CENTRAL POWER AND LIGHT COMPANY ANNUAL REPORT 1991

The More Things Change ...

Central Power and Light Company is an investor-owned utility supplying electric service to a 44,000-square-mile area that reaches into 44 counties of South Texas. The Company is a subsidiary of Central and South West Corporation, a registered holding company in Dallas, which has approximately 58,500 stockholders. At the end of 1991, Central Power and Light Company served 566,066 customers in 226 communities and the surrounding area. The Company also supplies, at wholesale, a part or all of the electric requirements of five rural electric cooperatives and two municipal electric systems. There are approximately 1,349 owners of CPL's preferred stock. The territory served by the Company has a population of approximately 1.9 million. Principal executive offices are located at 539 N. Carancahua St., Corpus Christi, Texas. Telephone: (512) 881-5300.

Contents

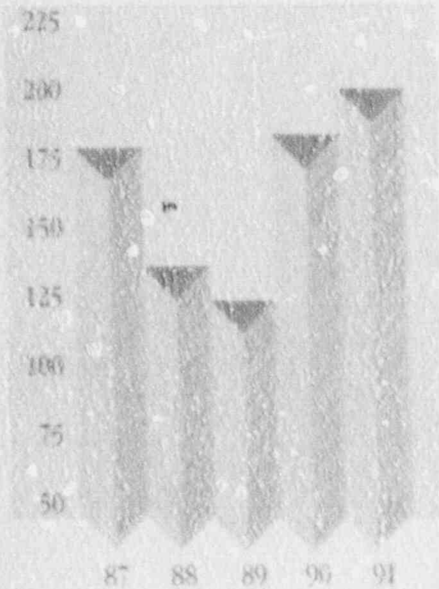
About the Cover:
Houston illustrator Maurice Lewis designed the cover and inside illustrations for this year's annual report. In commemorating our 75th anniversary, Lewis shows founders Ralph W. Morrison and Warner S. McCall planning an interconnected electric utility system across the South Texas cactus patch. An early ice wagon contrasts with the nuclear-powered South Texas Project Electric Generating Station, demonstrating how much the Company has changed in the past three-quarters of a century. However, CPL's commitment to customer service remains the same today as it did in 1916.

Financial Summary

SUMMARY OF FINANCIAL AND OPERATING STATISTICS

	1991	1990	% CHANGE
FINANCIAL STATISTICS (Thousands)			
Electric Operating Revenues	$1,098,730	$948,520	[illegible]
Fuel and Purchased Power	318,469	324,039	(2)
Other Operating Expenses	392,326	308,465	27
Taxes, Other Than Federal Income	62,453	58,313	7
Federal Income Taxes	75,985	95,263	[illegible]
Operating Income	249,497	162,440	54
Net Income for Common Stock	197,362	181,342	9
OPERATING STATISTICS			
Kilowatt-hour Sales (Thousands)	16,925,627	15,722,323	8
System Maximum Demand (Kilowatts)	3,291,000	3,110,000	6
Electric Customers (Year-end)	556,066	557,882	1
Average Kilowatt-hour Sales Per Residential Customer	11,402	11,454	–
Average Residential Rate Per Kilowatt-hour	7.96¢	6.90¢	15

NET INCOME FOR COMMON STOCK
(MILLIONS OF DOLLARS)



RETURN ON
AVERAGE COMMON EQUITY
(%)

CASH CONSTRUCTION EXPENDITURES
(MILLIONS OF DOLLARS)

increases after our rate freeze ends in December 1994.

This past year, net income for common rose 9 percent due to increased kilowatt-hour sales and the effects of the 1990 rate settlement. We also helped our earnings by watching our expenses. Since CPL has already downsized and has operated in a belt-tightening mode for the past several years, we looked to other areas to cut costs. We are excited about the initial results of our Business Improvement Plan (BIP). This study, formerly called the Five-Year Application Plan, is investigating ways all Central and South West System subsidiaries can standardize business practices. By sharing our collective knowledge and by finding the best approach in conducting business, BIP will yield substantial savings during the next few years for CPL and the entire System. That is why the Company is adopting a "System First" attitude when making a business decision. We want to ask not only if it is good for CPL, but if the decision also benefits the entire System.

Decision making won't be confined to the executive suite. We are changing our corporate culture to place decision making in the laps of those closest to the problem. Industry buzzwords like employee empowerment and candid communication are bywords now at CPL.

Since employees will have a greater role in helping chart our Company's future, we will be placing emphasis on training and technology. It is essential they be given the tools needed to get the job done correctly. We are doing just that. This is one reason I am optimistic about our future.

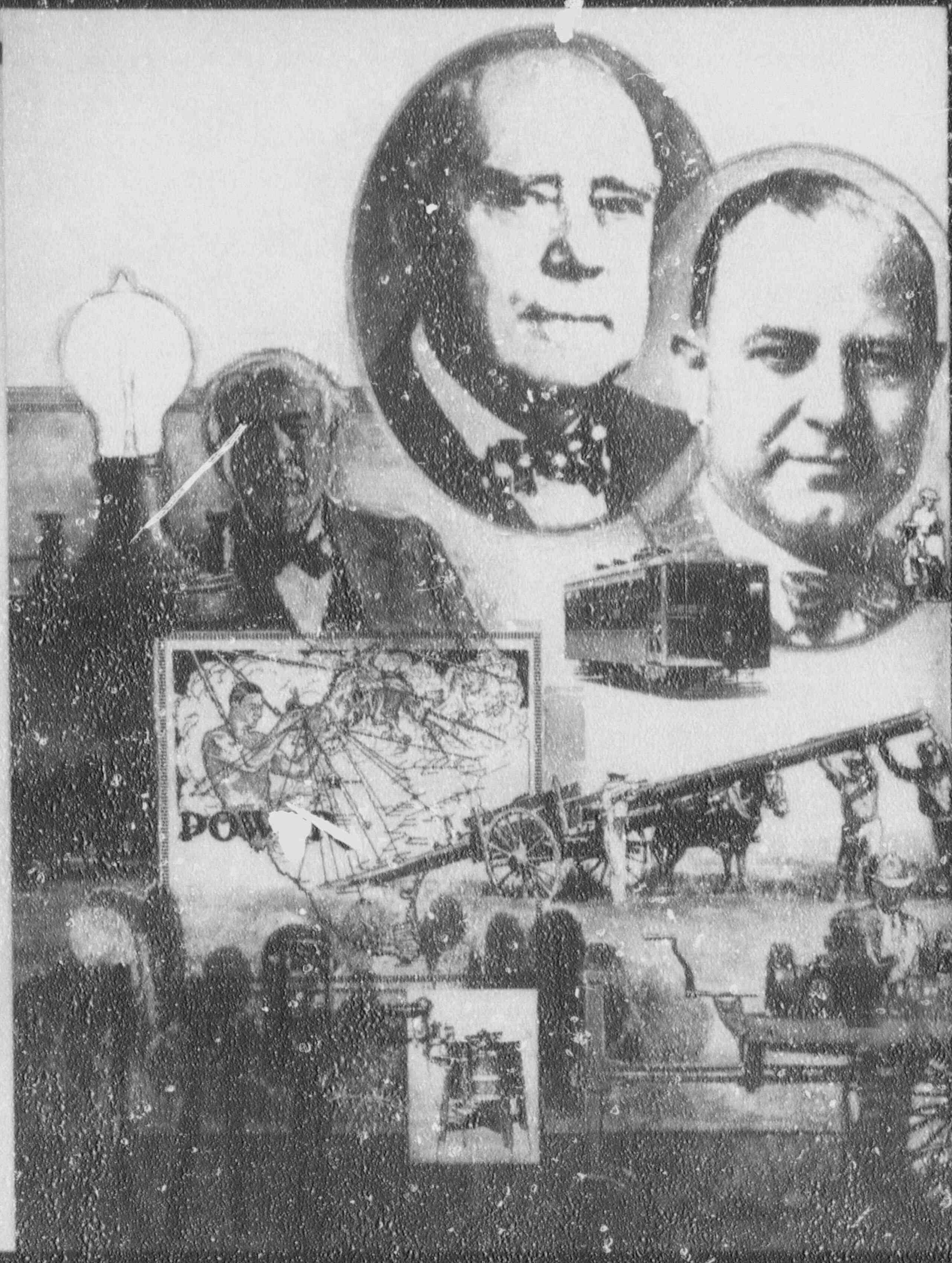
The North American Free Trade Agreement, which is expected to be signed in the near future, will unleash a new era of economic opportunity along the Mexico border. Since Mexico does not currently have the infrastructure to facilitate explosive economic expansion, it may be looking to purchase additional electricity from CPL. We also will benefit from the growth in that area as well.

Our favorable climate, availability of electricity and an available work force also will make South Texas a bright prospect for industry. I am firmly convinced that we are taking the right measures to ensure our future success. CPL and the entire CSW system are not sticking their heads in the sand, hoping the future will be good. We know the challenges facing the electric utility industry and believe that now is the time to plan so we can place ourselves in a position of strength.

CPL is a strong company because our predecessors made the right decisions. Our future will be determined by the plans we make today. While our methods have become more sophisticated in 75 years, we still embrace the same values as our founders, Ralph W. Morrison and Warner S. McCall. As in the past, CPL will continue to work for a bright tomorrow for South Texas.

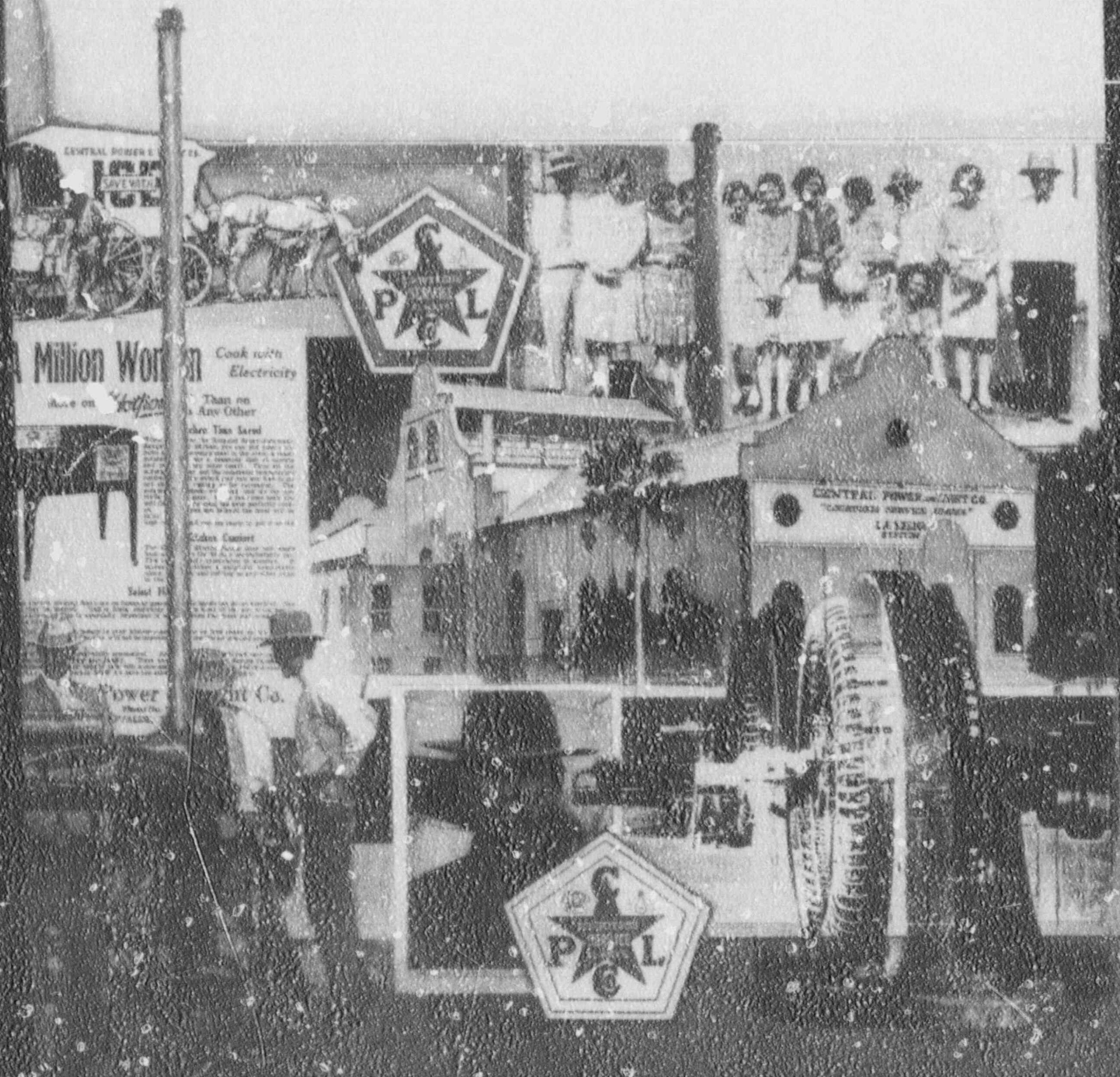
Robert R. Carey

Robert R. Carey
President and Chief Executive Officer,
Central Power and Light Company


POW

1916-1928

In 1914, two entrepreneurs named Ralph W. Morrison and Warren S. McCall entered the utility business in Texas, buying the electric, gas, water and street railway franchise in Laredo. Later, they purchased additional utilities and incorporated their company under the name of Central Power and Light on Nov. 2, 1916. The early years were lean as the two visionary businessmen built an empire in a region nicknamed "the cactus patch." CPL was sold to Middle West Utilities in 1925.




OCTOBER 29, 1929.
WORST STOCK CRASH
LEADERS CONFER
SOLDIERS
LET'S ALL FIGHT
Buy
WAR BONDS
COURTEOUS SERVICE ALWAYS
CPL

1916-1928

In 1914, two entrepreneurs named Ralph W. Morrison and Warner S. McCall entered the utility business in Texas, buying the electric, gas, water and street railway franchise in Laredo. Later, they purchased additional utilities and incorporated their company under the name of Central Power and Light on Nov. 2, 1916. The early years were lean as the two visionary businessmen built an empire in a region nicknamed "the cactus patch." CPL was sold to Middle West Utilities in 1925.

percent, reflecting customer growth, the strengthening South Texas economy and warmer weather.

Because of the rate increase, average revenue per kwh from residential customers increased from 6.90 cents to 7.96 cents. Average residential usage per customer increased slightly from 11,454 kwh to 11,492 kwh. The number of residential customers at year's end was up by 2 percent to 483,627.

Commercial kwh sales showed a 1 percent increase. Increased economic activity along the Mexico border is expected to improve this percentage.

Industrial kwh sales increased 11 percent over 1990 as a result of the addition of a large industrial customer (Javelina Gas Processing of Corpus Christi) and plant expansions of two existing customers (Reynolds, in Gregory, and Valero Refinery of Corpus Christi). Javelina Gas Processing Plant, with its 40-megawatt load, is the second-largest on the CPL system. Some industrial customers, which relied on cogeneration for electric supply, exceeded their own generating capacity. Where once they sold excess electricity to CPL, they now are purchasing power from us.

Other electric kwh sales increased 36 percent over 1990 with increased energy sales to the Comisión Federal de Electricidad of Mexico (CFE). In 1990, CFE agreed to purchase 50 megawatts of capacity through April 1995.

Fuel and purchased power costs decreased by 2 percent due to the operation of the nuclear plant and aggressive management of fuel activities.

Operating expenses are expected to show limited growth over the next few years. As one of its Business Plan goals, the Company will attempt to limit growth in non-fuel operation and maintenance expenses to no more than the increase in kwh sales. By directly tying the growth in expenses to the growth in sales, CPL expects to limit future rate increases and strengthen its competitive position.

Cash construction expenditures for 1991 totaled $99 million and were funded from internal sources. These construction costs were primarily for improvements to existing transmission and distribution facilities to meet the needs of new customers and to satisfy changing requirements of existing customers.

PROVIDING SHAREHOLDER VALUE

CPL took several steps in 1991 to further enhance its shareholder value and was rewarded with an improved bond rating from the investment community.

During the first quarter of 1991, the Company lowered its overall capital costs by retiring $7 million of its 10.05 percent series, $100 par value preferred stock. The Company's three series of auction-rate preferred stock have benefited from the decline in interest rates. The average dividend rate on the three series was 5.5 percent in 1991 compared to 7.3 percent in 1990.

Borrowing was minimal. The Company obtained all of its capital requirements from internal sources in 1991. CPL used short-term debt to meet fluctuations in working capital requirements due to the seasonal nature of electric sales.

The financial condition of the Company has improved due to rate relief received during 1990 and 1991 and due to the decline in the Company's construction program.

At year's end, CPL's capitalization ratios were 47 percent common stock equity, 9 percent preferred stock and 44 percent long-term debt.

After examining the Company's financial condition, giving consideration to the rate case settlement, CPL's conservative capital structure and the end of major construction, Duff and

Phelps upgraded the Company's bond rating for First Mortgage Bonds from a "BBB+" to an "A."

CSW, our parent company, declared a two-for-one stock split on Nov. 21, 1991, effective March 6, 1992, in the form of a 100 percent common stock dividend. This is a clear sign of the confident future outlook seen by CSW directors and management. The split brings the market price of CSW stock into a range more affordable for individual shareholders.

FUEL COSTS

Fuel savings over recent years resulted in a fuel refund to customers. CPL refunded $18.8 million in fuel costs in September and lowered the amount customers pay each month in fuel charges. Overrecoveries occur when CPL is able to purchase fuel at prices below those that were expected when the PUCT approved fixed-fuel factors.

The Company and its customers were rewarded with considerable fuel savings as CPL aggressively pursued opportunities to lower fuel cost. CPL renegotiated several major natural gas, coal and related transportation contracts and optimized spot market purchases. In 1990, the Company's cost was $1.87 per MMBtu for fuel. In 1991, the cost dropped 7.5 percent to $1.73.

CPL's goal is to provide a reliable fuel supply at the lowest cost. In support of this goal, CPL has successfully negotiated long-term, firm natural gas supply contracts with the flexibility to take advantage of spot market opportunities. During 1991, CPL purchased approximately 45 percent of its natural gas requirements from the spot market. Several long-term natural gas contracts were renegotiated in 1991 resulting in annual savings of almost $2 million.

During 1991, extensive and aggressive negotiations with the coal and coal transportation suppliers resulted in an approximate $30 million savings in the delivered price of coal to Coleto Creek Power Station with no additional obligations on CPL. These contracts extend over a period ending Dec. 31, 1995. CPL took advantage of the favorable spot coal market by purchasing approximately 30 percent of its coal requirements through a competitive bidding process. In addition, CPL lowered its carrying costs and saved approximately $5 million by reducing its coal inventories at the Coleto Creek and Oklaunion Power Stations from 60 to 45 days.

STP moved toward an 18-month refueling cycle from a 12-month cycle when new nuclear fuel rods were added to Unit 1 in the spring and Unit 2 in the fall. A longer fuel cycle means a higher capacity factor for the plant and more benefits to customers from low-cost nuclear energy. During 1991, the capacity factor for Unit 1 was 65.8 percent and 66.3 percent for Unit 2.

TRANSMISSION LINE CONSTRUCTION

The days of building large generating facilities have come to a close, at least for the next decade. CPL has no major construction planned until the end of the 1990s. However, as our communities grow, it is important that electricity be there to serve them. During the summer, CPL customers recorded a peak load of 3,291 megawatts (mw), set at 4 p.m. on Aug. 21. This was a 131 mw increase over the 1990 peak load.

While the energy supply is there to meet their needs, a strong transmission system is also required to keep service reliable. The Company was actively involved in several transmission line projects in 1991.

The South Padre Island 138-kilovolt (kV) cable was buried across the Laguna Madre in October. The transmission cable links the Port Isabel substation to the South Padre Island substation, enabling two-way feed to the communities of South Padre Island and Port Isabel, and enhancing reliability to both.


OCTOBER 29, 1929.
WORST STOCK CRASH
12,894,650-SHARE DAY
LEADERS CONFER, FIND
LIGHT
SOLDIERS
EAGLE PASS
HYDRO PLANT
CENTRAL POWER & LIGHT COMPANY
EAGLE PASS, TEXAS
LET'S ALL FIGHT
Buy
WAR BONDS
COURTEOUS SERVICE ALWAYS
CPL

1929-1959

The stock market crash of 1929 was ultimately responsible for the bankruptcy in 1932 of Middle West Utilities, although CPL operations were largely unaffected. During World War II, CPL meter readers rode bicycles in a conservation effort, and more women were hired into the work force. CPL and South Texas experienced unparalleled growth in the post-war years under the leadership of Lon C. Hill who served as CPL president from 1939 until 1954. Electrical demand almost tripled from 1946 through 1955, as the Company's peak load demand went from 118,000 kilowatts to nearly 400,000 kilowatts.

The Company decided to spend an extra $1.1 million to re-route the proposed Lon Hill/Coleto 345-kV transmission line around the existing essential habitat for the endangered Attwater's prairie chicken. In making the decision, CPL balanced the need for electricity with the concerns of landowners and the U.S. Fish and Wildlife Service. The 78-mile-long line and associated switchyard facilities will cost $44 million to build and will run from CPL's Coleto Creek Power Station in Goliad County through Goliad, Bee, San Patricio and Nueces counties to the Company's Lon C. Hill Power Station in Corpus Christi. It will transfer electricity from the Company's northern region, which has abundant generating capacity, to CPL's other regions, which need more power to meet customer demand.

After two public open houses in the spring of 1991, a route was selected for the Cross Valley 345-kV line, and right-of-way procurement is under way. The line will join two existing 345-kV lines which go into Cameron and Willacy counties in the Rio Grande Valley area.

A new 138-kV line to be built by CPL and partially owned by the Public Utilities Board of Brownsville will be completed in 1992. This line will tie CPL's Military Highway substation and CFE's Matamoros substation. This line will allow greater opportunity for increased power transfer between CPL and CFE for enhanced reliability and economics.

COMMITMENT TO THE COMMUNITY

Economic Development took on new challenges in 1991. Emphasis was placed on business development and on our systems of education, government and transportation. Central Power and Light Company through its commitment to economic development, is helping South Texas prepare for the opportunities of the North American Free Trade Agreement and the world marketplace.

South Texas is poised for growth.

Nationwide trends show business shifting to the south. The Free Trade Agreement expected to be executed in 1992 will enhance business between the United States, Mexico and Canada. Mexico borders CPL's service territory on the south and west. Additionally, the area we serve is blessed with a young and growing work force, adequate land, abundant natural resources, and reliable and abundant electric supplies.

However, the work force is weak in adequate academic and technical skills for the new marketplace. Sharpening those skills will determine whether our communities can capitalize on these trends.

Our service territory is faced with some of the poorest school districts in the nation and a staggering illiteracy rate. (For example, Eagle Pass, Donna and Pharr-San Juan-Alamo have been cited as among the five poorest in the U.S.) The Company has focused its efforts on training and motivating our youth.

This year, CPL is sponsoring an education summit to build support for increasing technical training to capitalize on the Free Trade Agreement. CPL continues to be a standard-bearer in adult literacy efforts, supplying not only financing, but an active volunteer force. In 1991, CPL contributed $20,000 to literacy councils in the Company's four regions.

CPL has long sponsored classroom programs that deliver messages of electrical safety and wise energy use. In 1991, the Company sponsored motivational speaker Kevin Saunders to reach high-risk students in junior high and middle schools. Saunders, paralyzed in a grain elevator explosion, delivers a message about working through adversity. As he tells about his success in paralympic sports, he motivates the students to stay in school.

Education is but one of the Company's economic development efforts. Infrastructure development is another.

The border economies, flush with the success of maquiladoras (or twin plants), are poised to take advantage of the Free Trade Agreement. The $48 million Laredo Solidarity Bridge was opened to Colombia, Mexico, in the summer. Another bridge is being constructed south of Harlingen, and yet another is being planned for Laredo.

While the Free Trade Agreement is anticipated to enhance the area economy, its benefits could be slowed down by lack of a strong highway system and a lack of enough Customs Service employees. To improve coordination, CPL contributes to the Laredo/Corpus Christi Information Center in Monterrey, Mexico, and is an active participant in the Border Trade Alliance. The Company also is assisting with the Rio Grande Valley Regional Transportation Plan and is engaging in efforts to stop erosion of the Intracoastal Canal in order to enhance this vital transportation facility.

To assist new business throughout its service area, the Company in 1991 established a Certified Development Corp. (CDC). The CDC is actively involved in the process of securing long-term, low-interest financing for small businesses that want to expand. This financing option would not be available for most small businesses in South Texas without CPL's efforts.

These efforts do not immediately translate into jobs, but over the long term they strengthen our economic outlook.

Where have we placed traditional business recruitment efforts? Right in the hands of the people best able to sell their community — the community leaders. Under CPL's new economic development program, the Company works with willing communities to establish strategic planning initiatives. Meeting with city managers and community leaders, CPL helps the community assess its present economic development status and where it has to be to prosper.

One success story involves Indiana Knitwear which relocated in the small community of Lyford, outside Raymondville, as Willacy Apparel Co. The firm's story was featured in another new economic development tool CPL provides, *The South Texas Review*. This quarterly publication contains success stories and new ideas for business and community leaders.

Not all the economic news of the last year was rosy.

July 1991 proved to be the month of reckoning for Chase Naval Air Station at Beeville. Chase was one of 34 military facilities nationwide selected to be closed in response to military budget cuts. Its closure will cause a direct economic loss of $44 million and 3,259 jobs in Bee County. With CPL's assistance, Beeville residents are organizing their efforts to ensure that an industry with strong economic impact will move into the area and will occupy the Chase facilities.

Naval Air Station-Kingsville had been targeted for closure. Aggressive promotion of its training facility and a strong show of community support helped keep it afloat.

The federal closure plan was a blessing in disguise for Naval Station Ingleside, which had been under a military construction moratorium since January 1990, holding up six contracts valued at $19.7 million. The release of the closure plan lifted the moratorium, providing $21 million to finish the building program.

At this point, approximately 150 people are currently stationed at Naval Station Ingleside, preparing for the arrival of the Navy's high-tech mine warfare fleet in the late 1990s. Twenty-two mine sweepers will be maintained by 2,500 personnel with an estimated economic impact of $125 million annually. The first ship will arrive in summer 1993.

Oil and agriculture are mainstays of the South Texas economy, and both are recovering well. The frenzy of drilling activity in the Austin Chalk has calmed, although the horizontal drilling techniques introduced there are keeping the industry active. Agricultural efforts in the Rio Grande Valley are recuperating after significant freezes in the '80s. The number of acres planted in citrus

1960-Present

All-electric living was the fashion in the 1960s as the Company touted the virtues of the Gold Medallion Home. This golden era came to an abrupt end in the early 1970s when a national energy crisis caused CPL's fuel expenses to skyrocket. As the result of natural gas shortages, the Company began to diversify its fuel mix. The coal-fired Coleto Creek Power Station came on line in 1980, and the South Texas Project became the state's first operational nuclear plant in 1988.


Good Cents
ICANE WARNI
CPL
CENTRAL POWER & LIGHT COMPANY
CENTRA
D LIGH

fruits has increased to approximately 15,000 in 1991, with most farmers planting the hardier Rio Red grapefruit.

Cotton crops excelled after adequate rains. Whereas three years of drought had reduced previous yields to about half a bale per acre, two-bale-per-acre unirrigated cotton was not uncommon in 1991. Texas' 6.1 million-bale crop was the state's largest since 1949 and accounted for 35 percent of the nation's harvest.

To enhance tourism and to entice Winter Texans to linger, the Company produced a series of six travel brochures, titled "South Texas Two-Day Tours." Available at area visitor centers, chambers of commerce and CPL business offices, the tours focus on popular attractions, like the Texas State Aquarium and the Corpus Christi Greyhound Racetrack, and on lesser-known seasonal highlights and historical sites.

SERVING THE CUSTOMER RELIABLY

CPL's future holds many regulatory challenges: power wheeling, cogeneration and independent power production. Customer satisfaction — a key business plan goal — will strengthen our position in any competitive situation that arises.

A customer survey in November 1991 revealed where CPL was meeting customer expectations — and where it was falling short. One measure of the Company's image among customers is overall favorability. That's the basic "thumbs up" or "thumbs down" opinion customers have of CPL. Customer favorability toward CPL rated much higher than the national average and the average of other utilities in the Southwest.

While our image has successfully weathered the rate increases, there is room for improvement. The Company will use the survey information to bolster its position in a number of customer service areas.

One of the improvements coming in 1992 concerns the telephone service center. Customers rate CPL's telephone contact favorably — but not perfect. Sixty-one percent say it's easy to reach us by phone, but only 49 percent say it's easy to get their questions answered or problems solved by phone. Next year, the phone center will add a customer-directed service. Those calling with simple requests will be able to dial in their account number and access balance information, due dates and kilowatt-hour use. Using this technology will free customer service representatives to handle the more complex customer requests.

MARKETING THAT PROVIDES SOLUTIONS

In 1990, Marketing redesigned its focus to one of providing solutions. With base rates remaining constant under the STP rate case settlement, Marketing has a tremendous potential to affect CPL's future operations.

The Company's marketing effort surpassed most of its goals in 1991. Significant among Marketing's achievements was the electrotechnologies area. These technologies use electricity to manufacture or transform a product, such as bonding paint or constructing silicon chips. Many mid-sized businesses in our service area are regaining their competitive edge by adding electrotechnologies to make their operations more energy efficient and productive. CPL provides assistance from first analysis to final installation of the electrotechnology.

The Company also made a strong showing in commercial heating efforts and residential construction. Much of this success can be credited to a new emphasis on building relationships with our customers. In 1991, Marketing developed a contact program with top architects and engineers in the area we serve. The program gives us an opportunity to learn about new projects and to promote the electric advantage.

Lighting sales were challenging, as residential customers stopped buying and started disconnecting security lights to reduce their newly increased electric bills. However, floodlight sales were strong throughout 1991 and pushed lease lighting back to a positive trend by year's end.

RECOGNIZING EMPLOYEE INVOLVEMENT

The uncommitted employee, who arrived at his desk, counted widgets and left at five has gone the way of the 60-hour work week and the five-cent cup of coffee. Today's business environment demands employees who can do the job better, faster and more effectively. While CPL has always been blessed with good employees, today's competitive environment requires a more participatory management style. Our corporate culture has begun to change.

It will take several years to move CPL's culture to its affirmative new direction. Along the way is a commitment to train every management employee in Grid techniques. Grid's tenets are to get all employees involved and give them the responsibility and authority to solve the problems they face in their day-to-day work. As employees study and use Grid management techniques, there is a corresponding emphasis on teambuilding and group input. Their managers are called upon to do more than supervise; they must be leaders.

Grid, Gridworks and Front Line Leadership courses teach CPLers the skills, principles and techniques for empowerment. In 1991, CPL witnessed CSW's commitment to moving employees throughout the organization as an important part of management development. To bring continuity to these transitions, CPL and the other CSW operating companies are moving to a master curriculum, built on a foundation of Grid courses. This master, matched-curriculum will make sure employee efforts across the system are based on the same values and stress the same dimensions.

To survey the effects of empowerment, CPL and the other CSW companies conducted an Employee Attitude Survey in 1991. It revealed positive perceptions of training, benefits, safety and the Company's commitment to teamwork.

Employee ideas are being heard. In 1991, CPL President and CEO Bob Carey handed out a one-page form and asked employees to "Talk to Bob" and tell him what they liked best, liked least and what they would change about the Company. The response was overwhelming, as hundreds of ideas for improving operations flooded in from employees. As the Company becomes more empowered, upward communication is expected to flow as easily as downward communication.

AN ANNIVERSARY NOTE

In 75 years, a future generation of CPL people will celebrate their Company's 150th anniversary. We believe it will be said then, as we can say now, that the past belonged to people of vision who left a strong legacy of success. Through floods, hurricanes, wars and energy crises, CPL has stood the test of time with character and a continuing commitment to our customers, employees, communities and shareholders. From these origins, CPL has emerged strong, efficient and prepared.

We are a stronger Company today because of our past. The strengths and philosophies we have developed will serve CPL well through the next 75 years.

Brooks

Carey

Shamblin

Board of Directors

Robert R. Carey
President and Chief Executive Officer, Central Power and Light Company, Corpus Christi

E. R. Brooks
Chairman, President and Chief Executive Officer, Central and South West Corporation, Dallas

Ruben M. Garcia
President or principal of several firms engaged in construction and land development, Laredo

Robert A. McAllen
Robert A. McAllen Investments, Inc., Weslaco

Pete Morales, Jr.
President and General Manager, Morales Feed Lots, Inc., Devine

S. Loyd Neal, Jr.
President, W. L. Dunn & Company, Inc., Corpus Christi

Jim L. Peterson
President and Chief Executive Officer, Whataburger, Inc., Corpus Christi

H. Lee Richards
Chairman, Hygeia Dairy, Harlingen

P. Richard Shamblin
Vice President, Central Power and Light Company, Corpus Christi

D. W. Teague
Vice President, Central Power and Light Company, Corpus Christi

Richard P. Verret
Vice President, Central Power and Light Company, Corpus Christi

Dale E. Ward
Vice President, Central Power and Light Company, Corpus Christi

Officers

Robert R. Carey
President and Chief Executive Officer

P. Richard Shamblin
Vice President

D. W. Teague
Vice President

Richard P. Verret
Vice President

Dale E. Ward
Vice President

J. Gonzalo Sandoval
Vice President

David P. Sartin
Controller

Mary E. Sullivan
Treasurer

C. Wayne Stice
Secretary

Mary E. Hunt
Assistant Secretary

Marilyn J. Beebe
Assistant Secretary

Glenn Files resigned as vice president and director Oct. 21, 1991, to assume duties as executive vice president, West Texas Utilities Company.

Clayton R. Kirk retired as senior vice president, May 1, 1991.

Robert N. Henicker resigned as controller Oct. 29, 1991.

Mary E. Sullivan left the Company February 21, 1992.

Sandoval

Hunt

Richards


Teague


Verret


Ward


Sartin


Sullivan


Jake


Beebe


Garcia


McMullen


Peterson


Morales


Neal

FINANCIAL REVIEW

REPORT OF MANAGEMENT

Management is responsible for the preparation, integrity and objectivity of the financial statements of Central Power and Light Company as well as all other information contained in this Annual Report. The financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis and, in some cases, reflect amounts based on the best estimates and judgments of management, giving due consideration to materiality. Financial information contained elsewhere in this Annual Report is consistent with that in the financial statements.

The Company maintains an adequate system of internal controls to provide reasonable assurance that transactions are executed in accordance with management's authorization, that financial statements are prepared in accordance with generally accepted accounting principles and that the assets of the Company are properly safeguarded. The system of internal controls is documented, evaluated and tested by the Company's internal auditors on a continuing basis. Due to the inherent limitations of the effectiveness of internal controls, no internal control system can provide absolute assurance that errors and irregularities will not occur. However, management strives to maintain a balance, recognizing that the cost of such a system should not exceed the benefits derived. No material internal control weaknesses have been reported to management.

Arthur Andersen & Co. was engaged to audit the financial statements of the Company and issue its report thereon. Their audit was conducted in accordance with generally accepted auditing standards. Such standards require an examination of selected transactions and other procedures sufficient to provide reasonable assurance that the financial statements are not misleading and do not contain material errors. The Report of Independent Public Accountants does not limit the responsibility of management for information contained in the financial statements and elsewhere in the Annual Report.

Robert R. Carey
President and Chief Executive Officer

P. Richard Shamblin
Vice President, Finance

David P. Sattin
Controller

REPORT OF AUDIT COMMITTEE

The Audit Committee of the Board of Directors is composed of six outside directors. The members of the Audit Committee are: Robert A. McAllen, Chairman, Jim L. Peterson, Ruben M. Garcia, H. Lee Richards, Pete Morales, Jr. and S. Loyd Neal, Jr. The Committee held two meetings during 1991.

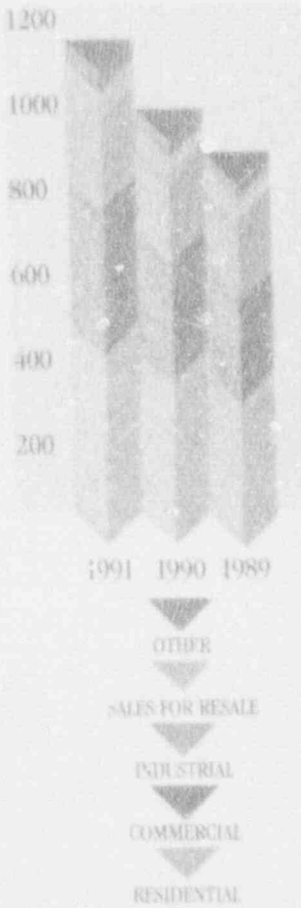
The Committee oversees the Company's financial reporting process on behalf of the Board of Directors. The Committee discusses with the internal auditors and the independent public accountants the overall scope and specific plans for their respective audits. The Committee also discusses the Company's financial statements and the adequacy of internal controls. The Committee meets regularly with the Company's internal auditors and independent public accountants to discuss the results of their audits, their evaluations of internal controls, and the overall quality of the Company's financial reporting. The meetings are designed to facilitate any private communication with the Committee desired by the internal auditors or independent public accountants.

Robert A. McAllen
Chairman, Audit Committee

Statements Of Income

For the Years Ended December 31	1991	1990 (thousands)	1989
Electric Operating Revenues			
Residential	$ 435,860	$370,6[illegible]3	$312,85[illegible]
Commercial	343,437	295,322	254,3[illegible]4
Industrial	221,885	201,461	184,871
Sales for resale	48,83[illegible]	37,818	47,556
Other	48,714	43,5[illegible]6	37,204
	1,098,7[illegible]	948,520	836,585
Operating Expenses and Taxes			
Fuel	303,428	309,494	319,821
Purchased power	15,041	14,545	16,559
Other operating	196,893	226,378	182,528
Maintenance	68,092	61,683	61,435
Depreciation and amortization	127,341	118,074	113,738
Deferred STP costs	–	(97,670)	(124,573)
Taxes, other than Federal income	62,453	58,313	43,196
Federal income taxes	75,985	95,263	62,275
	849,233	786,080	674,979
Operating Income	249,497	162,440	161,606
Other Income and Deductions			
Allowance for equity funds used during construction	1,068	27,203	24,923
Mirror CWIP liability amortization	96,671	–	–
Deferred STP carrying costs	–	185,078	84,590
Other	2,522	(1,687)	3,451
	100,261	210,594	112,964
Income Before Interest Charges	349,758	373,034	274,570
Interest Charges			
Interest on long-term debt	124,987	126,584	129,535
Interest on short-term debt and other	8,621	15,434	12,422
Allowance for borrowed funds used during construction	(1,056)	26,146	(15,168)
	132,552	168,164	126,789
Net Income	217,206	204,870	147,781
Preferred Stock Dividends	19,844	23,528	24,558
Net Income for Common Stock	$ 197,362	$181,342	$123,223

ELECTRIC OPERATING REVENUES (MILLIONS OF DOLLARS)



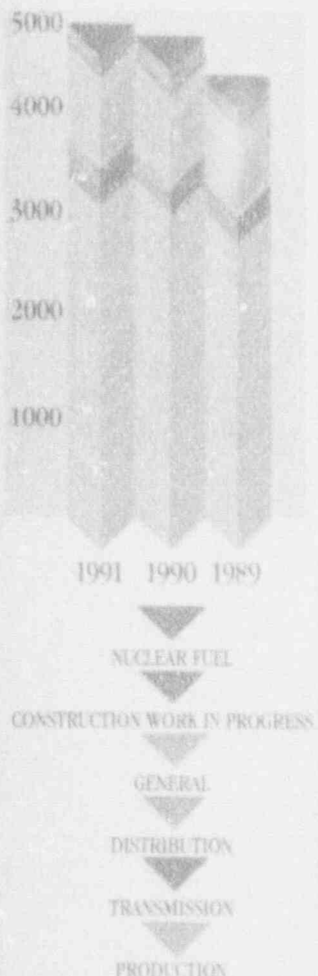
Statements Of Retained Earnings

For the Years Ended December 31	1991	1990 (thousands)	1989
Retained Earnings at Beginning of Year	$ 875,521	$794,179	$720,956
Net Income for Common Stock	197,362	181,342	123,223
Deduct: Common Stock Dividends	215,000	100,000	50,000
Preferred Stock Redemption Costs	3,224	–	–
Retained Earnings at End of Year	$ 854,659	$875,521	$794,179

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

Balance Sheets

ELECTRIC UTILITY PLANT
(MILLIONS OF DOLLARS)

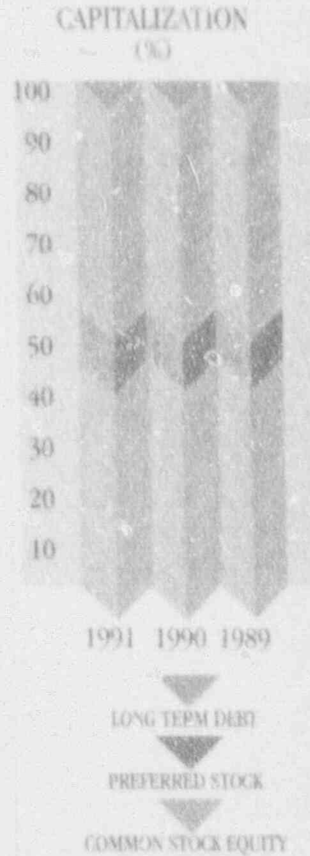


As of December 31	1991	1990
	(thousands)	
ASSETS		
Electric Utility Plant		
Production	$3,404,315	$3,377,609
Transmission	331,361	320,719
Distribution	681,905	642,529
General	210,449	207,441
Construction work in progress	65,699	56,917
Nuclear fuel	136,877	132,972
	4,830,606	4,738,187
Less - Accumulated Depreciation	1,028,713	892,686
	3,801,893	3,845,501
Current Assets		
Cash and temporary cash investments	3,152	4,877
Accounts receivable	13,881	26,354
Materials and supplies, at average cost	56,331	55,104
Fuel inventory, at average cost	26,122	27,297
Prepayments and other	3,173	6,356
	102,659	119,988
Deferred Charges and Other Assets		
Deferred STP costs	491,054	491,704
Other	32,093	25,020
	523,147	516,724
	$4,427,699	$4,482,213

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

As of December 31	1991	1990
	(thousands)	
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common stock, $25 par value, authorized 12,000,000 shares, issued and outstanding 6,755,535 shares	$ 168,888	$ 168,888
Paid-in capital	405,000	405,000
Retained earnings	854,659	875,521
Total Common Stock Equity	1,428,547	1,449,409
Preferred stock		
Not subject to mandatory redemption	250,351	250,351
Subject to mandatory redemption	38,800	44,053
Long-term debt	1,350,854	1,346,587
Total Capitalization	3,068,552	3,090,400
Current Liabilities		
Long-term debt due within twelve months	405	378
Advances from affiliates	62,148	40,625
Accounts payable	54,541	47,370
Fuel refund due customers	3,233	8,234
Customer deposits	9,920	9,116
Accrued taxes	29,389	12,324
Accrued interest	28,954	27,314
Other	18,864	24,529
	207,454	169,890
Deferred Credits		
Income taxes	648,054	611,233
Investment tax credits	175,965	181,796
Other	327,674	428,894
	1,151,693	1,221,923
	$4,427,699	$4,482,213

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



Statements Of Cash Flows

For the Years Ended December 31	1991	1990 (thousands)	1989
OPERATING ACTIVITIES			
Net Income	$217,206	$204,870	$145,783
Non-cash Items Included in Net Income			
Depreciation and amortization	148,012	139,722	130,396
Mirror CWIP liability amortization	(96,871)	–	–
Deferred income taxes and investment tax credits	30,900	97,223	123,121
Allowance for equity funds used during construction	(1,068)	(111)	(24,923)
Deferred plant costs	–	(282,749)	(259,163)
Changes in Assets and Liabilities			
Accounts receivable	12,473	6,344	(18,116)
Fuel refund due customers	(5,001)	8,234	(21,063)
Fuel inventory	1,175	4,504	(6,755)
Accounts payable	7,171	(10,983)	17,429
Accrued taxes	17,045	6,945	1,797
Other	(12,243)	49,595	(41,120)
	319,109	222,988	99,377
INVESTING ACTIVITIES			
Construction expenditures	(98,199)	(98,558)	(101,631)
Allowance for borrowed funds used during construction	(1,056)	(946)	(15,158)
	(99,255)	(99,504)	(116,789)
FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	–	50,000	150,000
Retirement of long-term debt	(168)	(158)	(11,149)
Reacquisition of long-term debt	(216)	(37,514)	(150,361)
Retirement of preferred stock	(7,050)	(3,325)	–
Proceeds from pollution control bonds held in trust	–	–	4,746
Change in short-term debt	21,523	(5,981)	46,606
Payment of dividends	(235,674)	(123,268)	(74,576)
	(221,579)	(120,446)	(34,734)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,725)	3,038	(52,156)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,877	1,839	53,995
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 3,152	$ 4,877	$ 1,839
SUPPLEMENTARY INFORMATION			
Interest Paid Less Amounts Capitalized	$125,760	$153,418	$127,961
Income Taxes Paid	38,715	(6,390)	(56,309)

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

Statements Of Capitalization

As of December 31			1991	1990
			(Thousands)	
COMMON STOCK EQUITY			$1,428,547	$1,449,409
PREFERRED STOCK				
Cumulative $100 Par Value, Authorized 3,035,000 Shares				
Series	Number of Shares Outstanding	Current Redemption Price		
Not Subject to Mandatory Redemption				
4.00%	100,000	$105.75	10,000	10,000
4.20%	75,000	103.75	7,500	7,500
7.12%	260,000	101.00	26,000	26,000
8.72%	500,000	102.50	50,000	50,000
Auction Money Market	750,000	100.00	75,000	75,000
Auction Series A	425,000	100.00	42,500	42,500
Auction Series B	425,000	100.00	42,500	42,500
Issuance Expense			(3,149)	(3,149)
			250,351	250,351
Subject to Mandatory Redemption				
10.05%	394,250	104.76	39,425	46,475
Issuance Expense			(625)	(792)
Unamortized Redemption Costs			--	(1,630)
			38,800	44,053
LONG-TERM DEBT				
First Mortgage Bonds				
Series J, 6 ⅝%, due January 1, 1998			28,000	28,000
Series K, 8 ⅜%, due January 1, 2000			25,000	25,000
Series L, 7%, due February 1, 2001			36,000	36,000
Series M, 8%, due November 1, 2003			46,000	46,000
Series N, 9 ⅝%, due June 1, 2004			40,000	46,000
Series O, 8 ¾%, due October 1, 2007			72,000	75,000
Series P, 8 ⅝%, due September 1, 2008			75,000	75,000
Series T, 7 ½%, due December 15, 2014			111,700	111,700
Series U, 9 ¾%, due July 1, 2015			81,700	81,700
Series W, 8 ⅝%, due May 1, 1996			200,000	200,000
Series X, 9 ¾%, due November 1, 1997			100,000	100,000
Series Y, 9 ¾%, due June 1, 1998			150,000	150,000
Series Z, 9 ⅝%, due December 1, 2019			150,000	150,000
Series AA, 7 ⅛%, due March 1, 2000			50,000	50,000
Installment Sales Agreements - Pollution Control Bonds				
7 ½%, due June 1, 2004			9,195	9,420
6%, due November 1, 2007			34,235	34,235
7 ⅞%, due September 15, 2014			6,330	6,330
10 ⅛%, due October 15, 2014			139,200	130,200
7 ⅞%, due December 1, 2016			80,000	60,000
Notes Payable, 6 ½%, due December 6, 1995			843	1,022
Unamortized Discount			(17,228)	(18,323)
Unamortized Costs of Reacquired Debt			(50,121)	(53,697)
			1,350,854	1,346,587
TOTAL CAPITALIZATION			$3,068,552	$3,090,400

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

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Central Power and Light Company (Company or CPL) is subject to regulation by the Federal Energy Regulatory Commission (FERC) and follows the Uniform System of Accounts prescribed by the FERC. The Company is subject to further regulation for rates and other matters by the Public Utility Commission of Texas (Texas Commission). The Company, as a member of the Central and South West System (CSW System or System), engages in transactions and coordinates its activities and operations with other members of the CSW System. The more significant accounting policies are summarized below.

Electric Utility Plant. Electric utility plant is stated at the original cost of construction, which includes the cost of contracted services, direct labor, materials, overhead items and allowances for borrowed and equity funds used during construction.

Allowance for Funds Used During Construction. The allowance for funds used during construction (AFUDC) is the result of an accounting procedure whereby amounts, based upon the level of construction work in progress (CWIP), representing the interest on borrowed funds and a return on equity capital used to finance construction, are reflected as credits on the statements of income and charges to CWIP. AFUDC does not represent a current source of cash funds. Under established regulatory rate practices, a return on and recovery of such costs is permitted in determining the rates charged for utility services. The gross composite rates averaged 9.5%, 9.8% and 11.8% for the years 1991, 1990 and 1989. The tax effect applicable to the debt component is recorded as a charge to deferred income tax expense. The Company excludes from the calculation of AFUDC that portion of CWIP included in rate base for rate-making purposes.

Depreciation. Provisions for depreciation of utility plant are computed using the straight-line method, generally at individual rates applied to the various classes of depreciable property. The annual composite rates averaged 3.0%, 3.0% and 3.1% for the years 1991, 1990 and 1989.

Nuclear Decommissioning. CPL's portion of the estimated costs of decommissioning the South Texas Project (STP) nuclear power plant is $138 million. This cost estimate will be reviewed and updated periodically. CPL is recovering decommissioning costs through rates over the life of STP. The funds received from customers applicable to decommissioning are paid to an external trust.

Electric Revenues and Fuel. Electric revenues generally are recorded at the time billings are made to customers on a cycle-billing basis and the cost of fuel is charged to expense as consumed.

The cost of nuclear fuel is amortized to fuel expense based on a ratio of the estimated Btu's used and available to generate electric energy, and includes a provision for the disposal of spent nuclear fuel.

The Company recovers fuel costs applicable to sales to wholesale customers, regulated by the FERC, through an automatic fuel adjustment clause.

The Company recovers fuel costs in Texas as a fixed component of base rates. The difference between fuel revenues billed and fuel expense incurred is recorded as an addition to or a reduction of revenues, with a corresponding entry to accounts receivable or fuel refund due customers, as appropriate. Over-recoveries of fuel are payable to customers, and under-recoveries may be billed to customers after Texas Commission approval.

The Company sells its accounts receivable, without recourse, to CSW Credit, Inc., a wholly owned subsidiary of Central and South West Corporation (CSW).

Deferred STP Costs. In accordance with Texas Commission orders, the Company deferred plant costs for STP Units 1 and 2 incurred subsequent to their commercial operation dates until retail rates including the units in rate base became effective. The deferred plant costs are amortized over the life of the plant in increasing amounts. See Note 8, Litigation and Regulatory Proceedings for further discussion of the deferred accounting orders.

Statements of Cash Flows. Cash equivalents are considered to be highly liquid debt instruments purchased with a maturity of three months or less. Accordingly, temporary cash investments and advances to affiliates are considered cash equivalents.

New Accounting Standards. In February 1992, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes, which supersedes SFAS No. 96. The effective date for SFAS No. 109 and the date that the Company will adopt the standard is 1993. SFAS No. 109 requires a change in the accounting and reporting for income taxes from a deferral method to a liability approach. The expected change on the balance sheet will result in changes to the accumulated deferred income tax liability, and establish a regulatory obligation and a regulatory asset. Management believes the adoption of this standard will not have a material effect on the results of operations.

In 1990 the FASB issued SFAS No. 106, which establishes accounting and reporting standards for postretirement benefits other than pensions. Such postretirement benefits primarily include medical and death benefits paid to employees after they retire. This new standard requires that the expected cost of these benefits be accrued during the period employees render service to qualify for benefits. These costs, which are currently recognized on a pay-as-you-go basis, totalled $3.5 million, $4.1 million and $3.4 million for 1991, 1990 and 1989. The Company expects to implement the new standard effective January 1, 1993.

Based on anticipated changes to the present postretirement benefit plans, the preliminary estimate of the Accumulated Postretirement Benefit Obligation (APBO) measured in accordance with the new standard is expected to be approximately $66 million. The transition obligation (the difference between the APBO and the fair value of any plan assets at the date SFAS No. 106 is adopted) will equal the APBO in the year of implementation. The transition obligation could be recognized fully in the year of implementation (1993) or amortized over the remaining service period of active participants, or 20 years. The Company has not yet determined which method will be used. If the new standard is adopted with the anticipated plan changes, assuming a 20 year amortization of the transition obligation, annual postretirement benefit costs would be approximately $10 million. Management believes the effect of actual adoption could be changed significantly by changes in health care costs, work force demographics, or interest rates between now and 1993. The Company will be seeking regulatory treatment that may mitigate the impact on the results of operations.

Reclassification. Certain financial statement items for prior years have been reclassified to conform to the 1991 presentation.

Notes To Financial Statements

2. FEDERAL INCOME TAXES

The Company, together with other members of the CSW System, files a consolidated Federal income tax return. Components of Federal income taxes are as follows:

	1991	1990	1989
		(thousands)	
Included in Operating Expenses and Taxes			
Current	$ 44,852	$ (2,124)	$(66,000)
Deferred			
Depreciation differences	34,715	43,450	42,554
Fuel refund due customers	1,572	(21,072)	6,892
Deferred STP costs	(221)	96,995	70,462
Reacquired debt costs	(1,216)	29	4,722
Unbilled revenues	(1,469)	(12,055)	(4,270)
AFUDC - borrowed	359	(8,860)	5,192
Alternative minimum tax	(6,535)	(5,055)	(6,102)
Other	9,779	(8,452)	8,098
	36,984	103,690	127,804
Deferred investment tax credits			
Provision	(42)	(372)	372
Amortization	(5,789)	(5,761)	(5,992)
	(5,831)	(6,103)	(5,619)
	75,985	95,263	62,275
Included in Other Income and Deductions			
Current	(1,961)	(790)	1,536
Deferred	(165)	(164)	(792)
	(2,126)	(954)	744
	$73,859	$ 94,309	$ 63,059

Total income taxes differ from the amounts computed by applying the statutory Federal income tax rates to income before taxes. The reasons for the differences are as follows:

	1991	%	1990	%	1989	%
			(dollars in thousands)			
Tax at statutory rates	$98,962	34.0	$100,721	34.0	$73,072	34.0
Differences						
AFUDC - equity	(363)	(0.1)	(9,249)	(3.1)	(6,474)	(3.0)
Amortization of ITC	(5,789)	(2.0)	(5,761)	(1.9)	(5,991)	(2.8)
Mirror CWIP amortization	(29,463)	(10.1)	-	-	-	-
Other	10,512	3.6	7,638	2.5	5,811	2.7
	$73,859	25.4	$ 94,309	31.5	$63,059	29.9

Investment tax credits (ITC) deferred in prior years are included in income over the lives of the related properties. At December 31, 1991, the cumulative net amount of income tax timing differences for which deferred income taxes had not been provided and the related tax effect amounted to approximately $15 million and $5 million.

3. LONG-TERM DEBT

The mortgage indenture, as amended and supplemented, securing first mortgage bonds issued by the Company, constitutes a direct first mortgage lien on substantially all electric utility plant.

The premiums and reacquisition costs of reacquired long-term debt are included in long-term debt on the balance sheets and are being amortized over 10 to 30 years.

Annual Requirements. The annual sinking fund requirements are generally 1% of first mortgage bonds outstanding. These requirements may be satisfied by the application of net expenditures for bondable property in an amount equal to 166⅔% of the annual requirements. Series T, U and AA First Mortgage Bonds do not have sinking fund requirements since they are collateral for pollution control bonds.

At December 31, 1991, the annual sinking fund requirements, exclusive of maturities, and the annual aggregate maturities including sinking fund requirements of long-term debt are as follows:

	Annual Sinking Fund Requirements	Annual Aggregate Maturities
	(thousands)	
1992	$9,250	$ 9,685
1993	9,250	10,401
1994	6,250	109,429
1995	8,250	9,693
1996	6,250	207,205

Dividends. The Company's mortgage indenture, as amended and supplemented, contains certain restrictions on the payment of common stock dividends. At December 31, 1991, $524 million of retained earnings were available for the payment of cash dividends to its parent company, CSW.

4. PREFERRED STOCK

The dividends on the Company's $160 million auction preferred stocks are adjusted every 49 days, based on current market rates. The dividend rates averaged 5.48%, 7.34% and 7.77% during 1991, 1990 and 1989.

The Company's 10.05% Series, $100 par value preferred stock, requires a mandatory sinking fund sufficient to retire 35,250 shares in each 12-month period beginning February 1, 1990, and ending January 31, 2001, and a specified number of shares in each 12-month period thereafter. The sinking fund redemption price is $100 per share. In February 1991, the Company retired $7,050,000 of its 10.05% Series.

Each series of preferred stock, with the exception of the 10.05% Series, is redeemable at the option of the Company upon 30 days notice at the current redemption price per share. Redemption prices of the 8.72% and 10.05% Series decline at specified intervals in future years. The 10.05% Series is not redeemable until 1994. The Company's three issues of auction preferred stock totaling $160 million may also be redeemed at par on any dividend payment date.

Prior to 1991, the premiums and redemption costs were included in preferred stock on the balance sheets and amortized over 10 years. In 1991, pursuant to an agreement with the FERC, the Company reversed the prior years amortization of these costs and reclassified them as a reduction of retained earnings.

5. SHORT-TERM FINANCING

The Company, together with other members of the CSW System, has established a money pool to coordinate short-term borrowings and to make borrowings outside the money pool through the issuance of commercial paper and from banks. Money pool borrowings are shown as advances from affiliates on the balance sheets. At December 31, 1991, the CSW System had bank lines of credit aggregating $492 million, including the Company's lines of credit. Short-term cash surpluses transferred to the money pool receive interest income in accordance with the money pool arrangement.

Notes To Financial Statements

6. BENEFIT PLANS

The Company, together with other members of the CSW System, participates in a non-contributory defined benefit pension plan covering substantially all its employees. Benefits are based on employees' years of service, age at retirement and compensation. The CSW System's funding policy is based on actuarially determined contributions, taking into account amounts deductible for income tax purposes and minimum contributions required by the Employee Retirement Income Security Act of 1974, as amended. Pension plan assets consist primarily of common stocks and short-term and intermediate term fixed income investments.

The components of net pension cost and the assumptions used in accounting for pensions are as follows:

	1991	1990	1989
		(dollars in thousands)	
Net Periodic Pension Cost			
Service cost	$ 4,324	$ 4,342	$ 3,973
Interest cost on projected benefit obligation	12,072	11,491	12,522
Actual return on plan assets	(26,785)	(1,931)	(19,993)
Net amortization and deferral	12,269	1,477	10,900
	$ 1,880	$15,5[illegible]	$ 887
Assumptions			
Discount rate	8.5%	8.5%	8.5%
Long-term compensation increase	6.0	6.2	6.2
Return on plan assets	9.5	9.0	8.[illegible]

As of December 31, 1991 and 1990, the plan's net assets exceeded the total actuarial present value of accumulated benefit obligations.

In addition to the pension plan, the Company also participates with other members of the CSW System in medical and death benefit plans for substantially all active employees and employees who retire from the CSW System. The Company's cost of providing those benefits was $12 million in 1991, covering approximately 2,300 active employees and 1,100 retirees, $13 million in 1990, covering approximately 2,300 active employees and 1,100 retirees, and $10 million in 1989, covering approximately 2,300 active employees and 1,200 retirees. (See New Accounting Standards in Note 1 for information relating to SFAS No. 106, Employers' Accounting For Postretirement Benefits Other Than Pensions.)

7. JOINTLY OWNED ELECTRIC UTILITY PLANT

The Company is party to joint ownership agreements with non-affiliated entities. Such agreements provide for the joint ownership and operation of STP consisting of two nuclear generating units. The Company also has a joint ownership agreement with other members of the CSW System and non-affiliated entities to provide for the joint ownership and operation of Oklaunion Power Station Unit No. 1 (Oklaunion) and its related facilities. The statements of income reflect the Company's portion of operating costs associated with plant in service. At December 31, 1991, the Company had interests in the generating stations and related facilities as shown below:

	South Texas Project	Oklaunion
	(dollars in thousands)	
Plant in service	$2,087,[illegible]	$35,757
Accumulated depreciation	$ 205,552	$ 3,391
Plant capacity - mw	2,500	686
Participation	25.2%	7.8%
Share of capacity - mw	630	54

8. LITIGATION AND REGULATORY PROCEEDINGS

Introduction. The Company owns 25.2% of STP, a two-unit nuclear power plant which is located near Bay City, Texas. In addition to the Company, Houston Lighting & Power Company (HLP), the project manager, owns 30.8%, the City of San Antonio (San Antonio) owns 28.0%, and the City of Austin (Austin) owns 16.0%. STP Unit 1 was placed in service in August 1988 and STP Unit 2 was placed in service in June 1989.

STP Final Orders. In October 1990, the Texas Commission issued a final order (STP Unit 1 Order) which fully implemented a stipulated agreement filed in February 1990 to resolve dockets then pending before the Texas Commission. In December 1990, the Texas Commission issued a final order (STP Unit 2 Order) which fully implemented a stipulated agreement to resolve all issues regarding the Company's investment in STP Unit 2.

The STP Unit 1 Order allowed the Company to increase retail base rates by $144 million. This base rate increase made permanent a $105 million interim base rate increase placed into effect in March 1990 and a $39 million interim base rate increase placed into effect in September 1989. The STP Unit 2 Order provided for a permanent base rate increase of $120 million effective January 1, 1991. The STP Unit 1 Order also provided for the deferral of operating expenses and carrying costs on STP Unit 2. A prior Texas Commission order (see "Deferred Accounting" below) had authorized deferral of STP Unit 1 costs. Such costs are being recovered through rates over the remaining life of STP. Also, the STP Unit 1 Order authorized use of Mirror Construction Work in Progress (Mirror CWIP), pursuant to which the Company recognized $360 million of carrying costs as original construction costs, and established a corresponding liability to customers recorded in other deferred credits on the balance sheets. In compliance with the order, carrying costs collected through rates during periods when CWIP was included in rate base were a loan from customers. The loan is being repaid through lower rates from 1991 through 1995, which approximates the length of time during which the carrying costs were collected from customers. The Mirror CWIP liability is being reduced by the recognition of non-cash income during the period 1991 through 1995.

The STP Unit 1 and 2 Orders resolved all issues pertaining to the reasonable original cost of STP and the appropriate amount to be included in rate base. Pursuant to the Texas Commission orders, the original cost of the Company's total investment in STP is included in rate base.

As part of the stipulated agreement, the Company has agreed to freeze base rates from January 1, 1991 through 1994, subject to certain force majeure events including double-digit inflation, major tax increases, extraordinary increases in operating expenses or serious declines in operating revenues. The Company may file for increases in base rates, which would be effective after 1994 and subject to certain limitations. The fuel portion of customers' bills will continue to be adjusted following the normal review and approval by the Texas Commission.

The stipulated agreements, as discussed above, were entered into by the Company, the Texas Commission Staff (Staff) and a majority of intervenors including major cities in the Company's service territory and major industrial customers. These intervenors represent a significant majority of the Company's customers. The Company and the Texas State Agencies reached agreements, which were subsequently approved by the Staff and other signatories, whereby the Texas State Agencies agreed not to oppose the stipulated agreements in any respect, except with regard to deferred accounting and rate design issues in the STP Unit 1 Order only. The Office of Public Utility Counsel (OPUC) and a coalition of low-income customers declined to enter into the stipulated agreements.

In January 1991, the Texas State Agencies, OPUC and the coalition of low-income customers filed appeals of the STP Unit 1 Order in the District Court of Travis County (District Court) requesting reversal of the deferred accounting for STP Unit 2 and other aspects of that order. In March 1991, the Texas State Agencies, OPUC and the coalition of low-income customers filed appeals of the STP Unit 2 Order in the District Court requesting reversal of that order. These appeals are pending before the District Court. If these orders are ultimately reversed on appeal, the stipulated agreements would be nullified and the Company could experience a significant adverse effect on its results of operations. Management believes that the STP Unit 1 and 2 Orders will be upheld.

Wholesale Rate Settlement. In September 1990, the Company reached a settlement (Wholesale Settlement) with all of its wholesale customers, except for one electric cooperative. The Wholesale Settlement called for an increase in

Notes To Financial Statements

rates of approximately $10 million in two steps, which were placed into effect in May 1990 and January 1991. The Wholesale Settlement is consistent with the STP Unit 1 and 2 Orders in all other respects. The FERC approved the Wholesale Settlement in July 1991. In December 1991, the Company entered into a settlement agreement (Cooperative Settlement) with the remaining electric cooperative. The Cooperative Settlement is substantially the same as the Wholesale Settlement, except that the Cooperative Settlement allows for an early contract termination upon specified notice and payment of a termination fee. A final order from FERC on the Cooperative Settlement is expected by the end of 1992.

Deferred Accounting. The Company was granted deferred accounting for STP Unit 1 and 2 costs by Texas Commission orders. These orders allowed the Company to defer operating and maintenance costs, taxes, depreciation and carrying costs until these costs were reflected in rates. Deferred accounting had an immediate positive effect on net income, but cash earnings were not increased until rates went into effect reflecting STP in service. The Company's net income for 1990 and 1989 included $107 million and $138 million, respectively, after-tax effect of deferred accounting. The 1989 amount included $28 million for STP Unit 1 attributable to 1988. The 1990 amount included $95 million of additional carrying cost deferrals for interest to the extent of actual interest charges incurred in 1988 and 1989. AFUDC in 1990 reflects a reclassification of approximately $27 million from AFUDC-debt to AFUDC-equity in accordance with the STP Unit 1 Order. Pursuant to the STP Unit 1 and 2 Orders, the Company's rates include recovery of all STP Unit 1 and 2 deferrals over the remaining life of the plant.

OPUC and the Texas State Agencies filed appeals of the Texas Commission's final order in District Court requesting reversal of deferred accounting for STP Unit 1. In September 1990, the District Court issued a judgment affirming the Texas Commission's order for STP Unit 1, which was subsequently appealed by OPUC and the Texas State Agencies. Oral argument was heard in October 1991 by a Texas Court of Appeals. The hearing of the Company's STP Unit 1 deferred accounting order was combined by the Court of Appeals with similar appeals of HLP deferred orders.

If the Company's orders granting deferred accounting are ultimately reversed, the Company could experience a significant adverse effect on its results of operations. Management believes that the Company's deferred accounting orders will be upheld.

HLP Arbitration. In 1985, Austin filed suit against HLP alleging, among other things, certain breaches of the STP Participation Agreement. The suit was transferred on change of venue to the District Court in Dallas County (Dallas District Court). In January 1988, HLP filed a third party action against the Company, CSW and San Antonio, as part of the Austin suit, seeking indemnity, contribution and certain other relief. CPL and San Antonio responded to the third party action with a counterclaim for damages and a motion to compel binding arbitration of disputes, among other things. After the third party action was severed from it, the Austin suit proceeded to trial in July 1989, where HLP won a take nothing judgment. Austin has appealed the judgment to the Dallas Court of Appeals.

In August 1990, the Dallas District Court granted CPL's and San Antonio's motion to compel arbitration of disputes with HLP. Since that time, the Company and San Antonio have prevailed in each of the proceedings in which HLP has challenged certain aspects of the arbitration procedures, and in the appeals of such proceedings. On January 27, 1992, HLP filed a request for writ of certiorari in the United States Supreme Court asserting denial of its constitutional due process rights in connection with the arbitration, to which CPL is expected to respond in late February 1992. The United States Supreme Court's decision whether to grant certiorari is pending.

CPL and CSW are engaged in settlement discussions with HLP, but no settlement has been reached. Although management cannot predict with certainty the ultimate outcome of the various disputes with HLP, it believes that such outcome will not have a material adverse effect on the Company's results of operations.

The Company is party to various other legal claims, actions and complaints arising in the normal course of business. Management does not expect disposition of these matters to have a material adverse effect on the Company's results of operations.

9. COMMITMENTS AND CONTINGENT LIABILITIES

It is estimated that the Company will spend approximately $116 million for construction purposes in 1992. Substantial commitments have been made in connection with the construction program.

To supply a portion of the fuel requirements of its generating plants, the Company has entered into various commitments for the procurement of fuel.

Nuclear Insurance. In connection with the licensing and operation of STP, the owners have purchased the maximum limits of nuclear liability insurance as required by law, and have executed indemnification agreements with the Nuclear Regulatory Commission in accordance with the financial protection requirements of the Price-Anderson Act.

The Price-Anderson Act, a comprehensive statutory arrangement providing limitations on nuclear liability and governmental indemnities, is in effect until August 1, 2002. The limit of liability under the Price-Anderson Act for licensees of nuclear power plants is $7.8 billion per incident. The owners of STP are insured for their share of this liability through a combination of private insurance amounting to $200 million and a mandatory industry-wide program for self-insurance totaling $7.6 billion. The maximum amount that each licensee may be assessed under the industry-wide program of self-insurance following a nuclear incident at an insured facility is $66.15 million (which amount may be adjusted for inflation) for each licensed reactor, but not more than $10 million per reactor for each nuclear incident in any one year. The Company and each of the other STP owners are subject to such assessments, which the Company and the other owners have agreed will be borne on the basis of their respective ownership interests in STP. For purposes of these assessments, STP has two licensed reactors.

The owners of STP currently maintain on-site decontamination liability and property damage insurance in the amount of $2.5 billion provided by American Nuclear Insurers (ANI) and Nuclear Electric Insurance Limited (NEIL). Policies of insurance issued by ANI and N[illegible] proceeds must be used first to pay decontamination and clean-up costs, before being used to [illegible] property. The Company and the other owners of STP have entered into an agreement that provides [illegible] cost of decontamination liability and property insurance for STP (including premiums and assessments) to be shared pro rata based upon each owner's respective ownership interests in STP.

10. QUARTERLY INFORMATION (UNAUDITED)

The following unaudited quarterly information includes, in the opinion of management, all adjustments (consisting only of normal recurring adjustments except for the 1988 and 1989 effect of the Company's STP Unit 1 Rate Case Settlement recorded in January 1990 as discussed in Note 8) necessary for a fair presentation of such amounts.

Quarter Ended	Electric Operating Revenues	Operating Income (thousands)	Net Income
1991			
March 31	$227,194	$42,525	$ 33,529
June 30	277,586	94,226	56,279
September 30	325,724	97,937	80,151
December 31	269,226	54,809	47,147
1990			
March 31	$178,198	$112,5[illegible]	$107,577
June 30	2[illegible],178	83,450	24,162
September 30	299,053	70,432	68,015
December 31	237,131	38,790	24,686

Information for quarterly periods is affected by seasonal variations in sales, rate changes and other factors.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of Central Power and Light Company:

We have audited the accompanying balance sheets and statements of capitalization of Central Power and Light Company (a Texas corporation and wholly owned subsidiary of Central and South West Corporation) as of December 31, 1991 and 1990, and the related statements of income, retained earnings and cash flows for each of the three years in the period ended December 31, 1991. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Power and Light Company as of December 31, 1991 and 1990, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1991, in conformity with generally accepted accounting principles.

Arthur Andersen & Co.

Arthur Andersen & Co.

Dallas, Texas
February 19, 1992

SELECTED FINANCIAL DATA

The following selected financial data are provided to highlight significant trends in the financial condition and results of operations for the Company:

	1991	1990	1989	1988	1987
			(thousands, except ratios)		
Electric Operating Revenues	**$1,098,730**	$ 948,526	$ 836,565	$ 750,432	$ 708,264
Net Income	**217,206**	204,870	147,781	156,819	191,927
Preferred Stock Dividends	**19,844**	23,528	23,558	21,525	15,820
Net Income for Common Stock	**197,362**	181,342	124,223	135,294	176,107
Total Assets	**4,427,699**	4,182,213	3,806,155	3,670,432	3,341,949
Preferred Stock					
Not Subject to Mandatory Redemption	**250,351**	250,351	250,351	250,368	166,782
Subject to Mandatory Redemption	**38,800**	44,053	47,272	46,966	46,660
Long-Term Debt	**1,350,854**	1,346,587	1,331,544	1,325,977	1,179,456
Ratio of Earnings to Fixed Charges (SEC Method)	**3.18**	3.11	2.49	2.44	3.00
Capitalization Ratios					
Common Stock Equity	**46.6%**	46.9%	45.7%	44.4%	45.4%
Preferred Stock	**9.4**	9.5	9.0	10.2	8.4
Long-Term Debt	**44.0**	43.6	45.3	45.4	46.2

Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

Net income for common stock for the year 1991 increased 9% to $197 million from $181 million in 1990. The increase in earnings is primarily due to additional revenue from rate increases, higher kilowatt-hour sales and the effects of the rate case settlement. Average return on common equity increased to 13.7% in 1991 from 12.6% in 1990. The Company marked the end of a major construction program when STP Unit 2 was completed in 1989. As a result, in 1990 and 1991, the Company generated all of its capital requirements internally and does not anticipate the need for additional long-term financing in the near future.

RATES AND REGULATORY MATTERS

Reference. The following discussion of the Company's rates and regulatory matters relates to Note 8 of the Notes to Financial Statements. The information contained therein should be read in conjunction with and is essential in understanding the following discussion and analysis.

STP Final Orders. During 1990 the Texas Commission issued final orders (STP Unit 1 and STP Unit 2 Orders) which fully implemented stipulated agreements to resolve dockets relating to STP then pending before the Texas Commission.

The STP Unit 1 Order allowed the Company to increase base rates by $144 million. This base rate increase made permanent a $105 million interim base rate increase placed into effect March 1990 and a $39 million interim base rate increase placed into effect September 1989. The STP Unit 2 Order provided for a permanent base rate increase of $120 million effective January 1, 1991. A prior Texas Commission order and the STP Unit 1 Order also provided for the deferral of costs on both units (see "Deferred Accounting" below).

The STP Unit 1 Order authorized the use of Mirror CWIP in which CPL recognized $360 million of carrying costs as original construction costs and established a corresponding liability to retail customers. These carrying costs are being recovered through rates over the remaining life of STP. The Mirror CWIP liability is being reduced by the recognition of non-cash income in the years 1991 through 1995.

CPL's base rates will be frozen from January 1, 1991, through 1994 subject to certain force majeure events. The fuel portion of customers' bills will continue to be adjusted after review and approval by the Texas Commission. The Company may file for increases in base rates, which would be effective after 1994 and subject to certain limitations.

Wholesale Rate Settlement. In September 1990, the Company reached a Wholesale Settlement with all of its wholesale customers, except for one electric cooperative. In February 1992 a settlement was reached whereby the electric cooperative will pay the same rates as the other wholesale customers. The Wholesale Settlement calls for an increase in wholesale rates of approximately $10 million in two steps. These increases were placed into effect, subject to refund, in May 1990 and January 1991. CPL expects a final order in 1992.

Deferred Accounting. The Company was granted deferred accounting for STP Units 1 and 2 costs by Texas Commission orders. These orders allowed the Company to defer certain operating and maintenance costs, taxes, depreciation and carrying costs until these costs were reflected in rates.

Deferred accounting had an immediate positive effect on net income, but cash earnings were not increased until rates went into effect reflecting STP in service. The after-tax net income effect from deferred accounting was $187 million and $138 million for 1990 and 1989, respectively. Deferred STP Unit 1 costs of $28 million, attributable to 1988, were included in net income in 1989. Deferred carrying costs of $96 million were recognized in net income in 1990 as a result of additional carrying cost deferrals for interest to the extent of actual interest charges attributable to 1988 and 1989. The Company's rates include recovery of all deferrals over the remaining life of the plant.

These deferred accounting orders are in various stages of appeal. If the Company's orders granting deferred accounting are ultimately reversed, the Company could experience a significant adverse effect on results of operations. Management believes that CPL's deferred accounting orders will be upheld.

In August 1991, the Texas Court of Appeals issued an opinion in a case involving an unrelated electric utility, disallowing certain aspects of the deferred accounting treatment followed by that utility, which is similar to that authorized by the Texas Commission for CPL. The utility has filed a motion for rehearing of the Court of Appeals opinion, which is

Management's Discussion and Analysis of Financial Condition and Results of Operations

pending. Management believes that this opinion was based on an erroneous interpretation of the applicable state law and will not control the ultimate resolution of the appeals of CPL's deferred accounting orders.

CONSTRUCTION PROGRAM

The Company's need for capital results primarily from its construction of facilities to provide reliable electric service to its customers. Construction expenditures totaled approximately $100 million in each of the years 1990 and 1991. Construction has declined to this level as the Company has marked the end of a major construction program with the completion of STP Unit 2 in 1989. It is estimated that construction expenditures during the 1992 through 1994 period will aggregate $423 million. Such expenditures primarily will be made to improve and expand transmission and distribution facilities. These improvements are required to meet the needs of new customers and to satisfy changing requirements of existing customers. No new baseload power plants are currently planned until after the year 2000.

In November 1990, the United States Congress passed the Clean Air Act Amendments of 1990 which place limits on the emission of sulfur dioxide (SO_2) and nitrogen oxides from gas, coal and lignite fired generating plants. The right to emit SO_2 from existing generating plants will be established based on historical operating conditions. These rights will be controlled through a certificate of allowance program. The Company will receive certificates of allowances at the beginning of each year, starting with the year 2000, and will have to surrender allowances at the end of the year in an amount equal to the tons of SO_2 emitted. These amendments require comprehensive rulemaking, which has not been completed, by the Environmental Protection Agency (EPA).

Subject to the adoption of new regulations and continued rulemaking, this legislation is not expected to have a significant effect on the Company. Based on the latest facilities plan, the Company estimates nominal expenditures for monitoring and emission reduction equipment for existing plants. The Company continues to evaluate the new EPA regulations and pursue the most cost effective options available under these amendments.

FINANCING AND CAPITAL RESOURCES

Internal Generation. The financial strength of the Company has improved due to rate relief received during 1990 and 1991 and because of the decline in the Company's construction program. In 1991, the Company obtained all of its capital requirements from internal sources and anticipates that all the capital required during the 1992 through 1994 period also will be provided from internal sources.

Long-term Financing. Long-term financing by the Company involves the sale of first mortgage bonds and preferred stock and the receipt of capital contributions from its parent company or other financing alternatives. The goal of the Company is to provide a strong capital structure. At December 31, 1991, the capitalization ratios were 47% common stock equity, 9% preferred stock and 44% long-term debt. The Company does not expect to require any long-term financing during the 1992 through 1994 period. The Company retired $7 million of its 10.6% Series preferred stock in the first quarter of 1991.

Customer Accounts Sold. The Company sells its billed and unbilled accounts receivable to CSW Credit, Inc., a wholly owned subsidiary of CSW. The sales provide the Company with cash immediately and reduce working capital and revenue requirements. The average and year-end amounts of accounts receivable factored were $115.5 million and $101.6 million in 1991, as compared to $96.5 million and $103.2 million in 1990.

Short-term Financing. The Company, together with other members of the CSW System, has established a System money pool to coordinate short-term borrowings. These loans are unsecured demand obligations at rates approximating the System's commercial paper borrowing costs. The Company's short-term borrowing limit from the money pool is $200 million, and borrowings will be made during 1992 as required. During 1991, the average amount of short-term borrowings outstanding at month-end was $33.2 million at a weighted average interest rate of 6.3%. The maximum amount of short-term borrowings outstanding at any month-end during 1991 was $69.9 million, and at December 31, 1991, $62.1 million was outstanding.

NEW ACCOUNTING STANDARDS

Reference is made to Note 1 of the Notes to Financial Statements — New Accounting Standards for a discussion of SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, and SFAS No. 109, Accounting for Income Taxes. These standards have not been adopted by the Company.

RESULTS OF OPERATIONS

Net Income for Common Stock. The Company's 1991 net income for common stock has increased due to additional revenue from the rate increases, the effects of the rate case settlements and higher kilowatt-hour sales. The 1990 increase was mainly due to higher rates from the STP Unit 1 Order.

Electric Operating Revenues. Total electric operating revenues increased in 1991 and 1990 due to base rate increases and higher kilowatt-hour sales.

Residential and commercial kilowatt-hour sales in 1991 increased over 1990 reflecting customer growth and slightly higher usage due to warmer weather. The 1990 increase in kilowatt-hour sales for these classes is also due to higher levels of customers.

The increase in industrial kilowatt-hour sales reflects the gradually improving economy in CPL's service area. Sales in 1991 were impacted by the addition of one large industrial customer and the plant expansions of two existing customers. The Company continues its efforts to develop new business and retain existing customers in the face of greater competition.

Sales for resale increased in 1991 due to the addition of a new wholesale customer.

Fuel and Purchased Power. Fuel expense in 1991 decreased primarily because of a decline in the cost of gas in the spot market. Fuel expense declined in 1990 because of scheduled refueling of STP Unit 1 in 1989. This outage resulted in the use of gas rather than nuclear generation to fulfill CPL's requirements in 1989.

Costs per million Btu by fuel source were:

	1991	1990	1989
Gas	**$2.03**	$2.21	$2.39
Coal	**2.16**	2.18	2.22
Nuclear	**.55**	.59	.53
Total	**1.73**	1.87	1.99

Expenses and Taxes. Other operating expenses for 1990 were greater than both 1989 and 1991 as a result of non-recurring 1990 costs associated with the STP rate cases and the Company's early retirement program. Increased maintenance costs in 1991 are attributable to additional scheduled maintenance on STP.

Depreciation and amortization increased in 1991 due primarily to the addition of Mirror CWIP to plant and due to the amortization of deferred accounting costs from STP Units 1 and 2. The 1990 increase in depreciation and amortization was due to STP Unit 2 being placed in service.

The increase in 1991 of taxes, other than Federal income is primarily a result of higher ad valorem and Texas gross receipts taxes. The rise in ad valorem taxes was due to significant changes in the funding system for public schools in Texas. This revised funding system has recently been declared unconstitutional by the Texas Supreme Court. However, the Court required payments of the tax to continue through 1992 while funding alternatives are evaluated by the Texas Legislature. The increase in the Texas gross receipts tax is a direct result of the increase in electric operating revenues. The change between 1990 and 1989 is due to refunds of prior years' Texas franchise taxes received in 1989.

Inflation rates, as measured by the Consumer Price Index, have averaged 4.7% for the three-year period ending December 31, 1991. The Company believes that inflation, at these levels, does not materially affect its results of operations or financial condition. However, under existing regulatory practice, only the historical cost of plant is recoverable from customers. As a result, cash flows designed to provide recovery of historical plant costs may not be adequate to replace plant in future years.

Allowance for Funds Used During Construction. The lower levels of AFUDC reflect STP being placed in service. In addition, AFUDC in 1990 reflects a reclassification of AFUDC-debt to AFUDC-equity as a result of the deferral of interest charges in accordance with the STP Unit 1 Order.

Mirror CWIP Liability Amortization. The Company is amortizing its Mirror CWIP liability, in declining amounts, over the next five years. As a result, non-cash income of $97 million from this amortization was recognized in 1991. Such amounts will be $83 million, $76 million, $68 million and $41 million for the years 1992 through 1995.

Deferred STP Costs and Deferred STP Carrying Costs. The deferral of STP Unit 1 costs ceased in March 1990 when the STP Unit 1 rate increase was placed in effect. Additionally, deferral of costs for STP Unit 2 ended in December 1990 as the STP Unit 2 rate increase became effective on January 1, 1991.

Interest Expense and Preferred Stock Dividends. The decrease in interest on long-term debt for the years 1991 and 1990 is due to the reacquisition of higher coupon debt during 1990 and 1989. The 1991 decrease in interest on short-term debt is due to higher 1990 interest associated with the settlement of Federal tax issues. Preferred dividends decreased due to lower dividend rates on money market and auction preferred stocks and due to the retirement of $7 million of 10.05% Series preferred stock.

Comparative Statistical Record

	1991	1990	1989
AVERAGE NUMBER OF CUSTOMERS			
Residential	476,555	468,675	460,522
Commercial	72,153	71,923	71,209
Industrial	6,441	6,471	6,488
All other	3,540	3,583	3,401
Total	558,689	550,652	541,620
NUMBER OF CUSTOMERS – END OF PERIOD	566,066	557,882	549,301
SALES – KILOWATT-HOURS (Thousands)			
Residential	5,476,497	5,368,128	5,277,961
Commercial	4,214,497	4,190,083	4,086,174
Industrial	5,353,753	4,812,279	4,587,663
All other	1,880,880	1,381,833	1,354,976
Total	16,925,627	15,722,323	15,306,774
REVENUES (Thousands)			
Residential	$435,860	$370,613	$312,850
Commercial	343,437	295,322	254,304
Industrial	221,885	201,461	184,871
All other	97,548	81,124	84,569
Total	$1,098,730	$948,520	$836,585
RESIDENTIAL AVERAGES			
Kilowatt-hours per customer	11,492	11,454	11,461
Revenues per customer	$914.61	$790.77	$679.34
Revenues per kilowatt-hour	7.96¢	6.90¢	5.93
SYSTEM CAPABILITY AT PEAK (Kilowatts)	3,961,000	3,966,000	3,947,000
SYSTEM MAXIMUM DEMAND (Kilowatts)	3,291,000	3,110,000	3,145,000
FUEL EFFICIENCY DATA			
Average Btu per net kwh	10,309	10,328	10,402
Cost per million Btu	$1.73	$1.87	$1.99
Cost per kwh generated (mills)	17.91	19.43	20.70
BALANCE SHEET DATA (Thousands)			
Electric utility plant	$4,830,606	$4,738,187	$4,298,859
Annual constructed additions	104,223	459,615	141,722
Accumulated depreciation	1,028,713	892,686	769,833
Percentage of accumulated depreciation to original cost	21.30%	[illegible]	17.91
CAPITALIZATION (Thousands)			
Common stock equity	$1,428,547	[illegible]	1,368,067
Preferred stock	289,151	[illegible]	297,622
Long-term debt	1,350,854	1,346,587	1,331,544

1988	1987	1986	1985	1984	1983	1982	1981
452,707	446,548	441,849	432,906	420,487	407,006	394,437	376,444
70,285	70,008	69,719	68,720	67,217	65,359	63,581	60,385
6,570	6,548	6,713	6,827	6,717	6,652	6,560	6,322
3,320	3,277	3,254	3,268	3,206	3,185	3,174	3,108
532,882	526,381	521,535	511,721	497,627	482,202	467,752	446,260
539,896	532,546	527,392	521,281	507,402	492,712	477,802	459,003
4,945,741	4,630,356	4,567,961	4,469,884	4,209,063	3,863,798	3,988,111	3,736,235
3,898,835	3,736,151	3,734,321	3,664,447	3,452,989	3,268,206	3,278,005	3,085,744
4,244,925	4,325,326	5,521,265	5,985,326	6,280,810	5,910,999	5,532,386	5,867,785
1,528,082	1,336,327	1,816,470	1,501,630	1,166,087	1,116,201	1,111,941	1,531,250
14,617,583	14,028,160	15,649,017	15,621,287	15,108,949	14,159,204	13,910,443	14,221,014
$295,167	$273,223	$284,345	$295,038	$298,186	$286,182	$282,616	$233,593
244,082	231,004	241,773	252,334	255,879	249,255	262,215	202,819
180,345	198,481	254,626	300,915	342,900	336,604	303,933	277,829
70,838	65,556	79,231	76,621	75,219	74,240	70,422	79,701
$790,432	$768,264	$859,975	$924,908	$972,184	$946,281	$899,186	$793,942
10,925	10,369	10,338	10,325	10,010	9,493	10,115	9,025
$652.00	$611.86	$643.53	$681.53	$709.14	$703.14	716.50	$620.53
5.97¢	5.90¢	6.23¢	6.60¢	7.18¢	7.41¢	7.05¢	6.25¢
3,801,000	3,698,000	3,703,000	3,688,000	3,667,000	3,625,000	3,523,000	3,523,000
3,013,000	2,881,000	2,974,000	3,022,000	2,832,000	2,869,000	2,825,000	2,734,000
10,085	10,164	10,174	10,040	10,298	10,231	10,236	10,171
$2.11	$2.08	$2.33	$2.89	$3.27	$3.47	$3.51	$3.04
21.26	21.17	23.70	29.01	33.65	35.47	35.97	30.93
$4,169,637	$3,853,568	$3,426,069	$3,056,619	$2,758,977	$2,385,489	$2,119,440	$1,880,396
329,222	444,723	433,061	456,151	386,952	286,524	237,251	199,519
658,015	589,909	546,285	503,405	458,834	418,057	377,738	339,497
15.78%	15.31%	15.94%	16.47%	16.63%	17.52%	17.90%	18.05%
$1,294,844	$1,159,550	$1,033,443	$971,443	$851,805	$723,254	$635,049	$555,245
297,334	213,442	213,060	181,979	181,989	182,024	132,770	122,770
1,325,077	1,179,456	1,048,987	981,481	866,551	728,149	647,404	573,427

Shareholder and Investor Information

PREFERRED STOCK

TRANSFER AGENT/REGISTRAR OF STOCK

Central and South West Services, Inc.
P. O. Box 660164
Dallas, TX 75266-0164

SHAREHOLDER SERVICES

The shareholder services staff is available from 8 a.m. to 5 p.m., Central Time, Monday through Friday to answer any questions you may have. If you have a question, write:

Central and South West Services, Inc.
Shareholder Services Department
P. O. Box 660164
Dallas, TX 75266-0164

or call:
1-800-527-5797 (Outside of Texas)/1-800-442-1718 (In Texas)

We recommend that you send stock certificates by either registered or certified mail.

FIRST MORTGAGE BONDS

TRUSTEE

The First National Bank of Chicago
One First National Plaza
Mail Suite 0126
Chicago, IL 60670
Richard D. Manella – (312) 407-1841

ADDITIONAL INFORMATION

This report is prepared primarily for the information of security holders, employees and customers of the Company and is not transmitted in connection with the sale of any security or offer to sell or offer to buy any security.

Copies of this report and the financial statements included therein and the Securities and Exchange Commission Annual Report on Form 10-K are available generally to all security holders of the Company. A copy will be mailed to any security holder or other interested party upon written request to C. Wayne Stice, Secretary, P. O. Box 2121, Corpus Christi, TX 78403-2121.

Central Power and Light Company is an equal opportunity employer.

RECYCLED PAPER - CONCEPT FIBER BY BECKETT

References used for illustrations in CPL 1991 Annual Report

Illustration 1 1916-1928

- Thomas A. Edison
- Map featuring scope of CPL's activities superimposed over cactus patch, lineman's tools, polesetting crew
- Maytag wringer washer, 1911
- Founders Warner S. McCall and Ralph W. Morrison
- Santa Maria trolley, Laredo
- Post-hole digger used to set transmission poles on the El Campo-Hahn line northwest of Bay City, 1926
- Horse-drawn ice delivery wagon, Alice, 1927
- 1920s Hotpoint ad for an electric range
- The first company logo, 1926
- La Palma Power Station, San Benito
- Portrait of serviceman Fermine Bosquez, employee of CPL and its predecessors since 1905
- CPL logo, 1929
- Women's committee meeting at Pearsall, 1929
- Power plant generators, 1920s

Illustration 2 1929-1959

- 1929 stock market crash
- Eagle Pass hydro plant
- "Courteous Service Always," Corpus Christi, 1936
- James C. Kennedy, president, 1926-1929; vice chairman 1930-1931
- E. B. Neiswanger, president, 1930-1931
- Generating station, Victoria, 1931
- Generating station, Three Rivers, 1931
- Kelvinator refrigerator, 1930s
- Home office building, Corpus Christi, 1932
- CPL logo, 1934
- World War II: Company Roll of Honor, sailor, women in work force, bond drive, and employees riding bicycles to conserve resources
- Lon C. Hill, Jr., president, 1939-1954
- CPL servicemen, 1940s
- New ice truck, Kingsville, 1946
- CPL's radio station KRMV, Corpus Christi, 1942
- J. L. Bates, president, 1954-1964
- Servicemen, 1950s
- Line crew, 1950s
- La Palma Power Station, 1949
- Transmission construction crew, 1944
- Viewing television, 1950s

Illustration 3 1960-1991

- Linemen at work, 1964
- Victoria dispatcher's office, 1968
- CPL logo, 1961
- Gold Medallion emblem and all-electric home
- Oil pump, Port Isabel lighthouse, transmission lines, and King Ranch cowboy
- Ennis S. Joslin, president, 1964-1969
- Barney M. Davis, president, 1969-1974
- Victoria building
- Presidents: R. W. Hardy, 1974-1979; Durwood Chalker, 1979-1980; William P. (Bill) Sayles, 1980; Merle L. Borchelt, 1981-1986; E. R. (Dick) Brooks, 1986
- Coleto Creek Power Station
- Refinery at night, 1960s
- Foreman
- CPL logo, 1972
- Hurricane warning poster
- STP transmission lines and linemen
- Good Cents logo
- "We Won't Forget" yellow ribbon campaign, 1991
- South Texas Project Electric Generating Station
- Presidents: Thomas V. Shockley III, 1987-1989, and Robert R. Carey, 1990-
- Wildlife: Roseate spoonbill, white-tailed deer, osprey, heron, redfish and American alligator

cpl

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FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the fiscal year ended December 31, 1991

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from ________ to ________

COMMISSION FILE NUMBER 0-346

CENTRAL POWER AND LIGHT COMPANY

(Exact name of registrant as specified in its charter)

TEXAS	74-0550600
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

539 North Carancahua Street, Corpus Christi, Texas 78401-2802

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: 512/881-5300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Cumulative Preferred Stock, $100 Par Value

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes _X_ No ___

Indicate by check mark if disclosure for delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K [X].

Number of shares of Common Stock outstanding at December 31, 1991: 6,755,535

(None of such shares are held by nonaffiliates.)

DOCUMENTS INCORPORATED BY REFERENCE

Pages 21 - 38 of Central Power and Light Company's Annual Report to Stockholders for the year ended December 31, 1991 are incorporated into Part II hereof.

TABLE OF CONTENTS

DEFINITIONS

The following abbreviations or acronyms used in this text are defined below:

Abbreviation or Acronym	Definition
ALJ..................	Administrative Law Judge
AFUDC................	Allowance for funds used during construction
Austin...............	City of Austin, Texas
Btu..................	British thermal unit
CEO..................	Chief Executive Officer
CERCLA...............	Comprehensive Environmental Response, Compensation and Liability Act of 1980
Code.................	Internal Revenue Code of 1986, as amended
Company..............	Central Power and Light Company, Corpus Christi, Texas
Court of Appeals.....	Court of Appeals, Third District of Texas, Austin, Texas
CSW..................	Central and South West Corporation, Dallas, Texas
CSW System...........	CSW and its subsidiaries
CWIP.................	Construction Work in Progress
District Court.......	State District Courts of Travis County, Texas
Electric operating companies..........	PSO, SWEPCO, WTU and the Company
EPA..................	United States Environmental Protection Agency
ERCOT................	Electric Reliability Council of Texas
FERC.................	Federal Energy Regulatory Commission
HLP..................	Houston Lighting & Power Company
Holding Company Act.	Public Utility Holding Company Act of 1935, as amended
HVdc.................	High-voltage direct-current
Kw...................	Kilowatt
Kwh..................	Kilowatt-hour
Mcf..................	1,000 cubic feet
Mw...................	Megawatt
Oklaunion............	Oklaunion Power Station Unit No. 1
OPUC.................	Texas Office of Public Utility Counsel
PCB..................	Polychlorinated biphenyl
PSO..................	Public Service Company of Oklahoma, Tulsa, Oklahoma
PURA.................	Public Utility Regulatory Act
RCRA.................	Federal Resource Conservation and Recovery Act of 1976
San Antonio..........	City of San Antonio, Texas
SEC..................	Securities and Exchange Commission
Staff................	Public Utility Commission of Texas staff
STP..................	South Texas Project electric generating station
SWEPCO...............	Southwestern Electric Power Company, Shreveport, Louisiana
TACB.................	Texas Air Control Board
Texas Commission.....	Public Utility Commission of Texas
TWC..................	Texas Water Commission
Westinghouse.........	Westinghouse Electric Corporation
WTU..................	West Texas Utilities Company, Abilene, Texas

PART I

ITEM 1. BUSINESS.

The Company. The Company, a Texas corporation, is a public utility engaged in generating, purchasing, transmitting, distributing and selling electricity in south Texas. It is a wholly-owned subsidiary of CSW, a registered holding company under the Holding Company Act.

At December 31, 1991, the Company supplied electric service to approximately 566,000 retail customers in a 44,000 square mile area with an estimated population of 1,939,000. It supplied at wholesale all or a portion of the electric energy requirements of two municipalities and five rural electric cooperatives. The three largest metropolitan areas served by the Company are Corpus Christi, Laredo and McAllen, which have estimated populations of 264,000, 120,000 and 92,000, respectively.

The economic base of the territory served by the Company includes manufacturing, metal refining, petroleum, agriculture and tourism. In 1991, industrial customers accounted for approximately 20% of the Company's total operating revenues. Contracts with substantially all industrial customers provide for both demand and energy charges. Demand charges continue under such contracts even during periods of reduced industrial activity, thus mitigating the effect of reduced activity on operating income.

REGULATION AND RATES

Regulation. The Company, as a subsidiary of CSW, is subject to the jurisdiction of the SEC under the Holding Company Act with respect to the issuance, acquisition and sale of securities; acquisition and sale of certain assets or any interest in any business, including certain aspects of fuel exploration and development programs; accounting practices and other matters.

The FERC has jurisdiction under the Federal Power Act over certain of the Company's electric utility facilities and operations, wholesale rates, and certain other matters.

The Texas Commission has exclusive jurisdiction over accounts, certification of utility service territories, sale or acquisition of certain utility property, mergers and certain other matters. Neither the Texas Commission nor the governing bodies of incorporated municipalities have jurisdiction over the issuance of securities.

Rates. The Texas Commission has original jurisdiction over retail rates in the unincorporated areas of Texas. The governing bodies of incorporated municipalities have such jurisdiction over rates within their incorporated limits. Municipalities may elect, and some have elected, to surrender this jurisdiction to the Texas Commission. The Texas Commission has "de novo" appellate jurisdiction over rates set by incorporated municipalities.

Electric utilities in Texas are not allowed to make automatic adjustments to recover changes in fuel costs from retail customers. A utility is allowed to recover its known or reasonably predictable fuel costs through a fixed fuel factor established during a general rate case, fuel reconciliation proceeding or interim fuel proceeding. An interim fuel proceeding is conducted at the request of a utility when a utility has materially over-recovered and projects to materially over-recover its known or reasonably predictable fuel costs or under such other circumstances upon the initiative of the Texas Commission. In the event that reasonably unforeseeable circumstances have resulted in a material under-recovery of known or reasonably predictable fuel costs, a utility may petition the Texas Commission for an emergency interim fuel factor. The Texas Commission must act on such petition within 30 days. In the case of an over-recovery in excess of 4% of annual fuel costs, a utility must file a petition to make interim refunds and such petition may be granted by the Texas Commission without a hearing. The Texas Commission can and has granted changes in the fixed fuel factors outside of the aforementioned proceedings after a show of good cause. Final reconciliation of fuel costs is made at the time of the utility's general rate case or a reconciliation proceeding. In the event that the Company does not recover all of its fuel costs under the above procedures, such event could have an adverse impact on net income. In January 1991, the Company reduced its fuel factor by $21 million, on an annual basis, in conjunction with the STP Unit 2 settlement discussed below under "SOUTH TEXAS PROJECT." In August 1991, the Company refunded $19 million of over-recovered fuel costs, including interest, and also reduced its fuel factor by $24 million, on an annual basis, in accordance with Texas Commission rules.

All of the Company's contracts with its wholesale customers contain FERC approved fuel-adjustment provisions that permit it to automatically pass actual fuel costs (including those associated with purchased power) through to its customers.

See "SOUTH TEXAS PROJECT" for information as to rates relating to STP.

SOUTH TEXAS PROJECT

Introduction. The Company owns 25.2% of STP, a two-unit nuclear power plant which is located near Bay City, Texas. In addition to the Company, HLP, the project manager, owns 30.8%; San Antonio owns 28.0%; and Austin owns 16.0%. STP Unit 1 was placed in service in August 1988 and STP Unit 2 was placed in service in June 1989.

STP Final Orders. In October 1990, the Texas Commission issued a final order ("STP Unit 1 Order") which fully implemented a stipulated agreement filed in February 1990 to resolve dockets then pending before the Texas Commission. In December 1990, the Texas Commission issued a final order ("STP Unit 2 Order") which fully implemented a stipulated agreement to resolve all issues regarding the Company's investment in STP Unit 2.

The STP Unit 1 Order allowed the Company to increase retail base rates by $144 million. This base rate increase made permanent a $105 million interim base rate increase placed into effect in March 1990 and a $39 million interim base rate increase placed into effect in September 1989. The STP Unit 2 Order provided for a permanent base rate increase of $120 million effective January 1, 1991. The STP Unit 2 Order also provided for the deferral of operating expenses and carrying costs on STP Unit 2. A prior Texas Commission order (see "Deferred Accounting" below) had authorized deferral of STP Unit 1 costs. Such costs are being recovered through rates over the remaining life of STP. Also, the STP Unit 1 Order authorized use of Mirror Construction Work in Progress ("Mirror CWIP"), pursuant to which the Company recognized $360 million of carrying costs as original construction costs, and established a corresponding liability to customers recorded in other deferred credits on the balance sheets. In compliance with the order, carrying costs collected through rates during periods when CWIP was included in rate base were a loan from customers. The loan is being repaid through lower rates from 1991 through 1995, which approximates the length of time during which the carrying costs were collected from customers. The Mirror CWIP liability is being reduced by the recognition of non-cash income during the period 1991 through 1995.

The STP Unit 1 and 2 Orders resolved all issues pertaining to the reasonable original cost of STP and the appropriate amount to be included in rate base. Pursuant to the Texas Commission orders, the original cost of the Company's total investment in STP is included in rate base.

As part of the stipulated agreement, the Company has agreed to freeze base rates from January 1, 1991 through 1994, subject to certain force majeure events including double-digit inflation, major tax increases, extraordinary increases in operating expenses or serious declines in operating revenues. The Company may file for increases in base rates, which would be effective after 1994 and subject to certain limitations. The fuel portion of customers' bills will continue to be adjusted following the normal review and approval by the Texas Commission.

The stipulated agreements, as discussed above, were entered into by the Company, the Staff and a majority of intervenors including major cities in the Company's service territory and major industrial customers. These intervenors represent a significant majority of the Company's customers. The Company and the Texas State Agencies reached agreements, which were subsequently approved by the Staff and other signatories, whereby the Texas State Agencies agreed not to oppose the stipulated agreements in any respect, except with regard to deferred accounting and rate design issues in the STP Unit 1 Order only. OPUC and a coalition of low-income customers declined to enter into the stipulated agreements.

In January 1991, the Texas State Agencies, OPUC and the coalition of low-income customers filed appeals of the STP Unit 1 Order in the District Court requesting reversal of the deferred accounting for STP Unit 2 and other aspects of that order. In March 1991, The Texas State Agencies, OPUC and the coalition of low-income customers filed appeals of the STP Unit 2 Order in the District Court requesting reversal of that order. These appeals are pending before the District Court. If these orders are ultimately reversed on appeal, the stipulated agreements would be nullified and the Company could experience a significant adverse effect on its results of operations. Management believes that the STP Unit 1 and 2 Orders will be upheld.

Wholesale Rate Settlement. In September 1990, the Company reached a settlement ("Wholesale Settlement") with all of its wholesale customers, except for one electric cooperative. The Wholesale Settlement called for an increase in wholesale rates of approximately $10 million in two steps, which were placed into effect in May 1990 and January 1991. The Wholesale Settlement is consistent with the STP Unit 1 and 2 Orders in all other respects. The FERC approved the Wholesale Settlement in July 1991. In December 1991, the Company entered into a settlement agreement ("Cooperative Settlement") with the remaining electric cooperative. The Cooperative Settlement is substantially the same as the Wholesale Settlement, except that the Cooperative Settlement allows for an early contract termination upon specified notice and payment of a termination fee. A final order from FERC on the Cooperative Settlement is expected by the end of 1992.

Deferred Accounting. The Company was granted deferred accounting for STP Unit 1 and 2 costs by Texas Commission orders. These orders allowed the Company to defer operating and maintenance costs, taxes, depreciation and carrying costs until these costs were reflected in rates. Deferred accounting had an immediate positive effect on net income, but cash earnings were not increased until rates went into effect reflecting STP in service. The Company's net income for 1990 and 1989 included $187 million and $138 million, respectively, after-tax effect of deferred accounting. The 1989 amount included $28 million for STP Unit 1 attributable to 1988. The 1990 amount included $96 million of additional carrying cost deferrals for interest to the extent of actual interest charges incurred in 1988 and 1989. AFUDC in 1990 reflects a reclassification of approximately $27 million from AFUDC-debt to AFUDC-equity in accordance with the STP Unit 1 Order. Pursuant to the STP Unit 1 and 2 Orders, the Company's rates include recovery of all STP Unit 1 and 2 deferrals over the remaining life of the plant.

OPUC and the Texas State Agencies filed appeals of the Texas Commission's final order in District Court requesting reversal of deferred accounting for STP Unit 1. In September 1990, the District Court issued a judgment affirming the Texas Commission's order for STP Unit 1, which was subsequently appealed by OPUC and the Texas State Agencies. Oral argument was heard in October 1991 by a Texas Court of Appeals. The hearing of the Company's STP Unit 1 deferred accounting order was combined by the Court of Appeals with similar appeals of HLP deferred orders.

If the Company's orders granting deferred accounting are ultimately reversed, the Company could experience a significant adverse effect on its results of operations. Management believes that the Company's deferred accounting orders will be upheld.

In August 1991, the Texas Court of Appeals issued an opinion in a case involving an unrelated electric utility, disallowing certain aspects of the deferred accounting treatment followed by that utility, which is similar to that authorized by the Texas Commission for the Company. The utility has filed a motion for rehearing of the Court of Appeals opinion, which is pending. Management believes that this opinion was based on an erroneous interpretation of the applicable state law, and will not control the ultimate resolution of the appeals of the Company's deferred accounting orders.

HLP Arbitration. In 1983, Austin filed suit against HLP alleging, among other things, certain breaches of the STP Participation Agreement. The suit was transferred on change of venue to the District Court in Dallas County (Dallas District Court). In January 1988, HLP filed a third party action against the Company, CSW and San Antonio as part of the Austin suit, seeking indemnity, contribution and certain other relief. The Company and San Antonio responded to the third party action with a counterclaim for damages and a motion to compel binding arbitration of disputes, among other things. After the third party action was severed from it, the Austin suit proceeded to trial in July 1989, where HLP won a take nothing judgment. Austin has appealed the judgment to the Dallas Court of Appeals.

In August 1990, the Dallas District Court granted the Company's and San Antonio's motion to compel arbitration of disputes with HLP. Since that time, the Company and San Antonio have prevailed in each of the proceedings in which HLP has challenged certain aspects of the arbitration procedures, and in the appeals of such proceedings. On January 27, 1992, HLP filed a request for writ of certiorari in the United States Supreme Court asserting denial of its constitutional due process rights in connection with the arbitration, to which the Company is expected to respond in late February 1992. The United States Supreme Court's decision whether to grant certiorari is pending.

The Company and CSW are engaged in settlement discussions with HLP, but no settlement has been reached. Although management cannot predict with certainty the ultimate outcome of the various disputes with HLP, it believes that such outcome will not have a material adverse effect on the Company's results of operations.

Westinghouse Litigation. The Company and other owners of STP are plaintiffs in a lawsuit filed October 1990 in the District Court in Matagorda County, Texas against Westinghouse, seeking damages and other relief. The suit alleges that Westinghouse supplied STP with defective steam generator tubes that are susceptible to stress corrosion cracking. As a result of the termination of a standstill agreement with the STP owners in November 1991, Westinghouse is required to file an answer to the suit by March 2, 1992.

To date, no stress corrosion cracking in STP's steam generator tubes has been detected. Management believes, based on industry experience and the analysis of various experts, that any such problem would develop gradually and could be monitored by the operators of STP. An accurate estimate of the costs of remedying any such problem currently is unavailable due to many uncertainties, including among other things, the timing of repairs, which may coincide with scheduled outages, and the recoverability of amounts from Westinghouse and any insurers.

Nuclear Insurance. In connection with the licensing and operation of STP, the owners have purchased the maximum limits of nuclear liability insurance as required by law, and have executed indemnification agreements with the Nuclear Regulatory Commission, in accordance with the financial protection requirements of the Price-Anderson Act.

The Price-Anderson Act, a comprehensive statutory arrangement providing limitations on nuclear liability and governmental indemnities, is in effect until August 1, 2002. The limit of liability under the Price-Anderson Act for licensees of nuclear power plants is $7.8 billion per incident. The owners of STP are insured for their share of this liability through a combination of private insurance amounting to $200 million and a mandatory industry-wide program for self-insurance totaling $7.6 billion. The maximum amount that each licensee may be assessed under the industry-wide program of self-insurance following a nuclear incident at an insured facility is $66.15 million (which amount may be adjusted for inflation) for each licensed reactor, but not more than $10 million per reactor for each nuclear incident in any one year. The Company and each of the other STP owners are subject to such assessments, which the Company and the other owners have agreed will be borne on the basis of their respective ownership interests in STP. For purposes of these assessments, STP has two licensed reactors.

The owners of STP currently maintain on-site decontamination liability and property damage insurance in the amount of $2.5 billion provided by American Nuclear Insurers and Nuclear Electric Insurance Limited. Policies of insurance issued by American Nuclear Insurers and Nuclear Electric Insurance Limited stipulate that policy proceeds must be used first to pay decontamination and clean-up costs, before being used to cover direct losses to property. The Company and the other owners of STP have entered into an agreement that provides for the total cost of decontamination liability and property insurance for STP (including premiums and assessments) to be shared pro rata based upon each owner's respective ownership interests in STP.

OPERATIONS

Peak Loads and System Capabilities. The following table sets forth for the years 1989 through 1991 the net system capabilities of the Company (including the net of contracted purchases and contracted sales) at the time of peak demand, the maximum coincident system demand on a one-hour integrated basis (exclusive of sales to other electric utilities) and the respective amounts and percentages of peak demand generated by the Company and net purchases and sales:

Year	Net System Capability(a) Mw	Maximum Coincident System Demand(b) Mw	Percent Increase (Decrease) In Peak Demand Over Prior Period	Generation at Time of Peak Mw	Generation at Time of Peak %	Net Purchases (Sales) at Time of Peak Mw	Net Purchases (Sales) at Time of Peak %
1989	3,964	3,145	4.4	3,231	102.7	(86)	2.7
1990	4,025	3,110	(1.1)	3,077	98.9	33	1.1
1991	4,005	3,291	5.5	3,424	104.0	(133)	(4.0)

(a) Does not include 452 Mw of system capability in long-term storage as described under "ITEM 2. PROPERTIES -- Facilities."

(b) Maximum coincident system demand occurred on December 22, June 25 and August 21 in the years 1989, 1990 and 1991, respectively.

The Company is a member of ERCOT, which also includes Texas Utilities Electric Company, HLP, WTU, Texas Municipal Power Agency, Texas Municipal Power Pool, Lower Colorado River Authority, the municipal systems of San Antonio, Austin and Brownsville, the South Texas and Medina Electric Cooperatives, and several other interconnected systems and cooperatives. The ERCOT members interchange power and energy on firm, economy and emergency bases. The Company also engages in economy interchanges with the other electric operating companies in the CSW System.

The CSW System operates on an interstate basis to facilitate exchanges of power. PSO and WTU are interconnected through the 200,000 Kw North HVdc Tie. In 1987, the FERC issued an order approving the East HVdc Tie and specifying that it be built by August 1991. The East HVdc Tie is proposed to be a 600,000 Kw back-to-back direct current terminal built in two 300,000 Kw stages at SWEPCO's Welsh Power Plant near Cason, Texas and a 16 mile, 345 kilovolt alternating-current transmission line from the Welsh terminal to Texas Utilities Electric Company's Monticello Generation Station near Mount Pleasant, Texas. The East HVdc Tie is presently proposed to be owned 50% by one or more CSW electric operating companies with the balance to be owned by nonaffiliates. Because of unforeseen delays in beginning the certification and construction program relating to the negotiation of the Participation Agreement and disputes regarding transmission service over the interconnection, the co-owners were unable to meet the original August 1991 completion date. In August 1991, an agreement was reached among the co-owners and a petition was filed at the FERC requesting that the Interconnection Order be revised to allow completion of the first 300,000 Kw stage of the interconnection no later than August 1995 and the completion of the second 300,000 Kw stage no later than August 1998. In December 1991, the FERC modified its order to permit the new completion schedule for the East HVdc Tie. A Certificate of Convenience and Necessity still must be obtained from the Texas Commission. Management believes that the delays will not have a material adverse effect on the Company's results of operations.

Employees. At December 31, 1991, the Company had 2,330 employees.

CENTRAL POWER AND LIGHT COMPANY

OPERATING STATISTICS

	Years Ended December 31,		
	1991	1990	1989
KILOWATT-HOUR SALES (Millions):			
Residential	5,476	5,368	5,278
Commercial	4,215	4,160	4,086
Industrial	5,354	4,812	4,588
Other	396	396	395
Sales to retail customers	15,441	14,736	14,347
Sales for resale	1,485	986	960
Total	16,926	15,722	15,307
NUMBER OF ELECTRIC CUSTOMERS AT END OF PERIOD:			
Residential	483,627	475,555	467,672
Commercial	72,520	72,243	71,753
Industrial	6,411	6,459	6,434
Electric utilities and other ..	3,508	3,625	3,442
Total	566,066	557,882	549,301
RESIDENTIAL SALES AVERAGES:			
Kwh per customer	11,492	11,454	11,461
Revenue per customer	$915	$791	$679
Revenue per Kwh	7.96¢	6.90¢	.93¢
REVENUES PER KWH ON TOTAL SALES ...	6.49¢	6.03¢	5.47¢
FUEL COST DATA:			
Average Btu per net Kwh	10,309	10,328	10,402
Cost per million Btu	$1.73	$1.87	$1.99
Cost per Kwh generated	1.79¢	1.94¢	2.07¢
Cost as a percentage of revenue	27.6	32.6	38.2

In past years the Company has experienced some loss of industrial load due either to plants closing or the installation of cogeneration facilities. The Company has implemented rates which are designed to provide competitive rates for present and new industrial customers. The Company has executed new contracts with the majority of its large industrial customers which extend until at least 1993.

CONSTRUCTION AND FINANCING

Construction. The estimated total capital expenditures (including AFUDC) for the years 1992-1994 are as follows:

	1992	1993	1994	Total
		(Millions)		
Generation	$ 15	$ 11	$ 13	$ 39
Transmission	25	88	40	153
Distribution	43	46	47	136
Fuel	19	8	13	40
Other	14	18	23	55
Total	$116	$171	$136	$423

Information in the foregoing table is subject to change due to numerous factors, including the rate of load growth, escalation of construction costs, changes in nuclear and environmental regulation, delays from regulatory hearings, the adequacy of rate relief and the availability of necessary external capital (see "Financing" below). Changes in these and other factors could cause the Company to defer or accelerate construction or to sell or buy more power, which would affect its cash position, revenues and income to an extent that cannot now be reliably predicted.

Financing. The Company anticipates that its capital requirements during the 1992-1994 period will be provided from internal sources. The Company does not expect to require any additional long-term financing during the 1992-1994 period.

FUEL SUPPLY

General. The Company's present electric generating plants showing the type of fuel used are set forth under "ITEM 2. PROPERTIES."

During 1991, approximately 54% of Kwh generation was from gas, 25% from coal, 21% from nuclear fuel and less than 1% other. Natural gas consumption totaled 91,675,405 Mcf and coal requirements were 1,941,177 tons.

Natural Gas. The Company's eight gas-fired electric generating plants are supplied by 15 separate long-term natural gas purchase agreements accounting for approximately 55% of the total gas requirements in 1991. The balance of the Company's natural gas requirements could have been supplied under existing long-term arrangements; however, with the favorable spot market conditions existing during the period, the Company elected to purchase these requirements under spot market arrangements. The Company's principal gas supplies are those provided under agreements with Valero Transmission Company, Enron Corporation, Corpus Christi Gas Marketing, Inc., Delhi Gas Pipeline, or their affiliates. They supplied approximately 27%, 22%, 12%, and 11%, respectively, of the Company's total natural gas purchases. Including spot market suppliers, the Company had 36 individual suppliers of natural gas during 1991.

Coal. The Company's two coal-fired electric generating plants, Coleto Creek and jointly owned Oklaunion, are both primarily supplied by single long-term coal purchase agreements. At Coleto Creek, the long-term agreement, which expires in 1999, is with Colowyo Coal Company and it provided approximately 69% of the coal requirements of the plant for 1991. The Company's obligation with Colowyo for 1992 through 1994 is approximately 60% of Coleto Creek's requirements and 25% from 1995 through expiration. The coal is mined in northwestern Colorado and is transported approximately 1,400 miles under long-term rail agreements with the Denver & Rio Grande Western Railroad Company, the Burlington Northern Railroad Company and the Southern Pacific Transportation Company. The balance of the Coleto Creek requirements are currently being procured on the spot market. The Company owns sufficient cars for operation of three unit trains, and has negotiated contracts with the rail carriers involved which have been accepted by the Interstate Commerce Commission. At year-end 1991 the Company had approximately 316,000 tons of coal in inventory at Coleto Creek.

At Oklaunion, the long-term coal supply is provided under a contract expiring in 2006 with Exxon Coal USA, Inc. This agreement is for Wyoming coal which is transported approximately 1,100 miles to the plant by the Burlington Northern Railroad Company. Approximately 78% of the total 1991 Oklaunion coal requirements for the Company were supplied under the Exxon Agreement with the balance procured on the spot market. The Company's share of the year-end 1991 coal inventory at Oklaunion was approximately 36,000 tons.

Nuclear Fuel. The nuclear fuel cycle entails several steps, including purchase of uranium concentrate, conversion of uranium concentrate to uranium hexafluoride, enrichment of uranium hexafluoride into the isotope U235 and fabrication of the enriched uranium into fuel rods and fuel assemblies. Fuel requirements for STP (see "ITEM 2. PROPERTIES -- SOUTH TEXAS PROJECT") are being handled by a committee comprised of representatives of all participants in STP.

The Company and the other STP participants have entered into contracts with suppliers for uranium concentrate sufficient for the operation of both STP units through 1995. Enrichment contracts have been secured for a 30-year period for each unit. Contracts have been secured for conversion services for both units through 1993. Also, fuel fabrication services have been contracted for the initial cores and 16 years of operation of each unit. The Company believes it will be able to obtain adequate supplies of nuclear fuel components and services required for the life of STP.

The Company and the other STP participants have entered into a waste disposal contract with the Department of Energy. Under this contract, the Department of Energy will ultimately take possession of all spent fuel from the STP units. STP has on-site storage facilities with the capability to store up to 40 years of spent fuel discharged from each unit.

Governmental Regulation. The price and availability of each of the foregoing fuel types are significantly affected by governmental regulation. Any inability in the future to obtain adequate fuel supplies, or adoption of additional regulatory measures restricting the use of such fuels for the generation of electricity, might affect the Company's ability to meet economically the needs of its customers and could require it to supplement or replace, prior to normal retirement, existing generating capability with units using other fuels. This would be impossible to accomplish quickly, would require substantial expenditures for construction and could have a significant adverse effect on the Company's financial position and results of operations.

Fuel Costs. Information as to the historic costs of fuel to the Company appears under "OPERATING STATISTICS." For 1991, total average cost of fuel per million Btu was $1.73. Average costs per million Btu by major fuel type were $2.03 for natural gas, $2.16 for coal and $0.55 for nuclear. The Company is unable to predict accurately the future cost of fuel.

ENVIRONMENTAL MATTERS

The Company is subject to regulation with respect to air and water quality and solid waste standards, along with other environmental matters, by various federal, state and local authorities. These authorities have continuing jurisdiction in most cases to require modifications in the Company's facilities and operations. Changes in environmental regulations could require substantial additional expenditures to modify the Company's facilities and operations and could have a significant adverse effect on the Company's results of operations. The Company is not a party to any litigation or administrative proceedings with respect to environmental matters, except as described below.

Air Quality. Air quality standards and emission limitations are subject to the jurisdiction of the TACB, with oversight by the EPA. In accordance with regulations of the TACB, permits are required for all generating units on which construction is commenced or which are substantially modified after the effective date of the applicable regulations. The Company believes that all of its present units comply in all material respects with existing federal and state air quality and emission regulations. The EPA has approved and may enforce the air quality standards and limitations adopted by the TACB and has adopted ambient air quality standards applicable nationally, as well as new source performance standards for all new or substantially modified generating units.

In November 1990, the United States Congress passed the Clean Air Act Amendments of 1990, which place limits on the emission of sulfur dioxide and nitrogen oxides from gas, coal and lignite fired generating plants. The right to emit sulfur dioxide from existing generating plants will be established based on historical operating conditions. These rights will be controlled through a certificate of allowance program. These amendments require comprehensive rulemaking, which has not been completed, by the EPA.

Subject to the adoption of new regulations and continued rulemaking, this legislation is not expected to have a significant effect on the Company. Based on the latest facilities plan, the Company estimates nominal expenditures for monitoring and emission reduction equipment for existing plants. The Company continues to evaluate the new EPA regulations and pursue the most cost effective options available under these amendments.

Water Quality. The TWC and the EPA have jurisdiction over all wastewater discharges into state waters. The TWC has jurisdiction for establishing water quality standards and issuing waste control permits covering discharges which might affect the quality of state waters. The EPA has jurisdiction over "point source" discharges through the National Pollution Discharge Elimination System provisions of the Clean Water Act. The Company believes that all of its facilities comply in all material respects with existing federal and state wastewater discharge regulations.

Solid Waste Disposal. The RCRA and the TWC solid waste rules provide for comprehensive control of all solid wastes from generation to final disposal. The TWC has received authorization from the EPA to administer the RCRA solid waste control program for Texas. The Company believes that it is in compliance in all material respects with all such applicable regulations.

CERCLA and Other. Under CERCLA, owners, operators, transporters and/or generators of hazardous substances for disposal can be held liable for the cleanup of hazardous substance disposal sites which pose or may pose an imminent risk to the environment. Similar liabilities for hazardous substance disposal can arise under applicable state law.

In November 1985, the Texas Attorney General brought suit against the Company under the Solid Waste Disposal Act and Chapter 26 of the Texas Water Code. This suit alleged that the Company was one of the parties responsible for PCB contamination at the Industrial Road and Industrial Metals site in Corpus Christi, Texas and therefore, should share the responsibility for cleanup of the site. The site was used by several metal salvage companies for the salvage of various materials purchased from electric utilities, including the Company, and others. The Company actively participated in the development of the closure plan for the site which was approved by the TWC. Closure of the site was completed, with the Company as one of the managing participants and the Closure Certification Report was submitted to the TWC in December 1990. Total costs incurred by the managing participants to date have been $3.9 million. Significant cost recovery from other defendants is expected. No additional major costs to the Company are anticipated.

Two additional lawsuits relating to this site have been filed naming the

Company as one of the defendants. They allege property damage and health impairment affecting residents near the site, resulting from operations on the site and closure activities. Management believes that the ultimate resolution of these matters will not have a material adverse effect on the Company's results of operations.

In December 1986, the EPA named 650 entities including the Company as potentially responsible parties for removal of PCB articles and materials stored at the now defunct EPA-permitted PCB disposal site in Missouri, formerly operated by Martha C. Rose Chemicals, Inc. In August 1988, the Company made payment of approximately $170,000 to the Rose Chemicals Steering Committee representing the Company's Consent Option Assessment. Management believes that this sum will be sufficient to satisfy the Company's entire liability for cleanup costs.

From time to time the Company is made aware of various environmental issues or is a party to various other legal claims, actions and complaints related to environmental matters. Management does not expect disposition of any environmental matters to have a material adverse effect on the Company's results of operations.

ITEM 2. PROPERTIES.

Facilities. At December 31, 1991, the Company owned the following electric generating plants (or portions thereof in the cases of the jointly owned plants). (See "ITEM 1. BUSINESS -- FUEL SUPPLY.")

Plant Name and Location	Type of Fuel Primary/Secondary	Net Dependable Capability Mw
Barney M. Davis Corpus Christi, Texas	gas/oil(a) gas/oil	335 339
Coleto Creek Goliad, Texas	coal	605
Lon C. Hill Corpus Christi, Texas	gas/oil(a)	408(b)
Nueces Bay Corpus Christi, Texas	gas/oil(a)	508(b)
Victoria Victoria, Texas	gas/oil(a)	258(b)
La Palma San Benito, Texas	gas/oil gas/oil(a)	47 157(b)
E. S. Joslin Point Comfort, Texas	gas/oil(a)	255
J. L. Bates Mission, Texas	gas/oil(a)	185
Laredo Laredo, Texas	gas/oil(a) gas/oil	70 106
Eagle Pass Eagle Pass, Texas	hydro	6
Oklaunion Vernon, Texas	coal	54(c)
South Texas Project Bay City, Texas	nuclear	630(d)
Total		3,963

(a) For extended periods of operation, oil can be used only in combination with gas. Use of oil in facilities primarily designed to burn gas results in increased maintenance expense and a reduction of approximately 15% in capability.

(b) Excludes units in long-term storage - 142 Mw at Lon C. Hill, 34 Mw at Nueces Bay, 228 Mw at Victoria and 48 Mw at La Palma.

(c) The Company owns 7.81% of the 686 Mw unit operated by WTU.

(d) The Company owns 25.2% of the two 1,250 Mw units operated by HLP.

All of the generating plants described above are located on land owned by the Company or jointly with the other participants in jointly owned plants. The Company's electric transmission and distribution facilities are for the most part located over or under highways, streets and other public places or property owned by others, for which permits, grants, easements or licenses (which the Company believes to be satisfactory, but without examination of underlying land titles) have been obtained. The principal plants and properties of the Company are subject to the lien of the first mortgage indenture under which the Company's first mortgage bonds are issued.

ITEM 3. LEGAL PROCEEDINGS.

See "ITEM 1. BUSINESS -- REGULATION AND RATES" for information relating to regulatory proceedings.

See "ITEM 1. BUSINESS -- SOUTH TEXAS PROJECT" for information as to pending legal proceedings relating to STP.

See "ITEM 1. BUSINESS -- OPERATIONS" for information relating to system interconnection.

See "ITEM 1. BUSINESS -- ENVIRONMENTAL MATTERS" for information relating to environmental proceedings.

The Company is party to various other legal claims, actions and complaints arising in the normal course of business. Management does not expect disposition of these matters to have a material adverse effect on the Company's results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

All of the outstanding shares of Common Stock of the Company are owned by its parent, CSW.

ITEM 6. SELECTED FINANCIAL DATA.

The information required by Item 6 is incorporated by reference to page 35 of the Company's 1991 Annual Report to Stockholders.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information required by Item 7 is incorporated by reference to pages 36-38 of the Company's 1991 Annual Report to Stockholders.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by Item 8 is incorporated by reference to pages 22-34 of the Company's 1991 Annual Report to Stockholders.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

CSW common stock amounts in Item 10 and Item 11 have been adjusted to reflect the two-for-one common stock split, effected by a 100% common stock dividend paid March 6, 1992 to shareholders of record on February 10, 1992.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

(a) The following is a list of directors of the Company, together with certain information with respect to each of them:

Name, Age, Principal Occupation, Business Experience and Other Directorships	Year First Became Director	Shares of CSW Common Stock Beneficially Owned (1)(2)
E. R. BROOKS AGE - 54	1991	39,042
Chairman, President and Chief Executive Officer of CSW since February 1991. President and Chief Operating Officer of CSW from 1990 to 1991 and Executive Vice President from 1987 to 1989. President and CEO of CPL from 1986 to 1987.		
ROBERT R. CAREY AGE - 54	1989	694
President and CEO of the Company since January 1990. Executive Vice President and Chief Operating Officer of the Company from 1989 to 1990. Vice President, Operations of the Company from 1988 to 1989 and General Manager of the Southern Region of the Company in 1988. Manager, Operations of the Southern Region of the Company from 1986 to 1988. Director of Corpus Christi National Bank, Corpus Christi, Texas.		
RUBEN M. GARCIA AGE - 60	1981	---
President or principal of several firms engaged primarily in construction and land development in the Laredo, Texas area. Director of South Texas National Bank, Laredo, Texas.		

Name, Age, Principal Occupation, Business Experience and Other Directorships	Year First Became Director	Shares of CSW Common Stock Beneficially Owned (1)(2)
ROBERT A. McALLEN AGE - 57	1983	2,000
Robert A. McAllen Investments, Inc., Weslaco. Consultant to First National Bank, Edinburg, Texas.		
PETE MORALES, JR. AGE - 51	1990	---
President and General Manager of Morales Feed Lots, Inc., Devine, Texas. Director of Devine State Bank.		
S. LOYD NEAL, JR. AGE - 54	1990	---
President of W.L. Dinn & Company, Inc., an insurance agency, Corpus Christi, Texas.		
JIM L. PETERSON AGE - 56	1989	---
President and CEO of Whataburger, Inc. Director of First City Bank of Corpus Christi.		
H. LEE RICHARDS AGE - 58	1987	---
Chairman of the Board of Hygeia Dairy Company, Harlingen, Texas. Director of Harlingen National Bank, Harlingen, Texas.		
P. RICHARD SHAMBLIN AGE - 46	1990	2,439
Vice President, Finance of the Company since 1990. Controller of CSW from 1989 to 1990. Assistant Vice President and Director of Corporate Taxes and Insurance of Central and South West Services, Inc., a subsidiary of CSW, from 1985 to 1989.		
B. W. TEAGUE AGE - 53	1984	4,047
Vice President, Marketing and Business Development of the Company since 1991. Vice President, Corporate Services of the Company from 1988 to 1991. Senior Vice President, District Operations of the Company from 1986 to 1988.		

Name, Age, Principal Occupation, Business Experience and Other Directorships	Year First Became Director	Shares of CSW Common Stock Beneficially Owned (1)(2)
RICHARD P. VERRET AGE - 45	1988	2,928
Vice President, Regional Operations of the Company since 1990. Vice President and Chief Engineering Officer from 1987 to 1989. Vice President, Power of the Company from 1986 to 1987.		
DALE E. WARD AGE - 44	1990	6,712
Vice President, Engineering and Production of the Company since 1990. Vice President and Chief Engineering Officer of the Company from 1989 to 1990. Vice President, Administration of SWEPCO from 1988 to 1989 and Vice President, Engineering Operations of SWEPCO from 1983 to 1988.		
All 21 directors and executive officers as a group.		108,469

(1) As of January 1, 1992, Messrs. Brooks, Carey, Verret and Stice have currently exercisable stock options granted under the CSW Stock Option Plan for 7,500, 1,500, 2,400 and 1,500 shares, respectively, which amounts are not reflected in this column.

(2) All directors' and executive officers' shares owned as of January 1, 1992 as indicated are owned directly, and aggregate less than 1.0% of the outstanding shares of such class.

All directors presently serving as executive officers of the Company have been employed in a managerial or executive capacity with a member or members of the CSW System for at least the past five years, and all outside directors have engaged in their respective principal occupations listed above for a period of more than five years unless otherwise indicated.

(b) The following is a list of the executive officers who are not directors of the Company, together with certain information with respect to each of them:

Name	Age	Present Position	Year First Elected to Present Position
J. Gonzalo Sandoval	42	Vice President, Corporate Services	1991
David P. Sartin	35	Controller	1991
C. Wayne Stice	54	Assistant to the President, Corporate Secretary	1989

Each of the directors and executive officers of the Company is elected to hold office until the first meeting of the Company's Board of Directors after the 1992 annual meeting of stockholders, presently scheduled to be held on April 14, 1992. Each of the executive officers listed in the table above has been employed by the Company or an affiliate in the CSW System in an executive or managerial capacity for at least the last five years.

ITEM 11. EXECUTIVE COMPENSATION.

Cash Compensation. The following table contains information with respect to cash compensation paid by the Company to each of the five most highly compensated executive officers of the Company for all services rendered during 1991 and the aggregate cash compensation so paid by the Company during 1991 to all of the Company's executive officers as a group:

Name of Individual or Number in Group	Capacities In Which Served	Cash Compensation (a)
Robert R. Carey	President and CEO	$ 275,449
Richard P. Verret	Vice President, Regional Operations	140,567
P. Richard Shamblin	Vice President, Finance	138,264
Dale E. Ward	Vice President, Engineering and Production	137,305
C. Wayne Stice	Assistant to the President, Corporate Secretary	119,865
All 13 executive officers as a group.		$ 1,366,636

(a) Does not include costs under group life, health and hospitalization plans which do not discriminate in favor of directors or officers of the Company and which are available generally to all salaried employees. Also, does not include amounts of other compensation, if any, which might be considered personal benefits or securities or property paid or distributed other than pursuant to a plan. These amounts do not exceed $25,000 as to any named individual and, with respect to all executive officers as a group, do not exceed $25,000 times the number of persons in the group. Also, does not include any portion of the year during which any individual was employed in a capacity other than executive officer of the Company.

Thrift Plus. The Company, together with other members of the CSW System, participates in certain CSW System benefit plans. CSW provides a savings plan, Thrift Plus, which allows employees generally to contribute up to 12% of annual compensation. Participants may elect to have contributions made to the Thrift Plus on their behalf on a pre-tax or after-tax basis. All regular, full-time employees at least age 21 who have completed one year of service may participate in the Thrift Plus. The first 6% of contributed employee compensation is matched 50% by the Company; 75% if the employee has 20 or more years of service, provided the employee has participated in Thrift Plus for at least 24 months. Contributions for certain participants, including executive officers, may be limited as required by the Code. Employee contributions and matching Company contributions may be invested in one percent increments in one or more of the following five investment options the employee may select: CSW Common Stock Option; Fixed Income Option; Capital Appreciation Option; Growth and Income Option; and Asset Allocation Option. Amounts invested in the CSW Common Stock Option are invested in CSW's Common Stock. Amounts invested in the Fixed Income Option are invested in contracts issued by insurance companies under which the issuer has guaranteed the principal amount and interest thereon at a specified rate, in similar contracts issued by a bank or other financial institution, one or more pooled funds maintained by a bank or trust company investing in such contracts, or any other property the investment in which would advance the primary investment purpose of the Fixed Income Option. Amounts invested in each of the Capital Appreciation Option and Growth and Income Option will be invested in shares of one or more mutual funds having an investment purpose that is consistent with the primary investment purpose of the investment option. Amounts invested in the Asset Allocation Option will be invested, in such proportion as the Advisory Committee under the Thrift Plus may from time to time determine, in shares of one or more mutual funds having an investment purpose that is consistent with the primary investment purpose of the investment option and in short-term instruments, which may include investments of the type held under the Fixed Income Option.

Employee contributions to the Thrift Plus are nonforfeitable at all times. Generally, matching Company contributions to the Thrift Plus will become nonforfeitable only after the employee has made contributions to the Thrift Plus for at least 36 months or completed five years of service. Subject to certain limitations and restrictions, employee contributions, matching Company contributions and, in each case, the investment gains thereon may be withdrawn by the employee prior to the termination of his employment. An employee's Thrift Plus account generally is distributable in full after termination of service. The Thrift Plus also permits an employee to borrow a portion of his account balance. Four of the 5 persons whose compensation is reported in the table participated in the Thrift Plus in 1991. Company matching contributions during 1991 for Messrs. Carey, Verret, Ward and Shamblin were $10,030, $3,719, $3,831 and $3,054, respectively. Total Company contributions to the 13 executive officers as a group in 1991 were $39,519.

Restricted Stock Plan. CSW established a Restricted Stock Plan in 1984 to assist in securing and retaining key executive employees of outstanding ability, and to recognize their best efforts on behalf of CSW and its subsidiaries, through awards of CSW Common Stock. Any employee who is responsible for the management, growth or protection of the business of CSW or its subsidiaries is eligible for awards under the Plan. The Plan permits CSW's Board of Directors (or a committee thereof, members of which are not eligible to participate in the Restricted Stock Plan), at its discretion, to award up to a maximum of 1,000,000 shares of CSW Common Stock, in the aggregate, to eligible employees subject to certain adjustments for a change in classification, subdivision or combination of shares. At January 1, 1992, 350,554 shares had been awarded under the Plan and 649,446 shares were available for future issuance. In addition, in connection with any such award CSW's Board of Directors determines the group of eligible employees and the restricted period over which such award will vest. No shares may be awarded beyond April 19, 1994, the tenth anniversary of the Plan's effective date.

Awards under the Restricted Stock Plan were made to officers and employees of CSW and its subsidiaries as of January 1, 1991. Messrs. Carey, Verret, Ward and Shamblin received awards in 1991 of 2,092, 580, 380 and 458 shares, respectively. Seven of the 13 executive officers as a group were awarded 598 shares in 1991. The restricted period for currently outstanding awards lapses as to 20% of the awards on each of the first three anniversaries of the date of the grant and as to the remaining 40% on the fourth anniversary, with all restrictions lapsing upon a Participant's death, total disability or normal retirement. Each Participant must render substantial services to the Company on a regular basis during the restricted period. If such service is not rendered for such period, except by reason of the Participant's death, total disability or normal retirement, the Participant will forfeit those shares which were previously awarded and are still subject to the restrictions. During the restricted period, the Participant will have all the rights of a shareholder, including the right to receive dividends paid on such shares, except that the Participant may not sell, assign, transfer, pledge or otherwise encumber the shares. The fair market value of shares to which restrictions lapsed in 1991 previously awarded to Messrs. Carey, Verret, Ward and Stice were $2,362, $6,125, $10,019 and $9,056, respectively. The fair market value of shares to which restrictions lapsed in 1991 previously awarded the 13 executive officers as a group was $54,177.

Retirement Plans. Executive officers, like other employees, are also eligible to participate in the CSW System Pension Plan, and all eligible persons whose compensation is reported in the table participated in the Pension Plan. Contributions to the Plan are determined actuarially and cannot be readily calculated with respect to any individual participant or small group of participants. The amount of such contribution is thus omitted from the table set forth below. For purposes of determining Plan benefits, compensation for each of the individuals listed in the table is substantially the same as the amounts set forth in the table.

Pension Plan benefits depend upon years of credited service, age at retirement and amount of compensation. Compensation as defined under the Plan includes base salary, exclusive of bonuses, overtime, expense allowances, commissions (except in the case of an employee who is a salesman, a part of whose regular compensation is determined on a commission basis) and other extraordinary remuneration. Assuming retirement at age 65, a Plan participant would be eligible at retirement for a maximum annual pension benefit as follows (with such benefits being reduced by up to half of primary Social Security benefits payable at age 65):

Average Compensation	Annual Benefits After Specified Years of Credited Service 20	25	30 or more
$100,000	$ 33,333	$ 41,667	$ 50,000
150,000	50,000	62,500	75,000
200,000	66,667	83,333	100,000
250,000	83,333	104,167	125,000
300,000	100,000	125,000	150,000

Messrs. Carey, Ward, Shamblin, Stice and Verret had 24, 20, 6, 28 and 19 years, respectively, of credited service under the Pension Plan at December 31, 1991. "Average compensation" means the average annual compensation during the 36 consecutive months of highest pay during the 120 months prior to retirement.

Under the CSW System Special Executive Retirement Plan, an unfunded, non-qualified plan adopted in 1979, the Company provides supplemental compensation for persons as to whom future benefit accruals under the Pension Plan have been curtailed as a result of certain Code limitations ("Excess Benefit Participants") and to such other employees as specifically identified by CSW's Board of Directors ("Supplemental Benefit Participants"). The Special Plan provides an Excess Benefit Participant a benefit equal to the difference between (i) the benefit such Participant would have received under the Pension Plan but for the applicable Code limitations and (ii) the sum of the benefit actually payable to such Participant under the Pension Plan (taking into account such limitations) plus any other retirement income payable from any source. The benefit provided to a Supplemental Benefit Participant under the Special Plan is calculated in the same manner as for an Excess Benefit Participant, except that the benefit that the Supplemental Benefit Participant would have received but for the Code limitations is to be determined by crediting such Participant with thirty years of credited service under the Pension Plan reduced by one year of credited service for each year (or portion thereof) that such Participant's employment with the Company is terminated for any reason prior to such Participant attaining age sixty-five (subject to waiver of such reduction by the plan administrator).

<u>Executive Incentive Compensation Plan</u>. In 1989, CSW established the Executive Incentive Compensation Plan ("Incentive Plan"), an unfunded, nonqualified plan, administered by the Executive Compensation Committee of CSW's Board of Directors ("Committee"). The eligibility of executives (officers or senior managers of CSW or its subsidiaries) to receive awards under the Incentive Plan is determined by the Committee, upon the recommendation of the Chairman, President and CEO of CSW. Other key employees of CSW or its subsidiaries may also receive awards upon selection by the CEO of a subsidiary participating in the Incentive Plan. Generally, awards under the Incentive Plan are based upon the award recipient's employment performance and the Company's economic performance during the applicable year. Aggregate payments under the Incentive Plan are subject to the annual approval of the Committee. Awards to executives under the Incentive Plan may be in the form of cash, restricted shares of CSW Common Stock issued pursuant to CSW's Restricted Stock Plan, or a combination of cash and such restricted shares, as determined by the Committee upon the recommendation of the CEO of CSW and of each participating subsidiary. All Incentive Plan awards to other key employees are to be paid in cash. The portion of the Incentive Plan providing awards to key employees (other than executives)

will terminate on December 31 of any year during the term of the Incentive Plan, unless otherwise renewed by CSW's Board of Directors. The Incentive Plan will terminate on December 31, 1993, if not terminated earlier by CSW's Board of Directors.

Stock Option Plan. CSW maintains a Stock Option Plan to assist in securing and retaining key executive employees of outstanding ability and to recognize their best efforts on behalf of CSW and its subsidiaries. The Plan authorizes the grant of options to purchase shares of CSW Common Stock and stock appreciation rights ("SAR's") to officers and key employees of CSW and its subsidiaries selected by CSW's Board of Directors. Any employee who is responsible for the management, growth or protection of the business of CSW or its subsidiaries is eligible for selection. The Plan is administered by the Committee. Committee members are not eligible to participate in the Stock Option Plan or any other plan of CSW pursuant to which participants may acquire stock options or SAR's. Under the Plan, the Committee is authorized to grant stock options at an option price not less than the fair market value of the shares covered by the option at the time the option is granted. The Plan also permits the Committee to grant SAR's which permit an optionee to receive from CSW, upon exercise, cash or shares of CSW Common Stock with an aggregate fair market value equal to the aggregate appreciation in value of the shares in respect of which the right was exercised. SAR's may be granted with respect to stock options granted under the Plan. Options granted under the Plan may be options that are intended to qualify under particular provisions of the Code, as in effect from time to time ("incentive stock options"), options that are not intended to so qualify under the Code ("nonqualified stock options") or combinations of the foregoing.

No option can be exercised more than ten years after grant, and no option is exercisable until the optionee has been continuously employed by CSW or any subsidiary for one year from the date the option was granted. The Stock Option Plan does not limit either the number of persons who are eligible to receive options or SAR's or the number of shares subject to options or SAR's that may be granted to any one person. The Plan also does not limit the aggregate number of stock options and SAR's that may be granted; only the number of shares authorized for issuance and sale to satisfy option exercises under the Plan and the number of shares with respect to which SAR's may be exercised are limited under the terms of the Stock Option Plan.

The maximum number of shares of CSW Common Stock that may be issued and sold under the Stock Option Plan is 3,000,000, subject to adjustments to reflect stock splits and certain other changes in the number and kind of outstanding shares. The maximum number of shares with respect to which SAR's may be granted pursuant to any particular award shall not exceed 50% of the shares subject to the options granted under such award. As of January 1, 1992, 2,722,806 shares of CSW Common Stock were not subject to outstanding options and remained available for issuance under the Plan, while an aggregate of 83,810 shares of CSW Common Stock were subject to outstanding options under the Plan. No stock options or SAR's were granted in 1991. Stock options and SAR's exercised in 1991 totaled 66,996 shares. During 1991, the net value of the securities or cash received upon the exercise or realization of options or stock appreciation rights by Messrs. Carey, Verret, Ward, Shamblin and Stice was $14,531, $2,650, $8,593, $10,312 and $12,375, respectively. The net value for the 13 executive officers as a group was $59,827.

Meetings and Compensation. The Board of Directors held five meetings during 1991. Directors who are not also executive officers and employees of the Company or its affiliates receive annual directors' fees of $6,000 for serving on the Board and a fee of $300 plus expenses for each meeting of the Board or committee attended.

Those directors who are not also officers of the Company are eligible to participate in a deferred compensation plan. Under this plan such directors may elect to defer payment of annual directors' and meeting fees until they retire from the Board or as they otherwise direct.

Proposed 1992 Long-Term Incentive Plan. Effective April 16, 1992, executive officers of the Company, like other key employees of CSW and its subsidiaries, will become eligible to participate in the Central and South West Corporation 1992 Long-term Incentive Plan ("Proposed L-T Incentive Plan"), subject to the approvals of CSW's shareholders and the SEC. The Proposed L-T Incentive Plan is intended to replace the Restricted Stock Plan which expires in 1994 and the Stock Option Plan which expires in 1996 is designed to complement the existing Executive Incentive Compensation Plan.

Awards under the Proposed L-T Incentive Plan may include CSW stock options, restricted or phantom CSW stock or cash performance units. The total number of shares available for issuance under the Proposed L-T Incentive Plan is 4,000,000 shares. Awards would be made under the plan to key employees of the Company who are responsible for the management, growth and protection of the business of CSW or its subsidiaries and whose performance, in the sole discretion of the Committee, benefits or will benefit CSW in a significant manner. The Proposed L-T Incentive Plan will terminate according to its terms on December 31, 2001 except for awards then outstanding.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

All 6,755,535 shares of the Company's outstanding Common Stock, $25 par value, are owned beneficially and of record by CSW, 1616 Woodall Rodgers Freeway, Dallas, Texas 75202.

For information regarding the amount of each class of equity securities of the Company and of CSW beneficially owned directly or indirectly by all directors and executive officers of the Company, see "ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

The financial statements included in the Company's 1991 Annual Report to Stockholders are hereby incorporated by reference and made a part of this report.

	Page Reference	
	1991 10-K	1991 Annual Report to Stockholders
(a) Financial Statements (Included under "ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA"):		
Report of Independent Public Accountants.	-	35
Statements of Income for the years ended December 31, 1991, 1990 and 1989.	-	22
Statements of Retained Earnings for the years ended December 31, 1991, 1990 and 1989.	-	22
Balance Sheets as of December 31, 1991 and 1990.	-	23-24
Statements of Cash Flows for the years ended December 31, 1991, 1990 and 1989.	-	25
Statements of Capitalization as of December 31, 1991 and 1990.	-	26
Notes to Financial Statements.	-	27-34
(b) Reports on Form 8-K:		
On October 11, 1991, the Company filed a Form 8-K reporting Item 5. "Other Events".	-	-

	Page Reference	
	1991 10-K	1991 Annual Report to Stockholders
(c) Exhibits:		
3. (a) Restated Articles of Incorporation, as amended, of the Company (incorporated herein by reference to Exhibit 4(a) to the Company's Registration Statement No. 33-4897, Exhibits 5 and 7 to Form U-1 File No. 70-7171, Exhibits 5, 8.1, 8.2 and 19 to Form U-1 File No. 70-7472).	-	-
(b) Bylaws, as amended, of the Company. (Incorporated herein by reference to Exhibit 3(b) to the Company's 1990 Form 10-K, file No. 0-346).	-	-
4. Indenture of Mortgage or Deed of Trust dated November 1, 1943, executed by the Company to The First National Bank of Chicago and Robert L. Grinnell, as Trustees, as amended through October 1, 1977 (incorporated herein by reference to Exhibit 5.01 in File No. 2-60712), and the Supplemental Indentures of the Company dated September 1, 1978 (incorporated herein by reference to Exhibit 2.02 in File No. 2-62271) and December 15, 1984, July 1, 1985, May 1, 1986 and November 1, 1987 (incorporated herein by reference to Exhibit 17 to Form U-1 File No. 70-7003, Exhibit 4(b) in File No. 2-99944, Exhibit 4 to Form U-1 File No. 70-7236 and Exhibit 4 to Form U-1 File No. 70-7249) and June 1, 1988, December 1, 1989 and March 1, 1990 (incorporated herein by reference to Exhibit 3 to Form U-1 File No. 70-7520, Exhibit 3 to Form U-1 File No. 70-7721 and Exhibit 10 to Form U-1 File No. 70-7735).	-	-

		Page Reference	
		1991 10-K	1991 Annual Report to Stockholders
12.	Statement re computation of Ratio of Earnings to Fixed Charges for the five years ended December 31, 1991.	36	-
13.	1991 Annual Report to Stockholders.	Filed Herewith	-
25.	Powers of Attorney.	Filed Herewith	-
(d)	Schedules:		
	Report of Independent Public Accountants on Supplemental Schedules and Exhibit.	31	-
V.	Property, Plant and Equipment for the years ended December 31, 1991, 1990 and 1989.	32	-
VI.	Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment for the years ended December 31, 1991, 1990 and 1989.	33	-
IX.	Short-Term Borrowings for the years ended December 31, 1991, 1990 and 1989.	34	-
X.	Supplementary Income Statement Information for the years ended December 31, 1991, 1990 and 1989.	35	-

All other exhibits and schedules are omitted because of the absence of the conditions under which they are required or because the required information is included in the financial statements and related notes to financial statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 23, 1992.

CENTRAL POWER AND LIGHT COMPANY

By /s/ David P. Sartin
David P. Sartin
Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registr and in the capacities indicated on March 23, 1992.

Signature	Title
*Robert R. Carey	President and CEO and Director (Principal executive officer)
*P. Richard Shamblin	Vice President, Finance and Director (Principal financial officer)
*David P. Sartin	Controller (Principal accounting officer)
R. Brooks	Director
ben M. Garcia	Director
bert A. McAllen	Director
ete Morales, Jr.	Director
*S. Loyd Neal, Jr.	Director
*Jim L. Peterson	Director
*H. Lee Richards	Director
*B. W. Teague	Vice President Marketing and Business Development and Director
*Richard P. Verret	Vice President Regional Operations and Director
*Dale E. Ward	Vice President Engineering and Production and Director

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*P. Richard Shamblin, by signing his name hereto, does sign this document on behalf of the persons indicated above pursuant to a power of attorney duly executed by each such person and filed with the Securities and Exchange Commission.

*By: /s/ P. Richard Shamblin
P. Richard Shamblin
Attorney-in-Fact

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SUPPLEMENTAL SCHEDULES AND EXHIBIT

To the Stockholders and Board of Directors of
Central Power and Light Company:

We have audited in accordance with generally accepted auditing standards, the financial statements included in Central Power and Light Company's annual report to stockholders incorporated by reference in this Form 10-K, and have issued our report thereon dated February 19, 1992. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. Supplemental schedules V, VI, IX, X and Exhibit 12 are the responsibility of the Company's management and are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules and exhibit have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen & Co.

Dallas, Texas
February 19, 1992

CENTRAL POWER AND LIGHT COMPANY
PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31

Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance Beginning of Year	Additions at Cost	Retirements at Cost	Other Changes Add/(Deduct)	Balance End of Year
			(Thousands)		
Year 1991					
Electric Utility Plant:					
Production	$3,377,609	$ 28,890	$ 2,129	$ (55)	$3,404,315
Transmission	320,719	10,798	177	21	331,361
Distribution	642,529	46,391	7,013	(2)	681,905
General	207,441	5,457	838	(1,611)	210,449
Construction work in progress	56,917	8,782	-	-	65,699
Nuclear fuel	132,972	3,905	-	-	136,877
	$4,738,187	$ 104,223	$ 10,157	$(1,647)	$4,830,506
Year 1990					
Electric Utility Plant:					
Production	$3,000,358	$ 378,269	$ 1,392	$ 374	$3,337,609
Transmission	309,125	15,573	2,394	(1,585)	320,719
Distribution	611,152	41,694	9,596	(721)	642,529
General	204,463	7,951	3,968	(1,005)	207,441
Construction work in progress	52,052	4,865	-	-	56,917
Nuclear fuel	121,709	11,263	-	-	132,972
	$4,298,859	$ 459,615(1)	$ 17,350	$(2,937)	$4,738,187
Year 1989					
Electric Utility Plant:					
Production	$2,292,798	$ 712,993	$ 867	$(4,566)	$3,000,358
Transmission	304,133	2,959	372	2,405	309,125
Distribution	579,562	39,659	7,982	(87)	611,152
General	193,327	12,167	3,034	2,003	204,463
Construction work in progress	682,716	(630,664)	-	-	52,052
Nuclear fuel	117,101	4,608	-	-	121,709
	$4,169,637	$ 141,722	$ 12,255	$ (245)	$4,298,859

(1) Includes Mirror CWIP of $360 million.

CENTRAL POWER AND LIGHT COMPANY
ACCUMULATED DEPRECIATION, DEPLETION AND
AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31

Column A	Column B	Column C		Column D	Column E	Column F
		Additions Charged to Costs and Expenses				
Classification	Balance Beginning of Year	Depreciation/ Amortization	Other Accounts	Retirements(1)	Other Changes Add/ (Deduct)	Balance End of Year
		(Thousands)				
Year 1991						
Electric Utility Plant:						
Production	$484,504	$ 87,799	$ 1,094	$ 1,844	$ -	$ 571,553
Transmission	113,228	9,113	-	299	-	122,042
Distribution	188,883	28,671	-	11,288	12	206,278
General	73,091	3,909	1,920	676	(507)	77,737
Nuclear fuel	32,980	-	17,657	-	-	50,637
	$892,686	$129,492	$ 20,671	$14,107	$ (495)	$1,028,247
Year 1990						
Electric Utility Plant:						
Production	$402,415	$ 80,734	$ 1,093	$ 749	$ 1,011	$484,504
Transmission	106,391	8,926	-	2,350	261	113,228
Distribution	174,536	26,319	-	12,193	221	188,883
General	69,998	4,150	2,736	3,686	(107)	73,091
Nuclear fuel	16,540	-	16,440	-	-	32,980
	$769,880	$120,129	$ 20,269	$18,978	$ 1,386	$892,686
Year 1989						
Electric Utility Plant:						
Production	$328,031	$ 75,182	$ 1,066	$ 871	$ (993)	$402,415
Transmission	98,063	9,126	-	778	(20)	106,391
Distribution	162,389	22,735	-	10,844	256	174,536
General	64,628	3,081	3,956	1,397	(270)	69,998
Nuclear fuel	4,904	-	11,636	-	-	16,540
	$658,015	$110,124	$ 16,658	$13,890	$ (1,027)	$769,880

(1) Retirements are at original cost, net of removal costs and salvage.

CENTRAL POWER AND LIGHT COMPANY
SHORT-TERM BORROWINGS
FOR THE YEARS ENDED DECEMBER 31

	Column A	Column B	Column C	Column D	Column E	Column F
Year	Category of Aggregate Short-term Borrowings	Balance at End of Period	Weighted Average Interest Rate	Maximum Amount Outstanding at any Month-end	Average Amount Outstanding During the Period	Weighted Average Interest Rate During the Period
				(Thousands)		
1991	Advances from Affiliates	$62,148	5.0%	$69,876	$28,717	6.2%
1990	Advances from Affiliates	$40,625	8.0%	$90,687	$29,050	8.5%
1989	Advances from Affiliates	$46,606	8.6%	$78,396	$14,022	9.0%

CENTRAL POWER AND LIGHT COMPANY
SUPPLEMENTARY INCOME STATEMENT INFORMATION
FOR THE YEARS ENDED DECEMBER 31

	1991	1990	1989
		(Thousands)	
Real estate and personal property taxes	$38,817	$29,540	$27,060
State gross receipts taxes	13,099	10,864	9,724
Payroll taxes	6,765	6,595	5,320
Franchise taxes	1,265(b)	8,691	(1,639)(a)
State utility commission assessments	1,784	1,572	1,308
Other taxes	723	1,051	1,423
	$62,453	$58,313	$43,196

(a) A refund of approximately $13 million related to prior years was received in 1989.

(b) A refund of approximately $3.6 million related to prior years was received in 1991.

The amounts of taxes, depreciation and maintenance charged to accounts other than income and expense accounts were not significant. Rents, royalties, advertising and research and development costs during these years were not significant.

EXHIBIT 12

CENTRAL POWER AND LIGHT COMPANY
RATIO OF EARNINGS TO FIXED CHARGES
FOR THE YEARS ENDED DECEMBER 31

	1991	1990	1989	1988	1987
	(Thousands except Ratios)				
Operating income	$249,497	$162,440	$161,606	$122,378	$142,435
Adjustments:					
Federal income taxes	44,832	(2,124)	(60,000)	(8,728)	6,873
Provision for deferred Federal income taxes	36,984	103,490	127,894	39,283	28,889
Deferred investment tax credits	(5,831)	(6,103)	(5,619)	(1,576)	14,321
Other income and deductions	396	(2,641)	4,243	4,069	(983)
Allowance for borrowed and equity funds used during construction	2,124	1,057	40,091	160,972	168,877
STP carrying costs	-	185,078	84,590	-	-
Mirror CWIP amortization	96,671	-	-	-	-
Earnings	$424,673	$441,197	$352,805	$316,398	$360,412
Fixed charges:					
Interest on long-term debt	$124,987	$126,584	$129,535	$122,356	$108,038
Interest on short-term debt and other	8,621	15,434	12,422	7,087	12,172
Fixed Charges	$133,608	$142,018	$141,957	$129,443	$120,210
Ratio of Earnings to Fixed Charges	3.18	3.11	2.49	2.44	3.00