

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, 1998

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:

MINNEGASCO DIVISION EMPLOYEES' RETIREMENT SAVINGS PLAN

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

RELIANT ENERGY, INCORPORATED

(FORMERLY HOUSTON INDUSTRIES INCORPORATED)

1111 LOUISIANA STREET
HOUSTON, TEXAS 77002

TABLE OF CONTENTS

Independent Auditors' Report	Page 1
Financial Statements:	
Statement of Net Assets Available for Benefits, December 31, 1998	Page 2
Statement of Net Assets Available for Benefits, December 31, 1997	Page 3
Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 1998	Page 4
Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 1997	Page 5
Notes to Financial Statements for the Years Ended December 31, 1998 and 1997	Page 6
Supplemental Schedules:	
Supplemental Schedule of Investments, December 31, 1998 (Item 27a)	Page 12
Supplemental Schedule of 5% Reportable Transactions for the Year Ended December 31, 1998 (Item 27d)	Page 13

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

Minnegasco Division Employees' Retirement Savings Plan:

We have audited the accompanying statements of net assets for benefits of the Minnegasco Division Employees' Retirement Savings Plan (the "Plan") as of December 31, 1998 and 1997 and the related statements of changes in net assets available for benefits for the years then ended. 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, in all material respects, the net assets available for benefits of the Plan as of December 31, 1998 and 1997, 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. The supplemental information by fund in the statements of net assets available for benefits and the statements of changes in net assets available for benefits is presented for the purpose of additional analysis rather than to present the net assets available for benefits and the changes in net assets available for benefits of the individual funds. These supplemental schedules and supplemental information by fund are the responsibility of the Plan's management. Such supplemental schedules and supplemental information by fund have been subjected to the auditing procedures applied in our audits of the basic 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.

Houston, Texas
June 18, 1999

MINNEGASCO DIVISION EMPLOYEES' RETIREMENT SAVINGS PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 1998

	COMPANY COMMON STOCK FUND	AMERICAN EXPRESS TRUST U.S. GOVERNMENT SECURITIES FUND	AMERICAN EXPRESS SELECTIVE FUND	AMERICAN EXPRESS MUTUAL FUND	AMERICAN EXPRESS DIVERSIFIED EQUITY INCOME FUND
	-----	-----	-----	-----	-----
INVESTMENTS					
Company Common Stock	\$ 25,814,081				
American Express Trust U.S. Government Securities Fund		\$ 10,308,361			
American Express Selective Fund			\$5,339,043		
American Express Mutual Fund				\$ 14,896,736	
American Express Diversified Equity Income Fund					\$ 18,975,508
American Express Trust Equity Fund					
American Express New Dimensions Fund					
Templeton Foreign Income Fund					
Loans to participants					
	-----	-----	-----	-----	-----
TOTAL INVESTMENTS	25,814,081	10,308,361	5,339,043	14,896,736	18,975,508
INTEREST RECEIVABLE		39,248			
	-----	-----	-----	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ 25,814,081	\$ 10,347,609	\$5,339,043	\$ 14,896,736	\$ 18,975,508
	=====	=====	=====	=====	=====

	AMERICAN EXPRESS TRUST EQUITY INDEX FUND	AMERICAN EXPRESS NEW DIMENSIONS FUND	TEMPLETON FOREIGN INCOME FUND	PARTICIPANT LOAN FUND	TOTAL
	-----	-----	-----	-----	-----
INVESTMENTS					
Company Common Stock					\$ 25,814,081
American Express Trust U.S. Government Securities Fund					10,308,361
American Express Selective Fund					5,339,043
American Express Mutual Fund					14,896,736
American Express Diversified Equity Income Fund					18,975,508
American Express Trust Equity Fund	\$ 18,209,304				18,209,304
American Express New Dimensions Fund		\$ 29,134,770			29,134,770
Templeton Foreign Income Fund			\$ 3,798,266		3,798,266
Loans to participants				\$ 1,863,063	1,863,063
	-----	-----	-----	-----	-----
TOTAL INVESTMENTS	18,209,304	29,134,770	3,798,266	1,863,063	128,339,132
INTEREST RECEIVABLE					39,248
	-----	-----	-----	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ 18,209,304	\$ 29,134,770	\$ 3,798,266	\$ 1,863,063	\$128,378,380
	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

MINNEGASCO DIVISION EMPLOYEES' RETIREMENT SAVINGS PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 1997

	COMPANY COMMON STOCK FUND	AMERICAN EXPRESS TRUST U.S. GOVERNMENT SECURITIES FUND	AMERICAN EXPRESS SELECTIVE FUND	AMERICAN EXPRESS MUTUAL FUND	AMERICAN EXPRESS DIVERSIFIED EQUITY INCOME FUND
INVESTMENTS					
Company Common Stock	\$ 23,039,385				
American Express Trust U.S. Government Securities Fund		\$ 8,149,090			
American Express Selective Fund			\$ 5,417,098		
American Express Mutual Fund				\$ 14,352,963	
American Express Diversified Equity Income Fund					\$ 18,651,647
American Express Trust Equity Fund					
American Express New Dimensions Fund					
Templeton Foreign Income Fund					
Loans to participants					
TOTAL INVESTMENTS	23,039,385	8,149,090	5,417,098	14,352,963	18,651,647
RECEIVABLES					
Interest and Dividends	302,685	38,256			
Fund transfers, net	(77,250)	2,214	(3,414)	20,400	20,200
TOTAL RECEIVABLES	225,435	40,470	(3,414)	20,400	20,200
NET ASSETS AVAILABLE FOR BENEFITS	\$ 23,264,820	\$ 8,189,560	\$ 5,413,684	\$ 14,373,363	\$ 18,671,847

	AMERICAN EXPRESS TRUST EQUITY INDEX FUND	AMERICAN EXPRESS NEW DIMENSIONS FUND	TEMPLETON FOREIGN INCOME FUND	PARTICIPANT LOAN FUND	TOTAL
INVESTMENTS					
Company Common Stock					\$ 23,039,385
American Express Trust U.S. Government Securities Fund					8,149,090
American Express Selective Fund					5,417,098
American Express Mutual Fund					14,352,963
American Express Diversified Equity Income Fund					18,651,647
American Express Trust Equity Fund	\$ 14,651,014				14,651,014
American Express New Dimensions Fund		\$ 24,239,079			24,239,079
Templeton Foreign Income Fund			\$ 4,253,357		4,253,357
Loans to participants				\$ 1,860,430	1,860,430
TOTAL INVESTMENTS	14,651,014	24,239,079	4,253,357	1,860,430	114,614,063
RECEIVABLES					
Interest and Dividends					340,941
Fund transfers, net		18,950	18,900		
TOTAL RECEIVABLES		18,950	18,900		340,941
NET ASSETS AVAILABLE FOR BENEFITS	\$ 14,651,014	\$ 24,258,029	\$ 4,272,257	\$ 1,860,430	\$ 114,955,004

The accompanying notes are an integral part of these financial statements.

MINNEGASCO DIVISION EMPLOYEES' RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 1998

	COMPANY COMMON STOCK FUND	AMERICAN EXPRESS TRUST U.S. GOVERNMENT SECURITIES FUND	AMERICAN EXPRESS SELECTIVE FUND	AMERICAN EXPRESS MUTUAL FUND	AMERICAN EXPRESS DIVERSIFIED EQUITY INCOME FUND	AMERICAN EXPRESS TRUST EQUITY INDEX FUND
INVESTMENT INCOME						
Interest		\$ 466,095				
Dividends						
Common Stock	\$ 1,189,549					
Mutual Funds			\$ 351,279	\$ 1,996,741	\$ 2,101,665	
Net appreciation (depreciation) in fair value of investments	4,300,377		46,834	(653,502)	4,082	\$ 4,065,726
TOTAL	5,489,926	466,095	398,113	1,343,239	2,105,747	4,065,726
CONTRIBUTIONS						
Participant	395,502	261,495	232,616	631,387	856,411	628,224
Employer	125,944	93,809	81,687	212,150	294,865	208,971
TOTAL	521,446	355,304	314,303	843,537	1,151,276	837,195
Fund transfers, net	423,573	2,738,311	164,999	(306,171)	(1,270,538)	182,283
Participant distributions	(3,833,235)	(1,518,011)	(943,236)	(1,343,589)	(1,665,859)	(1,507,057)
Administrative expenses net of forfeitures	(52,449)	116,350	(8,820)	(13,643)	(16,965)	(19,857)
CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	2,549,261	2,158,049	(74,641)	523,373	303,661	3,558,290
NET ASSETS AVAILABLE FOR BENEFITS:						
BEGINNING OF YEAR	23,264,820	8,189,560	5,413,684	14,373,363	18,671,847	14,651,014
END OF YEAR	\$25,814,081	\$ 10,347,609	\$ 5,339,043	\$ 14,896,736	\$ 18,975,508	\$ 18,209,304

	AMERICAN EXPRESS NEW DIMENSIONS FUND	TEMPLETON FOREIGN INCOME FUND	PARTICIPANT LOAN FUND	TOTAL
INVESTMENT INCOME				
Interest				\$ 466,095
Dividends				
Common Stock				1,189,549
Mutual Funds	\$ 1,677,269	\$ 391,229		6,518,183
Net appreciation (depreciation) in fair value of investments	4,919,744	(577,929)		12,105,332
TOTAL	6,597,013	(186,700)		20,279,159
CONTRIBUTIONS				
Participant	1,251,626	391,400		4,648,661
Employer	427,801	127,393		1,572,620
TOTAL	1,679,427	518,793		6,221,281
Fund transfers, net	(1,569,337)	(365,753)	\$ 2,633	

Participant distributions	(1,802,950)	(433,245)		(13,047,182)
Administrative expenses net of forfeitures	(27,412)	(7,086)		(29,882)
	-----	-----	-----	-----
CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	4,876,741	(473,991)	2,633	13,423,376
NET ASSETS AVAILABLE FOR BENEFITS:				
BEGINNING OF YEAR	24,258,029	4,272,257	1,860,430	114,955,004
	-----	-----	-----	-----
END OF YEAR	<u>\$29,134,770</u>	<u>\$ 3,798,266</u>	<u>\$ 1,863,063</u>	<u>\$128,378,380</u>

The accompanying notes are an integral part of these financial statements.

MINNEGASCO DIVISION EMPLOYEES' RETIREMENT SAVINGS PLAN

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

	COMPANY COMMON STOCK FUND	AMERICAN EXPRESS TRUST U.S. GOVERNMENT SECURITIES FUND	AMERICAN EXPRESS SELECTIVE FUND	AMERICAN EXPRESS MUTUAL FUND	AMERICAN EXPRESS DIVERSIFIED EQUITY INCOME FUND	AMERICAN EXPRESS TRUST EQUITY INDEX FUND
INVESTMENT INCOME						
Interest		\$ 432,344				
Dividends						
Common Stock	\$ 1,119,457					
Mutual Funds			\$ 365,840	\$ 2,042,715	\$ 2,361,847	\$ 94
Net appreciation (depreciation) in fair value of investments	5,524,255	(27,047)	43,914	98,520	508,521	3,287,985
Total TOTAL	6,643,712	405,297	409,754	2,141,235	2,870,368	3,288,079
CONTRIBUTIONS						
Participant	286,411	281,591	232,120	633,297	900,207	516,879
Employer	104,152	97,311	85,307	218,361	305,933	180,610
TOTAL	390,563	378,902	317,427	851,658	1,206,140	697,489
Fund transfers, net	(9,176,441)	628,007	509,066	1,022,464	1,777,893	1,702,836
Participant distributions	(3,429,238)	(1,330,269)	(488,940)	(1,096,647)	(875,393)	(797,114)
Administrative expenses net of forfeitures	(7,987)	28,887	(1,944)	(4,469)	(2,296)	(1,451)
CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	(5,579,391)	110,824	745,363	2,914,241	4,976,712	4,889,839
NET ASSETS AVAILABLE FOR BENEFITS:						
BEGINNING OF YEAR	28,844,211	8,078,736	4,668,321	11,459,122	13,695,135	9,761,175
END OF YEAR	\$23,264,820	\$ 8,189,560	\$5,413,684	\$ 14,373,363	\$ 18,671,847	\$ 14,651,014

	AMERICAN EXPRESS NEW DIMENSIONS FUND	TEMPLETON FOREIGN INCOME FUND	PARTICIPANT LOAN FUND	TOTAL
INVESTMENT INCOME				
Interest				\$ 432,344
Dividends				
Common Stock				1,119,457
Mutual Funds	\$ 1,798,065	\$ 472,544		7,041,105
Net appreciation (depreciation) in fair value of investments	2,528,029	(279,795)		11,684,382
TOTAL	4,326,094	192,749		20,277,288
CONTRIBUTIONS				
Participant	1,214,287	431,339		4,496,131
Employer	417,467	138,137		1,547,278
TOTAL	1,631,754	569,476		6,043,409
Fund transfers, net	2,386,317	1,046,974	\$ 102,884	
Participant distributions	(890,906)	(165,122)		(9,073,629)

Administrative expenses net of forfeitures	(8,711)	(2,029)		
	-----	-----	-----	-----
CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	7,444,548	1,642,048	102,884	17,247,068
NET ASSETS AVAILABLE FOR BENEFITS:				
BEGINNING OF YEAR	16,813,481	2,630,209	1,757,546	97,707,936
	-----	-----	-----	-----
END OF YEAR	\$ 24,258,029	\$ 4,272,257	\$ 1,860,430	\$ 114,955,004
	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

MINNEGASCO DIVISION EMPLOYEES' RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

1. ACCOUNTING POLICIES

In accordance with the provisions of the Minnegasco Division Employees' Retirement Savings Plan ("Plan"), of the Minnegasco Division ("Minnegasco") of Reliant Energy Resources, Inc., formerly NorAm Energy Corp. ("Resources") (see Note 5), the financial records of the Plan are generally kept and the valuations of accounts of participating employees ("Participants") are determined on the accrual basis. Interest income is recorded as earned 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. Investments in common stock are stated at quoted market prices of the stock on the last day of business of the year. Purchases and sales of investments are recorded on their trade date.

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 1997 balances have been reclassified to conform to the 1998 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. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan is an eligible individual account plan as defined by ERISA Section 407((d)(3)) which is authorized to acquire and hold qualifying employer securities (as defined by ERISA Section 407((d)(3)) with a value in excess of ten percent of the fair market value of the assets of the Plan.

The Benefits Committee ("Committee") appointed by the Board of Directors of Reliant Energy Incorporated, formerly Houston Industries Incorporated (the "Company"), is responsible for directing American Express Trust Company (the "Trustee"), in the day to day administration of the Plan. All administrative expenses not paid by Minnegasco are borne by the Plan.

PARTICIPANT ACCOUNTS

Each Participant's account is credited with the Participant's and Minnegasco's contributions, and an allocation of the Plan's earnings. Earnings allocations are based on Participant account balances as defined by the Plan.

The allocation of the Participant's contributions to the investment funds is selected by the Participant and may be changed at any time. Allocation between funds is at the discretion of the Participant. Contributions for each calendar month shall be deemed to have been deposited as of the last day of such month for purposes of allocating investment earnings.

PARTICIPATION

Eligible employees may contribute up to 12% of their basic earnings to the Plan as pre-tax savings contributions. Company's matching contributions are equal to 50% of an employee's pre-tax contributions which do not exceed 6% of employee's basic earnings.

The Plan is available to all full-time employees of Minnegasco with at least 30 days of service, part-time employees scheduled to work more than 1,000 hours per year with at least 30 days of experience, and other part time employees with one year of service. The Plan is not available to employees covered by a collective bargaining agreement unless the bargaining agreement expressly provides that such employee will be eligible to participate. In addition the Plan is not available to non-resident aliens, interns, temporary employees, seasonal employees, and leased employees.

INVESTMENT PROGRAM

Plan participants direct the investment of contributions allocated to their accounts to one or more of the following investment funds held by the Trustee:

COMPANY COMMON STOCK FUND (FORMERLY NORAM ENERGY CORP. POOLED COMMON STOCK FUND): Invests primarily in shares of common stock of the Company. See note 5 regarding the merger of the Company and Resources.

AMERICAN EXPRESS TRUST U.S. GOVERNMENT SECURITIES FUND: Invests in short-term bond or debt instruments guaranteed as to principal and interest by the U.S. Government or its agencies or instrumentalities.

AMERICAN EXPRESS SELECTIVE FUND: Invests in a portfolio of primarily high-quality corporate bonds, government securities and money market securities.

AMERICAN EXPRESS MUTUAL FUND: Invests in a portfolio of common stocks, which offer capital appreciation, and in senior securities, such as bonds and preferred stocks, that offer fixed interest and dividend payments.

AMERICAN EXPRESS DIVERSIFIED EQUITY INCOME FUND: Invests in a portfolio of medium to large, well-established companies that offer long-term capital growth potential as well as reasonable income from dividends and interest.

AMERICAN EXPRESS TRUST EQUITY INDEX FUND: Invests primarily in medium-to-large, well-established companies offering both long-term capital appreciation and income potential.

AMERICAN EXPRESS NEW DIMENSIONS FUND: Invests in a portfolio of primarily common stocks of U.S. and foreign companies in which powerful economic and technical changes may take place. Such companies may also have demonstrated excellent technology, marketing or management expertise.

TEMPLETON FOREIGN INCOME FUND: Invests primarily in common stocks of companies outside the U.S., as well as preferred stocks and certain debt securities.

PLAN ADMINISTRATION

The Benefits Committee appointed by the Board of Directors of the Company, was responsible for directing the Trustee in the day to day administration 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 after the later of (i) the Participant's attainment of age 65 or (ii) 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 three.....	0%
Three but less than four.....	50%
Four but less than five.....	75%
Five or more.....	100%

Any portion of the value of the Company's 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. Employee forfeitures for the years ended December 31, 1998 and 1997 were not significant to the Plan.

A terminated Participant may elect a lump sum distribution or installment payments of the vested amount accumulated in each Participant's account. Immediate lump sum distributions are made for accounts which do not exceed \$5,000.

PARTICIPANT LOANS

A Participant may borrow up to 50% of his vested account balance, up to a maximum of \$50,000, reduced by the excess, if any, of the highest outstanding loan balance during the previous 12 months of loans issued to the Participant from all plans maintained by Minnegasco 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 (\$1,000 minimum). A Participant may have only one loan outstanding at any one time. Interest rates are fixed for the term of the loan at the time of loan origination and ranged from 8.75% to 9.50% on loans originated during 1998 and ranged from 8.25% to 10.00% for loans outstanding as of December 31, 1998. Principal and interest payments are paid ratably through monthly payroll deductions over a term not to exceed sixty months. Participants' account balances are used as collateral for the loans.

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 and entitled to distributions respecting 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 determined and informed Minnegasco, by letter dated October 10, 1995 that the Plan, as amended, qualifies under Section 401(a) and 401(k) of the Internal Revenue Code ("Code") and is exempt from federal taxes under the provisions of Section 501 (a). Although the Plan was amended, the Committee and the Minnegasco'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. However, Participant withdrawals of After-tax Contributions made to the Plan prior to May 3, 1994, are excludable from each Participant's gross income for federal income tax purposes. 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

The Trustee is authorized under contract provisions and by ERISA regulations providing administrative and statutory exemptions, to invest in funds under its control and in securities of the Company. During 1998 and 1997, the Trustee purchased and sold units of the Company's and Minnegasco's common stock and American Express Trust Funds as temporary investments, which are shown below:

		1998 ----	1997 ----
PURCHASES	Company's Common Stock	\$ 3,866,703	\$ 3,524,761
	Trustee	26,452,642	33,691,803
SALES	Company's Common Stock	\$ 4,769,408	\$ 32,300,714
	Trustee	23,457,522	17,711,722

5. MERGER WITH RELIANT ENERGY INCORPORATED (FORMERLY HOUSTON INDUSTRIES INCORPORATED)

On August 6, 1997, Minnegasco's parent Resources merged with and into a subsidiary of the Company and became a wholly owned subsidiary. Consideration for the purchase of Resources Common Stock was a combination of cash and the Company's Common Stock. As a result of the merger, the Plan Participants received cash and Company Common Stock as merger consideration in exchange for their Resources common stock. The cash portion of merger consideration received was automatically invested based upon Participant investment elections in the Plan. The Merger Agreement stipulates that the Company, for a period of one year subsequent to the consummation of the merger, will continue or cause to be continued, without adverse change to any employee or former employee, all Resources benefit plans.

6. SUBSEQUENT EVENT

Effective April 1, 1999, the Plan was merged into the Reliant Energy, Incorporated Savings Plan (formerly the Houston Industries Incorporated Savings Plan). The Plan had aggregate net assets available for benefits of approximately \$118 million on April 1, 1999 which were transferred into the Company's Savings Plan. Management believes that the merger was a tax exempt transaction under the applicable provisions of the Code.

MINNEGASCO DIVISION EMPLOYEES' RETIREMENT SAVINGS PLAN
SUPPLEMENTAL SCHEDULE OF INVESTMENTS
ASSETS HELD FOR INVESTMENT PURPOSES
DECEMBER 31, 1998

DESCRIPTION OF ASSET	PAR VALUE/ SHARES	COST	CURRENT VALUE
*Company Common Stock Fund	803,551	\$ 11,037,903	\$ 25,814,081
*American Express Trust U.S. Government Securities Fund	10,308,361	10,308,361	10,308,361
*American Express Selective Fund	575,700	5,248,038	5,339,043
*American Express Mutual Fund	1,143,791	14,944,098	14,896,736
*American Express Diversified Equity Income Fund	2,032,074	17,509,295	18,975,508
*American Express Trust Equity Index Fund	520,028	10,481,629	18,209,304
*American Express New Dimensions Fund	1,010,046	20,432,630	29,134,770
Templeton Foreign Income Fund	452,714	4,523,132	3,798,266
		-----	-----
TOTAL		\$ 94,485,085	\$ 126,476,069
		=====	=====
Participant Loans, interest rate at prime plus 1%			\$ 1,863,063
			=====

*Party-in-interest

MINNEGASCO DIVISION EMPLOYEES' RETIREMENT SAVINGS PLAN
SUPPLEMENTAL SCHEDULE OF INVESTMENTS
LINE 27(d)--SCHEDULE OF 5% REPORTABLE TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 1998

DESCRIPTION	PURCHASE PRICE	SELLING PRICE	COST OF ASSET	CURRENT VALUE ON TRANSACTION DATE	NET GAIN
SINGLE TRANSACTIONS					
None					
SERIES OF TRANSACTIONS-SAME SECURITY					
*American Express Mutual Fund					
79 Purchases	3,854,734			3,854,734	
120 Sales		2,682,530	2,423,915		258,615
*American Express Diversified Equity Income Fund					
199 Purchases	3,697,098			3,697,098	
132 Sales		3,377,262	2,905,320		471,942
*American Express New Dimensions Fund					
91 Purchases	5,756,101			5,756,101	
129 Sales		5,780,152	3,913,052		1,867,100
*American Express Trust U.S. Government Securities Fund					
212 Purchases	7,735,660			7,735,660	
114 Sales		5,576,389	5,576,389		
*American Express Trust Equity Index Fund					
94 Purchases	3,827,125			3,827,125	
108 Sales		4,334,331	2,373,979		1,960,352
*Company Common Stock Fund					
103 Purchases	3,866,703			3,866,703	
89 Sales		4,769,408	1,757,619		3,011,789
*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.

MINNEGASCO DIVISION EMPLOYEES' RETIREMENT SAVINGS PLAN

By /s/ Lee W. Hogan

(Lee W. Hogan, Chairman of the
Benefits Committee of
Reliant Energy, Incorporated,
Plan Administrator)

June 25, 1999

INDEX TO EXHIBITS

EXHIBIT NUMBER -----	DESCRIPTION -----
EXHIBIT 23	Independent Auditor's Consent

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-11329 of Reliant Energy, Incorporated and Subsidiaries on Form S-8 of our report dated June 18, 1999, appearing in the Annual Report on Form 11-K of the Minnegasco Division Employees' Retirement Savings Plan for the year end December 31, 1998.

/s/ Deloitte & Touche LLP
DELOITTE & TOUCHE LLP

Houston, Texas
June 29, 1999