assets						
Total	340,668,716	126,906,630	76,615,551	93,016,707	25,659,496	34,732,269
RECEIVABLES						
Dividends and Interest	4,754,337	1,796,895				91,650
Investment Sales				1,818,574		
Contributions						
Employer		262,752				
Participants	108,896		127,140	143,754	54,336	54,915
Total	4,863,233	2,059,647	127,140	1,962,328	54,336	146,565
TOTAL ASSETS	345,531,949	128,966,277	76,742,691	94,979,035	25,713,832	34,878,834
LIABILITIES						
PAYABLES						
Administrative Expenses	(5,895)	(2,407)	(1,720)	(2,041)	(835)	(990)
Interest on ESOP Loans from Company						
ESOP Loans from Company						
TOTAL LIABILITIES	(5,895)	(2,407)	(1,720)	(2,041)	(835)	(990)
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 345,526,054</u>	<u>\$ 128,963,870</u>	<u>\$ 76,740,971</u>	<u>\$ 94,976,994</u>	<u>\$ 25,712,997</u>	<u>\$ 34,877,844</u>

	PARTICIPANT INVESTMENT FUNDS					
	FIXED INCOME FUND	MONEY MARKET FUND	PARTICIPANT LOANS	TOTAL	UNALLOCATED ESOP	TOTAL
ASSETS						
INVESTMENTS						
Common Stock				\$ 464,531,779	\$ 330,619,455	\$ 795,151,234
Mutual Funds	\$ 7,712,680			237,736,703		237,736,703
Cash Equivalents		\$ 28,962,593		32,006,160	4,671,858	36,678,018
Other Assets			\$ 30,437,985	30,437,985		30,437,985
Total	7,712,680	28,962,593	30,437,985	764,712,627	335,291,313	1,100,003,940
RECEIVABLES						
Dividends and Interest	41,191	141,577		6,825,650	4,611,125	11,436,775
Investment Sales				1,818,574		1,818,574
Contributions						
Employer				262,752		262,752
Participants	11,505	28,971		529,517		529,517
Total	52,696	170,548		9,436,493	4,611,125	14,047,618

TOTAL ASSETS	7,765,376	29,133,141	30,437,985	774,149,120	339,902,438	1,114,051,558
	-----	-----	-----	-----	-----	-----
LIABILITIES						
PAYABLES						
Administrative Expenses	(513)	(908)		(15,309)		(15,309)
Interest on ESOP Loans from Company					(7,119,607)	(7,119,607)
ESOP Loans from Company					(248,301,638)	(248,301,638)
	-----	-----	-----	-----	-----	-----
TOTAL LIABILITIES	(513)	(908)		(15,309)	(255,421,245)	(255,436,554)
	-----	-----	-----	-----	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ 7,764,863	\$ 29,132,233	\$ 30,437,985	\$ 774,133,811	\$ 84,481,193	\$ 858,615,004
	=====	=====	=====	=====	=====	=====

See notes to financial statements.

HOUSTON INDUSTRIES INCORPORATED SAVINGS PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 1996

PARTICIPANT INVESTMENT FUNDS						
	HII COMMON STOCK FUND	ALLOCATED ESOP	CAPITAL APPRECIATION EQUITY FUND	GROWTH & INCOME EQUITY FUND	INTERNATIONAL EQUITY FUND	BALANCED FUND
ASSETS						
INVESTMENTS						
Common Stock	\$333,934,344	\$114,282,178				
Mutual Funds			\$65,790,169	\$75,017,780	\$26,159,342	\$35,745,324
Cash Equivalents	2,355,261	490,550				
Other Assets						
Total	336,289,605	114,772,728	65,790,169	75,017,780	26,159,342	35,745,324
RECEIVABLES						
Dividends and Interest	5,466,007	1,909,245			455,610	91,171
Fund Transfers	(213,432)		101,746	36,721	(2,853)	77,818
Investment Sales		914,887				
Contributions						
Employer		360,861				
Participants	203,283		157,889	159,332	72,825	80,271
Total	5,455,858	3,184,993	259,635	196,053	525,582	249,260
TOTAL ASSETS	341,745,463	117,957,721	66,049,804	75,213,833	26,684,924	35,994,584
LIABILITIES						
PAYABLES						
Administrative Expenses	(6,151)	(2,411)	(1,618)	(1,776)	(916)	(1,087)
Interest on ESOP Loans from Company						
ESOP Loans from Company						
TOTAL LIABILITIES	(6,151)	(2,411)	(1,618)	(1,776)	(916)	(1,087)
NET ASSETS AVAILABLE FOR BENEFITS	\$341,739,312	\$117,955,310	\$66,048,186	\$75,212,057	\$26,684,008	\$35,993,497

PARTICIPANT INVESTMENT FUNDS						
	FIXED INCOME FUND	MONEY MARKET FUND	PARTICIPANT LOANS	TOTAL	UNALLOCATED ESOP	TOTAL
ASSETS						
INVESTMENTS						
Common Stock				\$448,216,522	\$302,285,476	\$750,501,998
Mutual Funds	\$7,862,009			210,574,624		210,574,624
Cash Equivalents		\$33,065,117		35,910,928	3,542,777	39,453,705
Other Assets			\$37,306,740	37,306,740		37,306,740
Total	7,862,009	33,065,117	37,306,740	732,008,814	305,828,253	1,037,837,067
RECEIVABLES						
Dividends and Interest	42,538	153,169		8,117,740	4,643,797	12,761,537
Fund Transfers						
Investment Sales				914,887		914,887
Contributions						
Employer				360,861		360,861
Participants	16,296	44,072		733,968		733,968

Total	58,834	197,241		10,127,456	4,643,797	14,771,253
TOTAL ASSETS	7,920,843	33,262,358	37,306,740	742,136,270	310,472,050	1,052,608,320
LIABILITIES						
PAYABLES						
Administrative Expenses	(599)	(1,048)		(15,606)		(15,606)
Interest on ESOP Loans from Company					(4,634,564)	(4,634,564)
ESOP Loans from Company					(268,686,244)	(268,686,244)
TOTAL LIABILITIES	(599)	(1,048)	0	(15,606)	(273,320,808)	(273,336,414)
NET ASSETS AVAILABLE FOR BENEFITS	\$7,920,244	\$33,261,310	\$37,306,740	\$742,120,664	\$37,151,242	\$779,271,906

See notes to financial statements.

HOUSTON INDUSTRIES INCORPORATED SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 1997

	PARTICIPANT INVESTMENT FUNDS					
	HII COMMON STOCK FUND	ALLOCATED ESOP	CAPITAL APPRECIATION EQUITY FUND	GROWTH & INCOME EQUITY FUND	INTERNATIONAL EQUITY FUND	BALANCED FUND
INVESTMENT INCOME						
Dividends						
Common Stock	\$ 20,517,489	\$ 7,644,282				
Mutual Funds			\$ 1,225,483	\$ 3,003,484	\$ 175,869	\$ 1,302,781
Interest						
NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	50,357,694	18,909,106	15,766,743	19,662,247	2,103,474	3,782,020
Total	70,875,183	26,553,388	16,992,226	22,665,731	2,279,343	5,084,801
CONTRIBUTIONS						
Participants	9,736,936		6,505,232	7,031,322	2,944,829	2,826,070
Employers						
Allocations of ESOP Stock		15,664,412				
Cash		453,639				
ESOP Contributions						
Total	9,736,936	16,118,051	6,505,232	7,031,322	2,944,829	2,826,070
FUND TRANSFERS	(21,019,752)	(283,653)	5,896,525	14,370,354	322,314	(679,637)
ADMINISTRATIVE EXPENSES	(92,166)	(753)	(18,815)	(22,094)	(9,986)	(11,310)
TRANSFER TO STPNOC	(33,919,460)	(24,081,169)	(14,950,572)	(18,394,982)	(5,148,850)	(6,080,629)
BENEFIT PAYMENTS	(21,793,999)	(7,297,304)	(3,731,811)	(5,885,394)	(1,358,661)	(2,254,948)
INTEREST ON ESOP LOANS						
CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	3,786,742	11,008,560	10,692,785	19,764,937	(971,011)	(1,115,653)
NET ASSETS AVAILABLE FOR BENEFITS: BEGINNING OF YEAR	341,739,312	117,955,310	66,048,186	75,212,057	26,684,008	35,993,497
END OF YEAR	\$ 345,526,054	\$ 128,963,870	\$ 76,740,971	\$ 94,976,994	\$ 25,712,997	\$ 34,877,844

	PARTICIPANT INVESTMENT FUNDS					
	FIXED INCOME FUND	MONEY MARKET FUND	PARTICIPANT LOANS	TOTAL	UNALLOCATED ESOP	TOTAL
INVESTMENT INCOME						
Dividends						
Common Stock				\$ 28,161,771	\$ 19,260,588	\$ 47,422,359
Mutual Funds	\$ 484,565			6,192,182		6,192,182
Interest		\$ 1,763,644	\$ 3,154,971	4,918,615		4,918,615
NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	46,129			110,627,413	49,289,685	159,917,098
Total	530,694	1,763,644	3,154,971	149,899,981	68,550,273	218,450,254
CONTRIBUTIONS						

Participants	577,443	1,871,287		31,493,119		31,493,119
Employers						
Allocations of ESOP Stock				15,664,412	(15,664,412)	
Cash				453,639		453,639
ESOP Contributions					19,431,067	19,431,067
	-----	-----	-----	-----	-----	-----
Total	577,443	1,871,287		47,611,170	3,766,655	51,377,825
	-----	-----	-----	-----	-----	-----
FUND TRANSFERS	559,289	834,560				
ADMINISTRATIVE EXPENSES	(5,827)	(10,644)		(171,595)		(171,595)
	-----	-----	-----	-----	-----	-----
TRANSFER TO STPNOC	(886,193)	(2,984,272)	(7,404,652)	(113,850,779)		(113,850,779)
BENEFIT PAYMENTS	(930,787)	(5,603,652)	(2,619,074)	(51,475,630)		(51,475,630)
	-----	-----	-----	-----	-----	-----
INTEREST ON ESOP LOANS					(24,986,977)	(24,986,977)
	-----	-----	-----	-----	-----	-----
CHANGE IN NET ASSETS						
AVAILABLE FOR BENEFITS	(155,381)	(4,129,077)	(6,868,755)	32,013,147	47,329,951	79,343,098
	-----	-----	-----	-----	-----	-----
NET ASSETS AVAILABLE						
FOR BENEFITS:						
BEGINNING OF YEAR	7,920,244	33,261,310	37,306,740	742,120,664	37,151,242	779,271,906
	-----	-----	-----	-----	-----	-----
END OF YEAR	\$ 7,764,863	\$ 29,132,233	\$ 30,437,985	\$ 774,133,811	\$ 84,481,193	\$858,615,004
	=====	=====	=====	=====	=====	=====

See notes to financial statements.

HOUSTON INDUSTRIES INCORPORATED SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 1996

	PARTICIPANT INVESTMENT FUNDS					
	HII COMMON STOCK FUND	ALLOCATED ESOP	CAPITAL APPRECIATION EQUITY FUND	GROWTH & INCOME EQUITY FUND	INTERNATIONAL EQUITY FUND	BALANCED FUND
INVESTMENT INCOME						
Dividends						
Common Stock	\$ 21,705,280	\$ 7,036,833				
Mutual Funds			\$ 6,993,538	\$ 4,408,329	\$ 1,216,654	\$ 2,192,818
Interest	160,910	68,511	1,083	971	822	246
NET APPRECIATION/(DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	(22,903,279)	(7,014,195)	3,375,322	10,056,097	2,127,932	1,950,618
Total	(1,037,089)	91,149	10,369,943	14,465,397	3,345,408	4,143,682
CONTRIBUTIONS						
Participants	11,293,307		6,158,051	6,159,840	2,951,368	3,134,909
Employer						
Allocations of ESOP Stock		15,755,612				
Cash	264,873	748,189	5,668	10,120	10,091	2,887
ESOP Contributions						
Total	11,558,180	16,503,801	6,163,719	6,169,960	2,961,459	3,137,796
INTEREST ON PARTICIPANT LOANS						
FUND TRANSFERS	(3,484,433)		2,988,079	2,341,335	1,290,509	(2,042,818)
ADMINISTRATIVE EXPENSES	(105,132)	(85)	(17,820)	(18,968)	(10,657)	(12,971)
BENEFIT PAYMENTS	(28,434,422)	(7,513,434)	(3,861,226)	(4,382,896)	(1,615,933)	(2,765,622)
INTEREST ON ESOP LOANS						
CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	(21,502,896)	9,081,431	15,642,695	18,574,828	5,970,786	2,460,067
NET ASSETS AVAILABLE FOR BENEFITS: BEGINNING OF YEAR	363,242,208	108,873,879	50,405,491	56,637,229	20,713,222	33,533,430
END OF YEAR	\$ 341,739,312	\$ 117,955,310	\$ 66,048,186	\$ 75,212,057	\$ 26,684,008	\$ 35,993,497

	PARTICIPANT INVESTMENT FUNDS					
	FIXED INCOME FUND	MONEY MARKET FUND	PARTICIPANT LOANS	TOTAL	UNALLOCATED ESOP	TOTAL
INVESTMENT INCOME						
Dividends						
Common Stock				\$ 28,742,113	\$ 20,366,903	\$ 49,109,016
Mutual Funds	\$ 495,978			15,307,317		15,307,317
Interest	26	\$ 1,893,031		2,125,600	21,874	2,147,474
NET APPRECIATION/(DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	(122,126)			(12,529,631)	(23,456,686)	(35,986,317)
Total	373,878	1,893,031		33,645,399	(3,067,909)	30,577,490

CONTRIBUTIONS

Participants	641,254	2,394,011		32,732,740		32,732,740
Employer						
Allocations of ESOP Stock				15,755,612	(15,755,612)	
Cash	978	89,323		1,132,129		1,132,129
ESOP Contributions					15,529,316	15,529,316
	-----	-----	-----	-----	-----	-----
Total	642,232	2,483,334		49,620,481	(226,296)	49,394,185
	-----	-----	-----	-----	-----	-----
INTEREST ON PARTICIPANT LOANS			\$ 3,017,426	3,017,426		3,017,426
	-----	-----	-----	-----	-----	-----
FUND TRANSFERS	(516,982)	(2,175,785)	1,600,095			
	-----	-----	-----	-----	-----	-----
ADMINISTRATIVE EXPENSES	(7,294)	(13,335)		(186,262)		(186,262)
	-----	-----	-----	-----	-----	-----
BENEFIT PAYMENTS	(1,179,256)	(7,457,934)		(57,210,723)		(57,210,723)
	-----	-----	-----	-----	-----	-----
INTEREST ON ESOP LOANS					(27,124,320)	(27,124,320)
	-----	-----	-----	-----	-----	-----
CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	(687,422)	(5,270,689)	4,617,521	28,886,321	(30,418,525)	(1,532,204)
	-----	-----	-----	-----	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS:						
BEGINNING OF YEAR	8,607,666	38,531,999	32,689,219	713,234,343	67,569,767	780,804,110
	-----	-----	-----	-----	-----	-----
END OF YEAR	\$ 7,920,244	\$ 33,261,310	\$ 37,306,740	\$ 742,120,664	\$ 37,151,242	\$ 779,271,906
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See notes to financial statements.

HOUSTON INDUSTRIES INCORPORATED SAVINGS PLAN
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

1. ACCOUNTING POLICIES

In accordance with the provisions of the Houston Industries Incorporated Savings Plan (the "Plan"), the financial records of the Plan are generally kept and the valuations of accounts of participating employees ("Participants") are determined on the accrual basis.

The Plan recognizes net appreciation or depreciation in the fair value of its investments. Investments are reflected at fair value in the financial statements. Fair value for securities listed on a national exchange is principally determined using the closing price on the New York Stock Exchange. Fair value for mutual funds is determined using net asset value.

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions that affect the reported amounts as well as certain disclosures. The Plan's financial statements include amounts that are based on management's best estimates and judgments. Actual results could differ from those estimates.

Certain 1996 balances have been reclassified to conform to the 1997 presentation.

2. SUMMARY OF THE PLAN

DESCRIPTION OF PLAN

The following description of the Plan provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

GENERAL

The Plan is a defined contribution plan covering all employees of Houston Industries Incorporated (the "Company") except building trades workers under a construction industry collective bargaining agreement providing specifically for retirement benefit payments to be made thereunder for such building trades workers, leased employees, and employees on the payroll of NorAm Energy Corp. or any of its divisions or subsidiaries. It is subject to the provisions of the Employee Retirement Act of 1974 (ERISA).

PARTICIPANT ACCOUNTS

Each Participant's account is credited with the Participant's contribution and allocations of (a) the Company's contribution and (b) Plan earnings and (c) charged with an allocation of administrative expenses. Allocations are based on Participant earnings or account balances, as defined. The benefit to which a Participant is entitled is the benefit that can be provided from the Participant's vested account.

INVESTMENT PROGRAM

The Plan has seven investment funds (Funds), as follows:

HII COMMON STOCK FUND: Invested primarily in shares of common stock of the Company.

CAPITAL APPRECIATION EQUITY FUND: Invested in a pool of stock mutual funds that have a goal of long-term growth with no emphasis on current income. The mutual funds seek to buy stocks of growing companies or companies with potential for growth including small company and international stocks.

GROWTH AND INCOME EQUITY FUND: Invested in a pool of stock mutual funds that have a goal of long-term growth and current income. The mutual funds buy stocks of companies that are believed to be expanding and that have a history of paying dividends.

INTERNATIONAL EQUITY FUND: Invested in a pool of international stock mutual funds that have a goal of long-term growth with little emphasis on current income. The mutual funds buy stocks of growing and established companies that have their principal business activities and interests outside of the United States and which show the potential for growth.

BALANCED FUND: Invested in both stock and bond mutual funds. The mutual funds use a bond mutual fund investing in high-quality bonds and stock mutual funds investing in a wide variety of companies.

FIXED INCOME FUND: Invested in a pool of fixed income mutual funds. The mutual funds invest in short-term, high-quality government and corporate bonds and other fixed income securities.

MONEY MARKET FUND: Invested in a pool of money market funds. The mutual funds invest in high-quality government and corporate fixed income securities with maturities of less than one year.

Pending the acquisition of an investment in an orderly manner for the Funds, the Trustee (as hereinafter defined) may temporarily hold funds uninvested or in short-term investments.

The assets of the Plan are held in trust by The Northern Trust Company ("Trustee"). The Benefits Committee ("Committee"), appointed by the Board of Directors of the Company, as the administrator of the Plan, selects the investments for each of the Funds. The Committee retains an independent investment consultant to provide investment advice with respect to the Funds. The fees charged by the Trustee and the investment consultant are paid by the Trustee out of the Funds.

A Participant has the right to direct the Trustee to invest his contributions, but not matching contributions made by the employer ("Employer Contributions"), in 1% increments in any or all of the Funds.

At December 31, the number of participants in each fund was as follows:

	1997	1996
	----	----
HII Common Stock Fund (Allocated and Unallocated ESOP)	7,082	9,031
Capital Appreciation Equity Fund	4,165	4,966
Growth and Income Equity Fund	4,452	5,094
International Equity Fund	2,776	3,360
Balanced Fund	2,340	2,910
Fixed Income Fund	911	1,118
Money Market Fund	1,772	2,241

All Employer Contributions to the Plan were invested in the ESOP (as hereinafter defined).

EMPLOYEE STOCK OWNERSHIP PLAN

The employee stock ownership component ("ESOP") of the Plan is a funding mechanism for a portion of the Employer Contributions to the Plan. In connection with the ESOP, the Company was party to an ESOP Trust Agreement between the Company and State Street Bank ("Prior ESOP Trustee"). The Prior ESOP Trustee purchased shares of the Company's common stock in open market transactions with funds provided by loans ("Loans") from the Company. The Prior ESOP Trustee completed the purchases of shares of the Company's common stock in December 1991 after purchasing 18,762,184 shares at a cost of approximately \$350 million. At December 31, 1997 and 1996, the balance of the Loans was approximately \$248 million and \$269 million, respectively. The Loans bear interest at a fixed rate of 9.783%. The Loans are expected to be repaid over a period of up to twenty years. The Trustee has made approximately \$101.7 million of principal prepayments as of December 31, 1997. Consequently, no additional principal repayments are required until 2006.

The Company makes periodic cash contributions ("ESOP Contributions") to the Unallocated ESOP (as defined below) portion of the Trust (as hereinafter defined). The ("ESOP Contributions"), together with the earnings received on the investments included in the Unallocated ESOP, are used to pay principal and interest on the Loans. As debt service payments on the Loans are made, the Company releases shares of common stock from the pledge securing the Loans and such shares are available for allocation to Participants' accounts as Employer Contributions. All released shares must be allocated to Participants' accounts at year-end. No allocated shares serve as collateral for the Loans. In addition to the ESOP Contributions, the Company may elect to make Employer Contributions to the Allocated ESOP (as hereinafter defined) in the form of cash which may be used to purchase shares of the Company's common stock in the open market. Dividend income received on shares of the Company's common stock that were purchased in the open market and placed in the Allocated ESOP is not available for debt service payments.

That portion of the ESOP which has been allocated to Participants (Allocated ESOP) as Employer Contributions and that portion of the ESOP which has not been allocated to Participants (Unallocated ESOP) are presented separately in the accompanying financial statements.

FUNDING

Contributions to the Plan are made by Participants and by the Company and each subsidiary of the Company that has adopted the Plan. Each Participant may contribute to the Plan annually an amount equal to any whole percentage up to and including 6% of his total compensation. This amount, referred to as the Participant's "Basic Contributions", could be made up of Pre-tax and After-tax Contributions (as hereinafter defined), provided that the total amount contributed was less than or equal to 6% of the Participant's compensation. Employer Contributions are in an amount equal to 70% of Participant's Basic Contributions.

Each Participant may make excess contributions annually to the Plan in an amount equal to any whole percentage up to and including 10% of his total compensation. This amount, referred to as the Participant's "Excess Contributions", may be made up of Pre-tax and After-tax Contributions, provided that the total amount contributed is less than or equal to 10% of the Participant's compensation. The Company does not match excess contributions.

Participants may make their contributions to the Plan through (i) payroll deductions (After-tax Contributions), (ii) salary deferral (Pre-tax Contributions) or (iii) a combination of After-tax and Pre-tax Contributions.

Pre-tax Contributions made to the Plan by salary deferral decrease a Participant's income for federal income tax purposes by the amount of such Participant's Pre-tax Contributions. Pre-tax Contributions are, however, subject to Federal Insurance Contributions Act withholding tax.

The maximum amount that a taxpayer may elect to defer as a Pre-tax Contribution for any taxable year under all cash or deferred arrangements (such as the Plan) in which the taxpayer participates was limited to \$9,500 in 1997 and \$9,500 in 1996. The limit for 1998 is \$10,000, to be adjusted annually thereafter for inflation. If the total amount of Pre-tax Contributions exceeds the maximum limit during any calendar year, such excess will be included in the taxpayer's gross income for the year to which the deferrals relate, and will be returned to the Participant, plus any income or minus any loss allocable thereto, by April 15 of the following year.

PARTICIPATION

Any eligible employee upon hire date of the Company may participate in the Plan as soon as is practicable after employment commences. Ineligible employees include persons not regularly and principally employed by the Company, building trades workers under a construction industry collective bargaining agreement providing specifically for retirement benefit payments thereunder for such building trades workers, leased employees, and employees on the payroll of NorAm Energy Corp. or any of its divisions or subsidiaries. Former Participants who are reemployed by the Company may recommence participation in the Plan as soon as practicable after reemployment. Their vesting service will be reinstated, and any portion of their interest in the Employer Contributions that was forfeited will be reinstated in accordance with the terms of the Plan.

DISTRIBUTIONS AND FORFEITURES

A terminated Participant or the beneficiary of a deceased Participant is entitled to a distribution of the value of the Participant's entire account in case of death, disability, or retirement at or before the fifth anniversary of the Participant's commencement of participation in the Plan. In case of termination of service for other reasons, a Participant is entitled to a distribution of the entire value of his contribution account plus the vested portion of his Employer Contribution account. Vesting is determined by vesting service years in accordance with the following schedule:

Vesting Service Years*	Vested Percentage
-----	-----
Less than two.....	0
Two but less than three.....	20
Three but less than four.....	40
Four but less than five.....	60
Five but less than six.....	80
Six or more.....	100

* Generally, a vesting service year is each Plan year during which an employee completed at least 1,000 hours of service.

Any portion of the value of Employer Contributions not vested will be forfeited. The amount forfeited by a Participant is applied to reduce the respective Company's subsequent contribution to the Plan.

A terminated Participant receives a lump sum final distribution from the Plan upon written request any time after such termination but no later than 60 days from which the terminated Participant attains the age of 65. If no request is received, an automatic distribution will be made to the terminated Participant and mailed to his last known address shortly after the end of the year in which he reaches age 65. Immediate lump sum distributions are made, however, for accounts which do not exceed \$3,500.

PARTICIPANT WITHDRAWALS AND LOANS

A Participant may make in-service withdrawals from amounts attributable to his After-tax Contributions. A Participant with less than five years of service who withdraws Basic After-tax Contributions will be suspended from Plan participation for six months.

A Participant may borrow against amounts attributable to his Pre-tax Contributions. The maximum amount that a Participant may borrow from his Pre-tax Contribution account is the lesser of (i) \$50,000, reduced by the excess, if any, of the highest outstanding balance of loans to the Participant from all plans maintained by the Company or an affiliated entity during the one-year period ending on the day before the date on which such loan is made over the outstanding balance of loans from the Plan on the date on which such loan is made, (ii) 50% of the value of the Participant's vested account balance under the Plan or (iii) 100% of the value of the Participant's Pre-tax Contribution account. The loans are to be secured by the pledge of a portion of the Participant's right, title and value of the Participant's vested account balance under the Plan as determined immediately after the loan is made. Loans may be repaid over a period of up to five years, except loans made before January 1, 1994 must be repaid over a period of up to four years. No loan will be made for a sum of less than \$500. Interest rates are fixed for the term of the loan at the time of loan origination and ranged from 6% to 10% for loans outstanding as of December 31, 1997.

DIVERSIFICATION OF INVESTMENTS

A Participant who is 55 years of age or older as of any December 31 and who has participated in the Plan for at least ten years is qualified to diversify, in any subsequent calendar year, the investments in his ESOP account and his Employer Contribution account by transferring up to 25% of the sum of the balances of those accounts (less any amount previously transferred) to any of the other Funds. After five years of eligibility to make such transfers, the maximum percentage increases to 50% (less any amount previously transferred). A qualified Participant must make this election in the first 90 days of any calendar year following qualification to diversify. The transfer will be effective on the last business day in March. Second or subsequent elections will cause transfers only to the extent the permissible election exceeds amounts previously transferred.

TERMINATION OF THE PLAN

The Company may terminate the Plan at any time and must give written notice to the Trustee. In the event of termination of the Plan, the assets held by the Trustee under the Plan will be valued and each Participant will become fully vested in his account.

3. FEDERAL INCOME TAXES

No provision for federal income taxes has been made in the financial statements of the Plan. The Internal Revenue Service (IRS) determined and informed the Company by letter dated December 3, 1994 that the Plan, as amended and restated effective January 1, 1994 (Prior Plan), was qualified and the trust fund (Trust) established under the Prior Plan was tax-exempt under the appropriate sections of the Internal Revenue Code of 1986, as amended (Code). Although the Plan was amended and restated subsequent to that date, the Committee and the Company's counsel believe that the Plan was designed and operated in compliance with the requirements of the Code. As a result, the Participant's Pre-tax Contributions, up to a specified maximum amount each calendar year, and the Employer Contributions to the Trust on behalf of a Participant are not currently taxable to a Participant when made, and income from any source accruing to a Participant's account is not taxable when realized by the Trust. The After-tax Contributions made by a Participant will not be deductible by the Participant. The continued status of the Trust as a tax-exempt trust and the Plan as a qualified plan are contingent upon the continuing operation of the Trust and the Plan in accordance with applicable provisions of the Code.

4. RELATED PARTY TRANSACTIONS

During 1997, the Trustee purchased 1,171,957 shares (valued at \$25,325,767) of the Company's common stock in the open market, 1,092,662 for the HII Common Stock Fund and 79,295 for the Allocated ESOP Fund. During 1996, the Trustee purchased 1,000,074 shares (valued at \$22,343,873) of the Company's common stock in the open market and 136,363 shares (valued at \$2,999,986) of the Company's common stock from the Allocated ESOP for the HII Common Stock Fund.

During 1997, the Trustee sold in the open market 1,696,958 shares of the Company's common stock valued at \$37,473,072 (cost, \$28,631,531) from the HII Common Stock Fund and the Allocated ESOP Fund. During 1996, the Trustee sold in the open market 677,626 shares of the Company's common stock valued at \$15,396,601 (cost \$11,255,910) from the HII Common Stock Fund and the Allocated ESOP Fund.

During 1997, the Trustee distributed 199,886 shares of the Company's common stock (valued at \$4,228,327).

During 1996, the Trustee distributed 318,751 shares of the Company's common stock (valued at \$7,386,918).

As of December 31, 1997, an aggregate of 29,794,894 shares of the Company's common stock was held by the Plan, including shares held in the Unallocated ESOP. As of December 31, 1996, an aggregate of 33,171,359 shares of the Company's common stock was held by the Plan, including shares held in the Unallocated ESOP. These shares represented 10.09% and 12.62%, respectively, of the Company's common stock outstanding at December 31, 1997 and December 31, 1996.

During 1997 and 1996, the Plan and the ESOP purchased and sold units of short-term investment funds managed by the Trustee as temporary investments, as shown below:

	1997	1996
	-----	-----
	Plan & ESOP	Plan & ESOP
	-----	-----
Purchases	\$216,664,199	\$59,289,695
Sales	226,647,363	68,208,274

See Note 6 regarding transfer of plan assets to a South Texas Project Nuclear Operating Company Savings Plan.

5. BENEFITS PAYABLE

As of December 31, 1997 and 1996, the Plan's net assets available for benefits did not include any amounts due to Participants who had withdrawn from participation in the Plan.

6. TRANSFER OF PLAN ASSETS TO THE SOUTH TEXAS PROJECT NUCLEAR OPERATING COMPANY SAVINGS PLAN

In 1997, the Company and the other three owners of the South Texas Project Electric Generating Station (South Texas Project) completed the transfer of the Company's responsibilities for operation of the South Texas Project to a Texas non-profit corporation formed by the owners and known as the STP Nuclear Operating Company (STPNOC). STPNOC was formed exclusively for the purpose of operating the South Texas Project, and certain of the Company's officers and employees who had been responsible for day-to-day operation and management of the South Texas Project were transferred to STPNOC effective in October, 1997. STPNOC created its own savings plan to which Plan assets, in the amount of \$113,850,779, were transferred in October, 1997 which represented the account balances of participants who have become employees of STPNOC.

Item 27a - Schedule of Assets Held for Investment Purposes

HOUSTON INDUSTRIES INCORPORATED SAVINGS PLAN
SUPPLEMENTAL SCHEDULE OF INVESTMENTS
ASSETS HELD FOR INVESTMENT PURPOSES
DECEMBER 31, 1997

DESCRIPTION OF ASSET -----	SHARES -----	COST -----	CURRENT VALUE -----
HII COMMON STOCK FUND			
Common Stock - *Houston Industries Incorporated	12,690,013	\$ 212,501,542	\$ 338,664,722
*Northern Trust Collective Short-Term Investment Fund	2,003,994	2,003,994	2,003,994
TOTAL HII COMMON STOCK FUND INVESTMENTS		214,505,536	340,668,716
ALLOCATED ESOP			
Common Stock - *Houston Industries Incorporated	4,716,330	88,663,298	125,867,057
*Northern Trust Collective Short-Term Investment Fund	1,039,573	1,039,573	1,039,573
TOTAL ALLOCATED ESOP INVESTMENTS		89,702,870	126,906,630
CAPITAL APPRECIATION EQUITY FUND			
MUTUAL FUNDS			
Acorn Fund	1,648,194	23,077,694	28,002,822
AIM Weingarten Fund Institutional Class	1,261,673	23,781,532	25,094,686
Janus Fund	944,500	24,714,026	23,518,044
TOTAL CAPITAL APPRECIATION EQUITY FUND INVESTMENTS		71,573,252	76,615,551
GROWTH AND INCOME EQUITY FUND			
MUTUAL FUNDS			
Davis New York Venture Fund Class A	1,472,825	21,475,833	32,888,163
Dodge & Cox Stock Fund	324,556	25,645,067	28,874,652
Vanguard Windsor Fund	1,840,630	28,785,816	31,253,892
TOTAL GROWTH & INCOME EQUITY FUND INVESTMENTS		75,906,716	93,016,707
INTERNATIONAL EQUITY FUND			
MUTUAL FUNDS			
American Funds EuroPacific Growth Fund	404,741	9,801,101	10,531,357
Lazard International Equity Portfolio	653,245	8,637,447	9,125,839
Warburg Pincus International Equity Fund Institutional Class	413,952	6,722,199	6,002,300
TOTAL INTERNATIONAL EQUITY FUND INVESTMENTS		25,160,747	25,659,496
BALANCED FUND			
MUTUAL FUNDS			
Acorn Fund	243,062	3,504,492	4,129,631
American Funds EuroPacific Growth Fund	167,723	3,942,085	4,364,159
Davis New York Venture Fund Class A	178,459	2,714,619	3,984,990
Neuberger & Berman Guardian Fund	180,053	5,162,334	4,663,373
Vanguard Fixed Income Securities Fund Short-Term Corp. Portfolio	1,627,208	17,532,562	17,590,116
TOTAL BALANCED FUND INVESTMENTS		32,856,092	34,732,269
FIXED INCOME FUND			
MUTUAL FUND			

Vanguard Fixed Income Securities Fund Short-Term Corp. Portfolio	713,476	7,675,594	7,712,680
TOTAL FIXED INCOME FUND INVESTMENT		7,675,594	7,712,680
MONEY MARKET FUND			
*Northern Trust Collective Short-Term Investment Fund	28,962,593	28,962,593	28,962,593
TOTAL MONEY MARKET FUND INVESTMENT		28,962,593	28,962,593
TOTAL PARTICIPANT INVESTMENTS		546,343,400	734,274,642
UNALLOCATED ESOP			
Common Stock - *Houston Industries Incorporated	12,388,551	231,161,526	330,619,455
*Northern Trust Collective Short-Term Investment Fund	4,671,858	4,671,858	4,671,858
TOTAL UNALLOCATED ESOP INVESTMENTS		235,833,384	335,291,313
TOTAL SAVINGS PLAN INVESTMENTS		\$ 782,176,784	\$1,069,565,955
PARTICIPANT LOANS, 6.00% to 10.00%, maturing 1997 through 2001		\$ 30,437,985	\$ 30,437,985

*Party-in-interest

Item 27d - Schedule of Reportable Transactions;

HOUSTON INDUSTRIES INCORPORATED SAVINGS PLAN

SUPPLEMENTAL SCHEDULE OF 5% REPORTABLE TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 1997

DESCRIPTION -----	PURCHASE PRICE -----	SELLING PRICE -----	COST OF ASSET -----	CURRENT VALUE ON TRANSACTION DATE -----	EXPENSE INCURRED -----	NET GAIN -----
SINGLE TRANSACTIONS						
None						
SERIES OF TRANSACTIONS						
Growth and Income Equity Fund						
Mutual Fund - Dodge & Cox Stock Fund						
(159 Purchases)	\$ 28,624,035			\$ 28,624,835		
(100 Sales)		\$ 23,695,504	\$ 19,267,682	23,695,504		\$4,427,822
*Houston Industries Incorporated						
Common Stock						
(10 Purchases)	25,325,767			25,325,767	\$ 48,866	
(23 Sales)		37,473,072	28,631,531	37,473,072	86,149	8,755,393
*The Northern Trust Company Collective Short-Term						
Investment Fund						
(356 Purchases)	162,714,397			162,714,397		
(401 Sales)		165,478,787	165,478,787	165,478,787		

*Party-in interest

SIGNATURE

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

HOUSTON INDUSTRIES INCORPORATED SAVINGS PLAN

By /s/ LEE W. HOGAN

(Lee W. Hogan, Chairman of the
Benefits Committee of
Houston Industries Incorporated,
Plan Administrator)

June 24, 1998

EXHIBIT INDEX

EXHIBIT
NUMBER

DESCRIPTION

23 -- Independent Auditors' Consent Deloitte & Touche LLP

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-11329 of Houston Industries Incorporated on Form S-8 of our report dated June 24, 1998, appearing in this Annual Report on Form 11-K of the Houston Industries Incorporated Savings Plan for the year ended December 31, 1997.

DELOITTE & TOUCHE LLP

Houston, Texas
June 29, 1998