

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:

NORAM ENERGY CORP. EMPLOYEE SAVINGS AND INVESTMENT 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

NORAM ENERGY CORP. EMPLOYEE SAVINGS AND INVESTMENT PLAN:

We have audited, by fund and in total, the accompanying financial statements of the NorAm Energy Corp. Employee Savings and Investment Plan (the "Plan") as of December 31, 1997 for the year 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 audit.

We conducted our audit 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 audit provides 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 the changes in net assets available for benefits for the year then ended in conformity with generally accepted accounting principles.

Our audit is 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

REPORT OF INDEPENDENT ACCOUNTANTS

NORAM ENERGY CORP. EMPLOYEE SAVINGS AND INVESTMENT PLAN:

We have audited the accompanying statement of net assets available for benefits of the NorAm Energy Corp. Employee Savings and Investment Plan as of December 31, 1996, and the related statement of changes in net assets available for benefits for the year 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 audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the NorAm Energy Corp. Employee Savings and Investment Plan as of December 31, 1996, and the changes in net assets available for benefits for the year then ended, in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The fund information in the statement of net assets available for benefits as of December 31, 1996 and the 1996 statement of changes in net assets available for benefits for the year then ended is presented for the purpose of additional analysis rather than to present the net assets available for benefits and changes in net assets available for benefits of each fund. The fund information has been subjected to the auditing procedures applied in the audit of the basic 1996 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

COOPERS & LYBRAND L.L.P.

Houston, Texas
June 6, 1997

NORAM ENERGY CORP. EMPLOYEE SAVINGS AND INVESTMENT PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 1997

(IN THOUSANDS)

	PARTICIPANT INVESTMENT FUNDS				
	NORAM ENERGY CORP. POOLED GIC FUND	HII COMMON STOCK FUND	AMERICAN EXPRESS TRUST U.S. GOVERNMENT SECURITIES FUND	AMERICAN EXPRESS SELECTIVE FUND, INC.	AMERICAN EXPRESS MUTUAL
ASSETS					
INVESTMENTS					
FEDERAL INCOME FUND	\$ 144				
AETNA LIFE INSURANCE CONTRACT GIC	11,668				
HII COMMON STOCK		\$ 74,254			
MONEY MARKET TRUST FUNDS	375	126			
EQUITY FUNDS					\$ 41,838
FIXED INCOME FUNDS			\$ 49,947	\$ 20,242	
LOANS TO PARTICIPANTS					
TOTAL INVESTMENTS	12,187	74,380	49,947	20,242	41,838
RECEIVABLES					
PARTICIPANT CONTRIBUTIONS		79	42	28	61
EMPLOYER CONTRIBUTIONS		66	33	24	50
ACCRUED INVESTMENT INCOME	1,284	1,034	236		
TOTAL RECEIVABLES	1,284	1,179	311	52	111
NET ASSETS AVAILABLE FOR BENEFITS	\$ 13,471	\$ 75,559	\$ 50,258	\$ 20,294	\$ 41,949

	PARTICIPANT INVESTMENT FUNDS					TOTAL
	AMERICAN EXPRESS TRUST EQUITY FUND I	AMERICAN EXPRESS NEW DIMENSIONS FUND, INC.	PARTICIPANT LOANS	AMERICAN EXPRESS IDS DIVERSIFIED EQUITY INCOME FUND	AMERICAN EXPRESS TEMPLETON FOREIGN FUND	
ASSETS						
INVESTMENTS						
FEDERAL INCOME FUND						\$ 144
AETNA LIFE INSURANCE CONTRACT GIC						11,668
HII COMMON STOCK						74,254
MONEY MARKET TRUST FUNDS						501
EQUITY FUNDS	\$ 40,064	\$ 80,258		\$ 5,368	\$ 4,881	172,409
FIXED INCOME FUNDS						70,189
LOANS TO PARTICIPANTS			\$10,106			10,106
TOTAL INVESTMENTS	40,064	80,258	10,106	5,368	4,881	339,271
RECEIVABLES						
PARTICIPANT CONTRIBUTIONS	59	119		14	14	416
EMPLOYER CONTRIBUTIONS	47	99		10	10	339

ACCRUED INVESTMENT INCOME						2,554
	-----	-----	-----	-----	-----	-----
TOTAL RECEIVABLES	106	218		24	24	3,309
	-----	-----	-----	-----	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ 40,170	\$ 80,476	\$ 10,106	\$ 5,392	\$ 4,905	\$ 342,580
	=====	=====	=====	=====	=====	=====

See notes to financial statements.

NORAM ENERGY CORP. EMPLOYEE SAVINGS AND INVESTMENT PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 1996

(IN THOUSANDS)

	PARTICIPANT INVESTMENT FUNDS					
	NORAM ENERGY CORP. POOLED GIC FUND	NORAM ENERGY CORP. POOLED COMMON STOCK FUND	AMERICAN EXPRESS TRUST U.S. GOVERNMENT SECURITIES FUND	AMERICAN EXPRESS SELECTIVE FUND, INC.	AMERICAN EXPRESS MUTUAL	AMERICAN EXPRESS TRUST EQUITY FUND I
ASSETS						
INVESTMENTS						
MASSACHUSETTS MUTUAL LIFE INSURANCE CONTRACT GIC FUND	\$ 18,875					
AETNA LIFE INSURANCE CONTRACT GIC	17,856					
NorAm COMMON STOCK		\$ 61,933				
MONEY MARKET TRUST FUNDS	1,197	5,959		\$ 6	\$ 19	\$ 140
EQUITY FUNDS						25,953
FIXED INCOME FUNDS			\$ 38,922	16,882		
BALANCED FUNDS					32,495	
LOANS TO PARTICIPANTS						
TOTAL INVESTMENTS	37,928	67,892	38,922	16,888	32,514	26,093
RECEIVABLES						
PARTICIPANT CONTRIBUTIONS		79	40	32	64	49
EMPLOYER CONTRIBUTIONS		66	34	27	54	40
ACCRUED INVESTMENT INCOME			175			
TOTAL RECEIVABLES		145	249	59	118	89
NET ASSETS AVAILABLE FOR BENEFITS	\$ 37,928	\$ 68,037	\$ 39,171	\$ 16,947	\$ 32,632	\$ 26,182

	PARTICIPANT INVESTMENT FUNDS				TOTAL
	AMERICAN EXPRESS NEW DIMENSIONS FUND, INC.	PARTICIPANT LOANS	AMERICAN EXPRESS IDS DIVERSIFIED EQUITY INCOME FUND	AMERICAN EXPRESS TEMPLETON FOREIGN FUND	
ASSETS					
INVESTMENTS					
MASSACHUSETTS MUTUAL LIFE INSURANCE CONTRACT GIC FUND					\$ 18,875
AETNA LIFE INSURANCE CONTRACT GIC					17,856
NorAm COMMON STOCK					61,933
MONEY MARKET TRUST FUNDS	\$ 413			\$ 6	46,662
EQUITY FUNDS	56,273		\$ 1,702	1,635	85,563
FIXED INCOME FUNDS					16,882
BALANCED FUNDS					32,495
LOANS TO PARTICIPANTS		\$ 9,019			9,019
TOTAL INVESTMENTS	56,686	9,019	1,702	1,641	289,285

RECEIVABLES

PARTICIPANT CONTRIBUTIONS	117		9	9	399
EMPLOYER CONTRIBUTIONS	97		7	6	331
ACCRUED INVESTMENT INCOME					175
	-----	-----	-----	-----	-----
TOTAL RECEIVABLES	214		16	15	905
	-----	-----	-----	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ 56,900	\$ 9,019	\$ 1,718	\$ 1,656	\$ 290,190
	=====	=====	=====	=====	=====

See notes to financial statements.

NORAM ENERGY CORP. EMPLOYEE SAVINGS AND INVESTMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 1997

(IN THOUSANDS)

	PARTICIPANT INVESTMENT FUNDS				
	NORAM ENERGY CORP. POOLED GIC FUND	HII COMMON STOCK FUND	AMERICAN EXPRESS TRUST U.S. GOVERNMENT SECURITIES FUND	AMERICAN EXPRESS SELECTIVE FUND, INC.	AMERICAN EXPRESS MUTUAL
INVESTMENT INCOME					
Dividends		\$ 3,568		\$ 1,389	\$ 6,014
Interest	\$ 520		\$ 2,474		
NET APPRECIATION/(DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	55	17,721		186	579
Total	575	21,289	2,474	1,575	6,593
CONTRIBUTIONS					
Participants		2,193	1,209	820	1,690
Employer		1,812	1,210	691	1,404
Total		4,005	2,419	1,511	3,094
ROLLOVERS FUND TRANSFERS	4 (23,597)	7 (12,979)	81 14,950	79 2,069	51 2,967
Total	(23,593)	(12,972)	15,031	2,148	3,018
PARTICIPANT DISTRIBUTIONS	(1,439)	(4,800)	(8,837)	(1,887)	(3,388)
CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	(24,457)	7,522	11,087	3,347	9,317
NET ASSETS AVAILABLE FOR BENEFITS: BEGINNING OF YEAR	37,928	68,037	39,171	16,947	32,632
END OF YEAR	\$ 13,471	\$ 75,559	\$ 50,258	\$ 20,294	\$ 41,949

	PARTICIPANT INVESTMENT FUNDS					TOTAL
	AMERICAN EXPRESS TRUST EQUITY FUND I	AMERICAN EXPRESS NEW DIMENSIONS FUND, INC.	PARTICIPANT LOANS	AMERICAN EXPRESS IDS DIVERSIFIED EQUITY INCOME FUND	AMERICAN EXPRESS TEMPLETON FOREIGN FUND	
INVESTMENT INCOME						
Dividends		\$ 5,986		\$ 649	\$ 542	\$ 18,148
Interest			\$ 807			3,801
NET APPRECIATION/(DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	\$ 9,290	8,983		(13)	(491)	36,310
Total	9,290	14,969	807	636	51	58,259
CONTRIBUTIONS						
Participants	1,546	3,324		321	327	11,430
Employer	1,232	2,710		241	237	9,537
Total	2,778	6,034		562	564	20,967
ROLLOVERS	23	74		29	51	399

FUND TRANSFERS	4,768	6,497		2,705	2,620	
Total	4,791	6,571		2,734	2,671	399
PARTICIPANT DISTRIBUTIONS	(2,871)	(3,998)	280	(258)	(37)	(27,235)
CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	13,988	23,576	1,087	3,674	3,249	52,390
NET ASSETS AVAILABLE FOR BENEFITS:						
BEGINNING OF YEAR	26,182	56,900	9,019	1,718	1,656	290,190
END OF YEAR	\$ 40,170	\$ 80,476	\$ 10,106	\$ 5,392	\$ 4,905	\$ 342,580

See notes to financial statements.

NORAM ENERGY CORPORATION EMPLOYEE SAVINGS AND INVESTMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 1996

(IN THOUSANDS)

	PARTICIPANT INVESTMENT FUNDS				
	NORAM ENERGY CORP. POOLED GIC FUND	NORAM ENERGY CORP. POOLED COMMON STOCK FUND	AMERICAN EXPRESS TRUST U.S. GOVERNMENT SECURITIES FUND	AMERICAN EXPRESS SELECTIVE FUND, INC.	AMERICAN EXPRESS MUTUAL
INVESTMENT INCOME					
Dividends		\$ 1,211		\$ 1,300	\$ 3,025
Interest	\$ 4,037		\$ 1,843		
NET APPRECIATION/(DEPRECIATION) IN FAIR VALUE OF INVESTMENTS		28,108		(860)	784
Total	4,037	29,319	1,843	440	3,809
CONTRIBUTIONS					
Participants		2,057	1,146	948	1,766
Employer		1,725	872	795	1,477
Total		3,782	2,018	1,743	3,243
ROLLOVERS FUND TRANSFERS	(17,312)	56 887	13 6,572	31 241	42 1,504
Total	(17,312)	943	6,585	272	1,546
PARTICIPANT DISTRIBUTIONS	(5,231)	(3,611)	(5,061)	(1,857)	(2,781)
CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	(18,506)	30,433	5,385	598	5,817
NET ASSETS AVAILABLE FOR BENEFITS: BEGINNING OF YEAR	56,434	37,604	33,786	16,349	26,815
END OF YEAR	\$ 37,928	\$ 68,037	\$ 39,171	\$ 16,947	\$ 32,632

	PARTICIPANT INVESTMENT FUNDS					TOTAL
	AMERICAN EXPRESS TRUST EQUITY FUND I	AMERICAN EXPRESS NEW DIMENSIONS FUND, INC.	PARTICIPANT LOANS	AMERICAN EXPRESS IDS DIVERSIFIED EQUITY INCOME FUND	AMERICAN EXPRESS TEMPLETON FOREIGN FUND	
INVESTMENT INCOME						
Dividends	\$ 212	\$ 2,162		\$ 135	\$ 61	\$ 8,106
Interest			\$ 691			6,571
NET APPRECIATION/(DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	4,335	8,343		24	95	40,829
Total	4,547	10,505	691	159	156	55,506
CONTRIBUTIONS						
Participants	1,398	3,050		121	140	10,626
Employer	1,141	2,531		95	105	8,741
Total	2,539	5,581		216	245	19,367

ROLLOVERS	32	11		1	3	189
FUND TRANSFERS	2,047	2,980	405	1,386	1,290	
Total	2,079	2,991	405	1,387	1,293	189
PARTICIPANT DISTRIBUTIONS	(1,872)	(3,101)	(537)	(44)	(38)	(24,133)
CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS	7,293	15,976	559	1,718	1,656	50,929
NET ASSETS AVAILABLE FOR BENEFITS:						
BEGINNING OF YEAR	18,889	40,924	8,460			239,261
END OF YEAR	\$ 26,182	\$ 56,900	\$ 9,019	\$ 1,718	\$ 1,656	\$ 290,190

See notes to financial statements.

NORAM ENERGY CORP. EMPLOYEE SAVINGS AND INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

1. ACCOUNTING POLICIES

In accordance with the provisions of the NorAm Energy Corp. ("Company") Employee Savings and Investment Plan ("Plan"), the financial records of the Plan are 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 Plan's guaranteed investment contracts are not fully-benefit responsive and, as such are valued at fair value as of December 31, 1997 and 1996.

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.

Benefit payments are recorded when paid.

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 qualified Employee's of the Company. It is subject to the provisions of the Employee Retirement Income Security 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 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.

PARTICIPATION

Houston Industries Incorporated ("HII") merged with the Company during 1997 (see Note 6). The Plan covers qualified employees of the Company. The Plan is designed to comply in all material respects with ERISA. An employee is eligible for participation as of the first day of the calendar quarter coincident with or next following (i) his rehire date or (ii) one month and one day following his hire date. Temporary and part-time employees are eligible to participate after completion of at least 1,000 Hours of Service in a year. The Plan excludes nonresident aliens with

no earned income from U.S. sources, employees (other than hourly paid Entex Division employees) who are covered by a collective bargaining agreement that does not expressly provide for participation in the Plan and leased employees. Each Participant may contribute to the Plan annually an amount equal to any whole percentage from 1% to 12% of their pre-tax compensation.

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. The Company matches the Participant's contributions to a maximum of 6% of a Participant's compensation.

INVESTMENT PROGRAM

In accordance with the Plan, various investment funds are maintained by the trust. Investment of the Plan's assets into each of the separate funds is based on the specifications of the Participant, in 5% increments. The objective of each of the funds is outlined below:

NORAM ENERGY CORP. POOLED GIC FUND: Invested primarily in a fixed dollar return with little market risk to capital.

HII COMMON STOCK FUND (FORMERLY NORAM ENERGY CORP. POOLED COMMON STOCK FUND): Invested primarily in shares of common stock of HII and the Company in 1997 and 1996, respectively. See Note 6 regarding the Merger of HII and NorAm Energy Corp.

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, INC.: Invests in a portfolio of primarily high-quality corporate bonds, government securities and money market securities.

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

AMERICAN EXPRESS NEW DIMENSIONS FUND, INC.: 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.

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

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

	1997	1996
	-----	-----
NorAm Energy Corp. Pooled GIC Fund	2,302	2,549
HII Common Stock Fund (NorAm Energy Corp. for 1996)	3,612	3,807
American Express Trust U.S. Government Securities Fund	2,012	1,940
American Express Selective Fund, Inc.	1,657	1,762
American Express Mutual	2,751	2,835
American Express Trust Equity Fund I	2,476	2,377
American Express New Dimensions Fund, Inc.	3,584	3,494
American Express IDS Diversified Equity Income Fund	632	322
American Express Templeton Foreign Fund	522	268

As of December 31, 1997, the Plan had a concentration of investments in the common stock of HII and American Express New Dimensions Fund, Inc. The disclosed fair value of these investments and others were subject to the economic viability of the active marketplace.

GUARANTEED INVESTMENT CONTRACT

The American Institute of Certified Public Accountants issued Statement of Position 94-4, "Reporting of Investment Contracts Held by Health and Welfare Benefit Plans and Defined Contribution Pension Plans" ("Statement"), which was implemented by the Plan during the year ended December 31, 1996. This Statement requires that investment contracts with insurance companies which are fully-benefit responsive be recorded at contract value and contracts which are not fully-benefit responsive be recorded at fair value. The Plan's guaranteed investment contracts are not fully-benefit responsive and, as such are valued at fair value as of December 31, 1997 and 1996. Contract value represents contributions made under the contracts plus interest, less withdrawals made by Participants and distributions to former Participants. Fair value, which does not differ materially from cost, is based upon the net present value of the guaranteed investment contracts at December 31, 1997 and 1996. The Plan's guaranteed investment contracts contain penalties for early withdrawal or termination. One guaranteed investment contract matured in January 1997, resulting in approximately \$18.8 million being received by the Plan.

PLAN ADMINISTRATION

The Benefits Committee appointed by the Board of Directors of HII, is responsible for directing American Express Bank & Trust (the "Trustee"), in the day to day administration of the Plan. All administrative expenses not paid by the Company are borne by 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 Participant's attainment of age 65. 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:

YEARS OF SERVICE	PARTICIPANT'S VESTED PERCENTAGE
Less than 2.....	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%

Amounts forfeited upon distribution are held separately until the end of the plan year in which the terminated employee incurs five consecutive one year breaks in service. Subsequently, the amount forfeited by a Participant is applied to reduce the Company's contribution to the Plan.

A terminated Participant may receive a lump sum final distribution of the vested amount accumulated in each Participant's account upon written request. Immediate lump sum distributions are made for accounts which do not exceed \$3,500.

PARTICIPANT LOANS

A Participant may borrow against amounts attributable to his vested account balance. The maximum amount that a Participant may borrow 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, or (ii) 50% of the value of the Participant's vested account balance under the Plan. The minimum borrowing is \$1,000. A Participant may have only one loan outstanding at any one time. Interest rates are fixed at the prime rate prevailing at the loan's inception plus one percent. Interest rates are fixed for the term of the loan at the time of loan origination and ranged from 7% to 10% for loans outstanding as of December 31, 1997. 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 ("IRS") determined and informed the Company by a letter dated October 10, 1995, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("Code"). Although the Plan was amended subsequent to that date, the Benefits 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. Participant withdrawals of after-tax contributions made to the Plan prior to 1987, are excludable from the Participant's gross income for federal income tax purposes. The After-tax Contributions made by a Participant will not be deductible by the Participant. However, Participant withdrawals of amounts attributable to earnings on such After-tax Contributions are subject to federal income tax. Participant withdrawals of amounts attributable to Pre-tax Contributions or Employer Contributions are subject to federal income tax when distributed.

4. EARLY RETIREMENT AND SEVERANCE PROGRAMS

During the first quarter of 1996, the Company instituted a reorganization plan affecting its NorAm Gas Transmission Company and Mississippi River Transmission Company subsidiaries, pursuant to which a total of approximately 275 positions were eliminated. Also during the first quarter of 1996, NorAm's Entex division instituted an early retirement program which was accepted by approximately 100 employees. As a result of these early retirement programs, a number of former employees were terminated from the Plan, thus resulting in an increase in distributions during 1996.

5. 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 HII. During 1997 and 1996, the Trustee purchased and sold units of HII and the Company's common stock and American Express Trust Funds as temporary investments, which are shown below:

	1997 -----		1996 -----
Purchases (HII) (Trustee)	\$ 11,497,638 134,156,049	Purchases (NorAm) (Trustee)	\$13,920,000 65,619,000
Sales (HII) (Trustee)	\$ 23,155,437 91,680,576	Sales (NorAm) (Trustee)	\$11,391,000 46,941,000

6. MERGER WITH HOUSTON INDUSTRIES INCORPORATED

On August 6, 1997, the Company merged with and into a subsidiary of HII and became a wholly owned subsidiary of HII. Consideration for the purchase of NorAm's Common Stock was a combination of cash and HII Common Stock. As a result of the merger the Plan Participants received cash and HII Common Stock as merger consideration in exchange for their NorAm Common Stock. The cash portion of the merger consideration was automatically invested based upon Participant investment elections. The Merger Agreement stipulates that HII, 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 NorAm benefit plans.

NORAM ENERGY CORP. EMPLOYEE SAVINGS AND INVESTMENT PLAN
 SUPPLEMENTAL SCHEDULE OF INVESTMENTS
 ASSETS HELD FOR INVESTMENT PURPOSES
 DECEMBER 31, 1997

(IN THOUSANDS, EXCEPT SHARES AND UNITS)

DESCRIPTION OF ASSET	MATURITY DATE	RATE OF INTEREST	PAR VALUE/SHARES	COST	CURRENT VALUE
Guaranteed Investment Contracts Aetna #LT-13938	01/04/99	8.75%	11,667,638	\$ 11,668	\$ 11,668
*Houston Industries Incorporated Common Stock Fund			3,322,164	36,829	74,254
*American Express Trust Money Market Fund I			501,131	501	501
*American Express Trust Federal Income Fund			9,429	129	144
*American Express Trust U.S. Government Securities Fund			49,947,419	49,947	49,947
*American Express Trust Equity Index Fund I			1,469,039	26,183	40,064
*American Express Selective Fund, Inc.			2,210,954	20,077	20,242
*American Express Mutual			3,049,120	39,912	41,838
*American Express New Dimensions Fund, Inc.			3,365,958	62,328	80,258
*American Express Diversified Equity Income Fund			570,639	5,412	5,368
*American Express Templeton Foreign Fund			490,040	5,297	4,881
				-----	-----
TOTAL				\$258,283	\$329,165
				=====	=====
Participant Loans, 7% to 10% interest				\$ 10,106	\$ 10,106
				=====	=====
*Party-in-interest					

NORAM ENERGY CORP. EMPLOYEE SAVINGS AND INVESTMENT PLAN
 SUPPLEMENTAL SCHEDULE OF INVESTMENTS
 5% REPORTABLE TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 1997

DESCRIPTION	PURCHASE PRICE	SELLING PRICE	EXPENSE INCURRED	COST OF ASSET	CURRENT VALUE ON TRANSACTION DATE	NET GAIN OR (LOSS)
SINGLE TRANSACTIONS						
Massachusetts Mutual Life Insurance Contract #5794		\$18,875,233		\$18,875,233		
Money Market Fund I	18,875,233				18,875,233	
SERIES OF TRANSACTIONS						
*American Express Mutual Fund 94 Purchases 168 Sales	17,869,059	9,084,961		8,138,780	17,869,059	946,181
*American Express New Diminsions Fund, Inc. 129 Purchases 148 Sales	30,365,121	15,303,074		11,432,502	30,365,121	3,870,572
*American Express Selective Fund, Inc. 234 Purchases 162 Sales	9,139,163	5,911,012		5,884,441	9,139,163	26,571
*American Express U.S. Government Securities Fund 309 Purchases 140 Sales	35,473,937	25,076,814		25,076,814	35,473,937	
*American Express Trust Equity Fund I 118 Purchases 133 Sales	15,107,694	10,037,274		6,786,053	15,107,694	3,251,221
*Houston Industries Incorporated Common Stock Fund 83 Purchases 164 Sales	11,497,638	23,155,437		13,742,863	11,497,638	9,412,574
*American Express Money Market Fund I 23 Purchases 206 Sales	26,201,075	26,267,441		26,267,441	26,201,075	
*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.

NORAM ENERGY CORP. EMPLOYEE SAVINGS
AND INVESTMENT PLAN

By /s/ LEE W. HOGAN

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

Dated: June 24, 1998

EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----
23.1	Independent Auditors' Consent Deloitte & Touche L.L.P.
23.2	Consent of Independent Accountants Coopers & Lybrand L.L.P.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-11329 of NorAm Energy Corp. and Subsidiaries on Form S-8 of our report dated June 24, 1998, appearing in the Annual Report on Form 11-K of the NorAm Energy Corp. Employee Savings and Investment Plan for the year end December 31, 1997.

DELOITTE & TOUCHE LLP

Houston, Texas
June 29, 1998

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of NorAm Energy Corp. and Subsidiaries on Form S-3 (File Nos. 33-64001, 33-41493, 33-52853, and 33-55071) and Form S-8 (File Nos. 2-61923, 33-10806, 33-20594, 33-38063, 33-38064, 33-54241, 33-54247, and 33-54253) of our report dated June 6, 1997, on our audit of the NorAm Energy Corp. Employee Savings and Investment Plan as of December 31, 1996, and for the year then ended, which report is included in this Annual Report on Form 11-K.

COOPERS & LYBRAND L.L.P.

Houston, Texas
June 29, 1998