SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

/X/ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended SEPTEMBER 30, 1997

or

/ / Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File No. 1-3548

MINNESOTA POWER & LIGHT COMPANY
A Minnesota Corporation
IRS Employer Identification No. 41-0418150
30 West Superior Street
Duluth, Minnesota 55802
Telephone - (218) 722-2641

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 ---

Common Stock, no par value,
33,347,421 shares outstanding
as of September 30, 1997

MINNESOTA POWER & LIGHT COMPANY

INDEX

DEFINITIONS

The following abbreviations or acronyms are used in the text.

Abbreviation or Acronym	Term
1996 Form 10-K	Minnesota Power's Annual Report on Form 10-K for the Year Ended December 31, 1996
ADESA	ADESA Corporation
AFC	Automotive Finance Corporation
AFPI	Allowance for Funds Prudently Invested
Americas' Water	Americas' Water Services Corporation
Common Stock	Minnesota Power & Light Company's common stock
Company	Minnesota Power & Light Company and its Subsidiaries
DOJ	United States Department of Justice
DRIP	Dividend Reinvestment and Stock Purchase Plan
ESOP	Employee Stock Ownership Plan
FERC	Federal Energy Regulatory Commission
Heater	Heater Utilities, Inc.
IRS	Internal Revenue Service
ISI	Instrumentation Services, Inc.
Florida Water	Florida Water Services Corporation
FPSC	Florida Public Service Commission
Lehigh	Lehigh Acquisition Corporation
Minnesota Power	Minnesota Power & Light Company and its Subsidiaries
MPCA	Minnesota Pollution Control Agency
MPUC	Minnesota Public Utilities Commission
MW	Megawatt(s)
MP Water Resources	MP Water Resources Group, Inc.
NCUC	North Carolina Utilities Commission
Palm Coast	Palm Coast Holdings, Inc.
PSCW	Public Service Commission of Wisconsin
SCPSC	South Carolina Public Service Commission
Square Butte	Square Butte Electric Cooperative

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

MINNESOTA POWER
CONSOLIDATED BALANCE SHEET
IN THOUSANDS

	September 30, 1997 Unaudited	December 31, 1996 Audited
Assets		
Plant and Other Assets		
Electric operations	$ 781,485	$ 796,055
Water services	326,203	323,869
Automotive services	163,270	167,274
Investments	254,959	236,509
Total plant and other assets	1,525,917	1,523,707
Current Assets		
Cash and cash equivalents	70,960	40,095
Trading securities	114,245	86,819
Trade accounts receivable (less reserve of $9,787and $6,568)	202,267	144,060
Notes and other accounts receivable	20,038	20,719
Fuel, material and supplies	26,322	23,221
Prepayments and other	24,440	17,195
Total current assets	458,272	332,109
Deferred Charges		
Regulatory	71,829	83,496
Other	37,316	27,086
Total deferred charges	109,145	110,582
Intangible Assets		
Goodwill	161,432	166,986
Other	10,843	12,665
Total intangible assets	172,275	179,651
Total Assets	$ 2,265,609	$ 2,146,049
Capitalization and Liabilities		
Capitalization		
Common stock without par value, 65,000 shares authorized 33,347 and 32,758 shares outstanding	$ 410,167	$ 394,187
Unearned ESOP shares	(66,390)	(69,124)
Net unrealized gain on securities investments	5,536	2,752
Cumulative translation adjustment	(100)	73
Retained earnings	293,109	282,960
Total common stock equity	642,322	610,848
Cumulative preferred stock	11,492	11,492
Redeemable serial preferred stock	20,000	20,000
Company obligated mandatorily redeemable preferred securities of subsidiary MP&L Capital I which holds solely Company Junior Subordinated Debentures	75,000	75,000
Long-term debt	667,191	694,423
Total capitalization	1,416,005	1,411,763
Current Liabilities		
Accounts payable	123,739	72,787
Accrued taxes	50,263	48,813
Accrued interest and dividends	10,153	14,851
Notes payable	191,132	155,726
Long-term debt due within one year	24,541	7,208
Other	47,182	37,598
Total current liabilities	447,010	336,983
Deferred Credits		
Accumulated deferred income taxes	146,197	148,931
Contributions in aid of construction	106,113	98,378
Regulatory	62,894	64,394
Other	87,390	85,600
Total deferred credits	402,594	397,303
Total Capitalization and Liabilities	$ 2,265,609	$ 2,146,049

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The accompanying notes are an integral part of these statements.

MINNESOTA POWER
CONSOLIDATED STATEMENT OF INCOME
IN THOUSANDS EXCEPT PER SHARE AMOUNTS - UNAUDITED

	Quarter Ended September 30, 1997	Quarter Ended September 30, 1996	Nine Months Ended September 30, 1997	Nine Months Ended September 30, 1996
Operating Revenue and Income				
Electric operations	$ 140,328	$ 133,480	$ 401,443	$ 394,200
Water services	21,919	20,848	64,998	63,124
Automotive services	65,399	50,464	190,297	135,372
Investments	18,537	10,358	41,944	33,631
Total operating revenue and income	246,183	215,150	698,682	626,327
Operating Expenses				
Fuel and purchased power	51,661	50,937	141,677	142,871
Operations	141,598	129,247	418,837	376,659
Interest expense	15,889	16,074	49,258	44,593
Total operating expenses	209,148	196,258	609,772	564,123
Income from Equity Investment	3,280	2,832	10,601	9,441
Operating Income	40,315	21,724	99,511	71,645
Distributions on Redeemable Preferred Securities of Subsidiary	1,509	1,509	4,528	3,220
Income Tax Expense	15,594	2,701	36,954	17,777
Net Income	23,212	17,514	58,029	50,648
Dividends on Preferred Stock	488	487	1,462	1,921
Earnings Available for Common Stock	$ 22,724	$ 17,027	$ 56,567	$ 48,727
Average Shares of Common Stock	30,725	29,428	30,518	29,091
Earnings Per Share of Common Stock	$ .73	$ .58	$1.85	$ 1.68
Dividends Per Share of Common Stock	$ .51	$ .51	$1.53	$ 1.53

The accompanying notes are an integral part of this statement.

MINNESOTA POWER
CONSOLIDATED STATEMENT OF CASH FLOWS
IN THOUSANDS - UNAUDITED

	Nine Months Ended September 30, 1997	1996
Operating Activities		
Net income	$ 58,029	$ 50,648
Income from equity investment - net of dividends received	(10,216)	(8,884)
Depreciation and amortization	53,134	49,310
Deferred income taxes	856	(5,161)
Deferred investment tax credits	(1,352)	(1,503)
Pre-tax gain on sale of plant	(4,388)	(1,073)
Changes in operating assets and liabilities		
Trading securities	(27,426)	(38,652)
Notes and accounts receivable	(54,905)	(55,426)
Fuel, material and supplies	(3,101)	1,208
Accounts payable	50,849	12,522
Other current assets and liabilities	(970)	7,986
Other - net	7,303	17,150
Cash from operating activities	67,813	28,125
Investing Activities		
Proceeds from sale of investments in securities	40,269	32,488
Proceeds from sale of plant	6,385	5,311
Additions to investments	(42,906)	(75,254)
Additions to plant	(31,852)	(71,894)
Acquisition of subsidiaries - net of cash acquired	-	(44,013)
Changes to other assets - net	(1,095)	5,358
Cash for investing activities	(29,199)	(148,004)
Financing Activities		
Issuance of long-term debt	145,671	190,549
Issuance of Company obligated mandatorily redeemable preferred securities of subsidiary MP&L Capital I - net	-	72,270
Issuance of common stock	14,863	14,271
Changes in notes payable - net	35,168	51,063
Reductions of long-term debt	(155,571)	(139,042)
Redemption of preferred stock	-	(17,568)
Dividends on preferred and common stock	(47,880)	(46,303)
Cash from (for) financing activities	(7,749)	125,240
Change in Cash and Cash Equivalents	30,865	5,361
Cash and Cash Equivalents at Beginning of Period	40,095	31,577
Cash and Cash Equivalents at End of Period	$ 70,960	$ 36,938
Supplemental Cash Flow Information		
Cash paid during the period for		
Interest (net of capitalized)	$ 48,622	$ 43,164
Income taxes	$ 20,755	$ 17,338

The accompanying notes are an integral part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements and notes should be read in conjunction with the Company's 1996 Form 10-K. In the opinion of the Company, all adjustments necessary for a fair statement of the results for the interim periods have been included. The results of operations for an interim period may not give a true indication of results for the year.

NOTE 1. BUSINESS SEGMENTS
In Thousands

	Consolidated	Electric Operations	Water Services	Automotive Services	Investments: Portfolio & Reinsurance	Investments: Real Estate	Corporate Charges & Other
Quarter Ended September 30, 1997							
Operating revenue and income	$246,183	$140,328	$ 21,919	$ 65,399	$ 5,125	$ 13,352	$ 60
Operation and other expense	176,955	100,826	14,652	50,879	456	6,625	3,517
Depreciation and amortization expense	16,304	11,223	1,542	3,430	-	36	73
Interest expense	15,889	5,298	2,863	2,385	-	197	5,146
Income from equity investment	3,280	-	-	-	3,280	-	-
Operating income (loss)	40,315	22,981	2,862	8,705	7,949	6,494	(8,676)
Distributions on redeemable preferred securities of subsidiary	1,509	411	-	-	-	-	1,098
Income tax expense (benefit)	15,594	9,002	976	4,515	2,785	2,914	(4,598)
Net income (loss)	$ 23,212	$ 13,568	$ 1,886	$ 4,190	$ 5,164	$ 3,580	$(5,176)
Quarter Ended September 30, 1996							
Operating revenue and income	$215,150	$133,480	$ 20,848	$ 50,464	$ 5,334	$ 5,345	$ (321)
Operation and other expense	163,386	100,073	13,637	42,395	732	4,623	1,926
Depreciation and amortization expense	16,798	10,412	3,079	3,299	-	8	-
Interest expense	16,074	5,681	3,112	2,880	-	363	4,038
Income from equity investment	2,832	-	-	-	2,832	-	-
Operating income (loss)	21,724	17,314	1,020	1,890	7,434	351	(6,285)
Distributions on redeemable preferred securities of subsidiary	1,509	424	-	-	-	-	1,085
Income tax expense (benefit)	2,701	6,343	292	1,158	2,202	(3,553)	(3,741)
Net income (loss)	$ 17,514	$ 10,547	$ 728	$ 732	$ 5,232	$ 3,904	$(3,629)

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Includes $895 of minority interest.
Includes $976 of minority interest.
Includes $4,000 of tax benefits (see Note 4).

NOTE 1. BUSINESS SEGMENTS (CONTINUED)
In Thousands

	Consolidated	Electric Operations	Water Services	Automotive Services	Investments: Portfolio & Reinsurance	Investments: Real Estate	Corporate Charges & Other
Nine Months Ended September 30, 1997							
Operating revenue and income	$ 698,682	$ 401,443	$ 64,998	$ 190,297	$ 14,302	$ 27,709	$ (67)
Operation and other expense	508,380	292,269	41,854	148,095	1,480	16,421	8,261
Depreciation and amortization expense	52,134	33,596	7,936	10,273	-	111	218
Interest expense	49,258	16,008	8,323	7,445	-	773	16,709
Income from equity investment	10,601	-	-	-	10,601	-	-
Operating income (loss)	99,511	59,570	6,885	24,484	23,423	10,404	(25,255)
Distributions on redeemable preferred securities of subsidiary	4,528	1,245	-	-	-	-	3,283
Income tax expense (benefit)	36,954	22,497	2,318	12,860	8,231	4,645	(13,597)
Net income (loss)	$ 58,029	$ 35,828	$ 4,567	$ 11,624	$ 15,192	$ 5,759	$(14,941)
Total assets	$2,265,609	$ 998,419	$ 376,479	$ 522,462	$ 301,796	$ 65,778	$ 675
Accumulated depreciation	$ 700,548	$ 560,384	$ 129,632	$ 10,532	-	-	-
Accumulated amortization	$ 13,976	-	-	$ 12,744	-	$ 1,232	-
Construction work in progress	$ 35,653	$ 13,367	$ 15,082	$ 7,204	-	-	-
Nine Months Ended September 30, 1996							
Operating revenue and income	$ 626,327	$ 394,200	$ 63,124	$ 135,372	$ 13,939	$ 20,626	$ (934)
Operation and other expense	470,220	297,594	39,081	113,623	1,986	11,681	6,255
Depreciation and amortization expense	49,310	31,424	9,286	8,554	-	46	-
Interest expense	44,593	16,897	9,456	6,188	1	851	11,200
Income from equity investment	9,441	-	-	-	9,441	-	-
Operating income (loss)	71,645	48,285	5,301	7,007	21,393	8,048	(18,389)
Distributions on redeemable preferred securities of subsidiary	3,220	904	-	-	-	-	2,316
Income tax expense (benefit)	17,777	17,710	1,750	3,822	5,099	(1,972)	(8,632)
Net income (loss)	$ 50,648	$ 29,671	$ 3,551	$ 3,185	$ 16,294	$ 10,020	$(12,073)
Total assets	$2,145,637	$ 980,187	$ 361,207	$ 479,253	$ 260,084	$ 63,114	$ 1,792
Accumulated depreciation	$ 661,643	$ 536,707	$ 119,272	$ 5,664	-	-	-
Accumulated amortization	$ 6,970	-	-	$ 6,028	-	$ 942	-
Construction work in progress	$ 38,279	$ 11,813	$ 14,786	$ 11,680	-	-	-

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Includes $1,440 of minority interest.
Includes $2,505 of minority interest.
Includes $6,000 of tax benefits (see Note 4).

NOTE 2. REGULATORY MATTERS

FPSC REFUND ORDER IN CONNECTION WITH 1991 RATE CASE. Responding to a Florida Supreme Court decision addressing the issue of retroactive ratemaking with respect to another company, in March 1996 the FPSC voted to reconsider its October 1995 order (Refund Order) which required Florida Water to refund about $15 million, which includes interest, to customers who paid more since October 1993 under uniform rates than they would have paid under stand-alone rates. Under the Refund Order, the collection through a surcharge of the $15 million from customers who paid less under uniform rates was not permitted. The Refund Order was in response to the Florida First District Court of Appeals (Court of Appeals) reversal in April 1995 of the 1993 FPSC order which imposed uniform rates for most of Florida Water's service areas in Florida. With "uniform rates," all customers in the uniform rate areas pay the same rates for water and wastewater services. Uniform rates are an alternative to "stand-alone" rates which are calculated based on the cost of serving each service area. The FPSC reconsidered the Refund Order, but in August 1996 the FPSC issued an order upholding by a 3 to 2 vote its decision to order refunds without offsetting surcharges and required Florida Water to implement a modified stand-alone rate structure.

On June 17, 1997 the Court of Appeals reversed the FPSC's August 1996 order. The Court of Appeals determined that the FPSC's order directing the refund without permitting an offsetting surcharge was not permissible because it did not comport with principles of equity or with existing Florida Supreme Court precedent. The Court of Appeals remanded the matter back to the FPSC for reconsideration, and directed the FPSC to consider requests for intervention from the various customer groups impacted by any potential surcharges. On October 7, 1997 the FPSC voted to provide notice to Florida Water's customers of the potential refund or surcharge and to require all parties to submit briefs concerning refund and surcharge issues by November 5, 1997. The issues to be considered on remand relate to rate design and do not involve any adjustment to Florida Water's revenue requirement.

In July 1997, after the Court of Appeals remanded the Refund Order back to the FPSC, Spring Hill customers in Hernando County filed a petition with the FPSC requesting that Florida Water be ordered to refund $2.5 million, the amount paid by the Spring Hill service area from January 1996 through June 1997 under uniform rates (established by the FPSC in the 1991 Rate Case) which is in excess of the amount which would have been paid under modified stand-alone rates. Because Hernando County had assumed jurisdiction over Spring Hill's rates, Spring Hill was not included as part of Florida Water's 1995 Rate Case in which the FPSC ordered interim rates effective January 1996 based on modified stand-alone rates. The Company has not recorded a provision for refund in connection with this matter and is unable to predict its outcome.

FLORIDA WATER'S 1995 RATE CASE. Florida Water requested an $18.1 million rate increase in June 1995 for all water and wastewater customers of Florida Water regulated by the FPSC. On October 30, 1996 the FPSC issued its final order (October 1996 Order) in the Florida Water rate case. The new rates, which became effective as of September 20, 1996, resulted in an annualized increase in revenue of approximately $11.1 million. This increase included, and was not in addition to, the $7.9 million increase in annualized revenue granted as interim rates effective on January 23, 1996. The FPSC approved a new rate structure called "capband," which replaces uniform rates. With capband rates, areas with similar cost of service are grouped into one of a number of rate bands, and all customers within a given band are charged the same rate. This rate structure is designed so that a customer's bill will not exceed a certain "cap" unless the customer's usage exceeds an assumed level. On November 1, 1996 Florida Water filed with the Court of Appeals an appeal of the FPSC's final order seeking judicial review of issues relating to the amount of investment in utility facilities recoverable in rates from current customers. Other parties to the rate case also filed appeals with the Court of Appeals regarding the FPSC's final order.

Effective June 13, 1997 Florida Water resumed collecting pre-existing Allowance for Funds Prudently Invested (AFPI) charges. AFPI represents the carrying cost of certain non-used and useful property excluded from rate base and is collected as a one-time charge to certain new water and wastewater customers. The recovery of AFPI charges for certain Florida Water service areas was reduced or eliminated in the FPSC's October 1996 final order issued in connection with Florida Water's 1995 rate case. In April 1997 the FPSC, acting on Florida Water's motion, reversed its previous decision and again allowed recovery of pre-existing AFPI charges for these service areas, subject to refund with interest in

NOTE 2. REGULATORY MATTERS (CONTINUED)

the event of an adverse court ruling in the appeal of the 1995 rate case. In its answer brief filed in the Court of Appeals on August 21, 1997 the FPSC conceded that its treatment of AFPI in its October 1996 Order was in error and requested the Court of Appeals to remand the AFPI issue to the FPSC for final disposition. Florida Water estimates approximately $1 million, on an annual basis, will be collected and accounted for as deferred revenue pending results of the appeal.

The appeal process in the 1995 Rate Case may take as long as another nine months. The Company is unable to predict the outcome of these matters.

HERNANDO COUNTY RATES. As required by Hernando County, on April 14, 1997 Florida Water filed for an annual rate increase of $123,897 (1.6 percent) with the Hernando County Board of Commissioners. On June 14, 1997 the final rate increase Florida Water requested became effective automatically by operation of law because Hernando County failed to take action on the rates within the prescribed statutory period.

In July 1997 Florida Water reached a settlement agreement with Hernando County regarding the rate case Florida Water filed in April 1997. Under the settlement agreement, new rates became effective September 1, 1997 and are expected to result in $6.3 million of revenue on an annual basis, a $1.6 million decrease from the revenue levels implemented on June 14, 1997. Rates will then be increased January 1, 1999 to result in $7.2 million in revenue on an annual basis. Florida Water also agreed not to file for new rates with Hernando County prior to September 2000.

HILLSBOROUGH COUNTY RATES. On July 2, 1997 Florida Water filed for a rate change with the Hillsborough County Utilities Department. Florida Water filed for an annual interim rate increase of $848,845 (43.1 percent) and a final rate increase of $877,607 (44.6 percent). Interim rates became effective on August 18, 1997. Final rates are anticipated in the first quarter of 1998. The Company is unable to predict the outcome of this case.

NORTH CAROLINA UTILITIES COMMISSION. On September 30, 1997 Heater filed with the NCUC for a $1.1 million annual increase for its water and wastewater customers. Hearings are expected to occur in March 1998 with a final order anticipated in May 1998. The Company is unable to predict the outcome of this case.

NOTE 3. SQUARE BUTTE PURCHASED POWER CONTRACT

The Company has a contract to purchase power and energy from Square Butte. Under the terms of the contract which extends through 2007, the Company is purchasing 71 percent of the output from a generating plant which is capable of generating up to 470 MW. Reductions to about 49 percent of the output are provided for in the contract and, at the option of Square Butte, could begin after a five-year advance notice to the Company.

The cost of the power and energy is a proportionate share of Square Butte's fixed obligations and variable operating costs, based on the percentage of the total output purchased by the Company. The annual fixed obligations of the Company to Square Butte are $20.1 million from 1997 through 2001. The variable operating costs are not incurred unless production takes place. The Company is responsible for paying all costs and expenses of Square Butte if not paid by Square Butte when due. These obligations and responsibilities of the Company are absolute and unconditional whether or not any power is actually delivered to the Company.

NOTE 4. INCOME TAX EXPENSE

Schedule of Income Tax Expense (Benefit)	Quarter Ended September 30, 1997	Quarter Ended September 30, 1996	Nine Months Ended September 30, 1997	Nine Months Ended September 30, 1996
In Thousands				
Current tax				
Federal	$ 12,984	$ 5,560	$ 29,129	$ 18,452
Foreign	1,205	408	2,617	853
State	2,399	1,041	5,704	5,136
	16,588	7,009	37,450	24,441
Deferred tax				
Federal	(99)	176	1,867	1,307
State	(405)	179	(1,011)	(468)
	(504)	355	856	839
Change in valuation allowance	-	(4,000)	-	(6,000)
Deferred tax credits	(490)	(663)	(1,352)	(1,503)
Total income tax expense	$ 15,594	$ 2,701	$ 36,954	$ 17,777

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

MINNESOTA POWER has operations in four business segments: (1) electric operations, which include electric and gas services, and coal mining; (2) water services, which include water and wastewater services; (3) automotive services, which include auctions, a finance company and an auto transport company; and (4) investments, which include a securities portfolio, a 21 percent equity investment in a financial guaranty reinsurance company, and real estate operations.

EARNINGS PER SHARE of common stock for the quarter ended September 30, 1997 were 73 cents compared to 58 cents for the quarter ended September 30, 1996. Electric operations and automotive services were the primary contributors to higher earnings in 1997. As in 1996, earnings from electric operations in 1997 reflected strong demand for electricity by the Company's industrial customers. Higher earnings from electric operations also reflected increased margins on MPEX's sales to other power suppliers, the sale of rights to microwave frequencies and property tax relief from the State of Minnesota. Automotive services earnings are higher due to a 34 percent increase in the number of cars sold at ADESA's auctions and the expansion of AFC's floorplan financing business.

Earnings per share of common stock for the nine months ended September 30, 1997 were $1.85 compared to $1.68 for the nine months ended September 30, 1996. Earnings in 1997 reflect a significant increase in automotive services due to a 30 percent increase in the number of cars sold at ADESA's auctions and the expansion of AFC's floorplan financing business. 1997 earnings also reflect a solid performance from electric operations and water services, and consistent performance, net of one-time adjustments in 1996, by the investments segment. Corporate charges and other reflect increased debt service costs as a result of the higher balance of commercial paper in 1997 and nine months of distributions with respect to the Cumulative Quarterly Income Preferred Securities issued in March 1996. In 1996 water services included a gain from the sale of water assets, portfolio and reinsurance included a one-time tax benefit from an IRS audit adjustment, and real estate included the recognition of tax benefits and the sale of a joint venture.

Earnings Per Share	Quarter Ended September 30, 1997	Quarter Ended September 30, 1996	Nine Months Ended September 30, 1997	Nine Months Ended September 30, 1996
Electric Operations	$ .44	$ .36	$ 1.16	$ 1.00
Water Services	.06	.02	.15	.12
Automotive Services	.14	.03	.39	.11
Investments				
Portfolio and reinsurance	.16	.18	.49	.56
Real estate	.12	.14	.19	.35
	.28	.32	.68	.91
Corporate Charges and Other	(.19)	(.15)	(.53)	(.46)
Total Earnings Per Share	$ .73	$ .58	$ 1.85	$ 1.68

CONSOLIDATED FINANCIAL COMPARISON
QUARTERS ENDED SEPTEMBER 30, 1997 AND 1996.

OPERATING REVENUE AND INCOME for 1997 was up $31 million (14.4 percent) due primarily to an increase in the number of cars sold at ADESA's auctions, AFC's floorplan financing business and increased real estate sales. As in 1996, electric operations in 1997 reflected strong demand for electricity by the Company's industrial customers and significant MPEX sales to other power suppliers due to high demand during the summer months. Electric operations in 1997 also included proceeds from the Company's sale of its rights to microwave frequencies.

FUEL AND PURCHASED POWER were up $0.7 million (1.4 percent) in 1997 because of a 2.4 percent increase in generation at the Company's coal fired generating stations and higher prices for purchased power. The price of purchased power was substantially higher per megawatthour because of competitive pricing and additional transmission fees assessed for the delivery of power within the Midwest.

OPERATIONS EXPENSES were up $12.4 million (9.6 percent) in 1997 reflecting increased sales activity in automotive services and real estate.

INTEREST EXPENSE was down in 1997 due to lower interest rates on debt refinanced during 1997.

INCOME TAX EXPENSE was significantly higher in 1997 due to the $18.6 million increase in operating income and the recognition of a $4 million tax benefit by Lehigh in 1996.

CONSOLIDATED FINANCIAL COMPARISON
NINE MONTHS ENDED SEPTEMBER 30, 1997 AND 1996.

OPERATING REVENUE AND INCOME was up $72.4 million (11.6 percent) in 1997, primarily due to the addition of ADESA's nine new auction sites and increased sales at existing ADESA auctions. Electric operations in 1997 reflected continued strong demand for electricity by the Company's industrial customers and MPEX sales to other power suppliers. In addition, proceeds from the sale by electric operations of microwave frequencies and river land added to operating revenue and income. Revenue from water services was higher in 1997 because of increased rates approved by the FPSC effective in September 1996. The increase was partially offset by lower revenue following the sale of two water systems by Heater in March and December 1996. The March 1996 sale resulted in a $1.1 million pre-tax gain. The increase in operating revenue and income from investments reflected a $7.1 million (34.3 percent) increase in real estate sales.

OPERATIONS EXPENSES were up $42.2 million (11.2 percent) in 1997. The increase is due primarily to increased sales activity in automotive services and real estate.

INTEREST EXPENSE was higher in 1997 due primarily to more commercial paper issued.

DISTRIBUTIONS ON REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY were higher in 1997 because the securities were outstanding for the nine months in 1997 compared to less than seven months in 1996.

INCOME TAX EXPENSE was significantly higher in 1997 due to the $27.9 million increase in operating income and the recognition of a $6 million tax benefit by Lehigh in 1996.

BUSINESS SEGMENT COMPARISON
QUARTERS ENDED SEPTEMBER 30, 1997 AND 1996.

ELECTRIC OPERATIONS. Operating revenue and income was up 5.1 percent in 1997 which reflected strong demand for electricity by the Company's industrial customers and proceeds from the sale of rights to microwave frequencies. Total kilowatthour sales (down 9.2 percent) reflected a 25 percent decrease in sales for resale by MPEX. MPEX sales were lower because less power was available and prices were higher. While total revenue from MPEX sales was lower in 1997, higher profit margins were realized on these sales.

Revenue from electric sales to taconite customers accounted for 29 percent of electric operating revenue in 1997 compared to 32 percent in 1996. Electric sales to paper and other wood-products companies accounted for 11 percent of electric operating revenue in 1997 and 1996. Sales to other power suppliers accounted for 15 percent of electric operating revenue in 1997 compared to 17 percent in 1996.

Total electric operating expenses increased only $1.2 million in 1997. The increase included a $0.7 million increase in fuel and purchased power due to a 2.4 percent increase in generation at the Company's coal-fired generating stations and higher prices for purchased power. Recent reform of the Minnesota property tax system reduced operating expenses in 1997.

WATER SERVICES. Operating revenue and income from water services was higher in 1997 primarily due to Florida Water's implementation of final rates in September 1996 and additional customers in Florida and North Carolina. Operating expenses were higher due to start-up costs associated with the Company's unregulated subsidiaries, ISI and Americas' Water.

AUTOMOTIVE SERVICES. Operating revenue and income was $14.9 million higher in 1997 due primarily to increased sales at ADESA auction sites. ADESA sold 203,000 cars in 1997 compared to 151,000 in 1996. Growth of AFC's floorplan financing business and increased transport business also increased revenue and income. Operating expenses were higher in 1997 because of increased sales activity at ADESA. The expansion of AFC's floorplan financing business also contributed to higher operating expenses.

INVESTMENTS.

- SECURITIES PORTFOLIO AND REINSURANCE. The Company's securities portfolio and reinsurance continued to perform well in 1997 as in 1996.

- REAL ESTATE OPERATIONS. Revenue was up in 1997 as a result of additional sales of properties at Lehigh and Palm Coast. Net income in 1996 included the recognition of $4 million of tax benefits at Lehigh.

BUSINESS SEGMENT COMPARISON
NINE MONTHS ENDED SEPTEMBER 30, 1997 AND 1996.

ELECTRIC OPERATIONS. Operating revenue and income from electric operations was up slightly in 1997. Electric operations in 1997 reflected continued strong demand for electricity by the Company's industrial customers and MPEX sales to other power suppliers. In addition, proceeds from the sale of rights to microwave frequencies and the sale of river land to the State of Minnesota offset a decline in revenue resulting from an 8 percent decrease in total kilowatthour sales. The decrease is attributable to a decline in sales to other power suppliers due to less power available for resale. Less power was available because of higher prices for purchased power, various generating unit outages, reduction in transmission capability damaged by severe spring storms in the Midwest and less hydro generation in Canada. The decrease in kilowatthour sales was partially offset by an increase in sales to paper customers because of a higher demand for paper.

Revenue from electric sales to taconite customers accounted for 31 percent of electric operating revenue in 1997 and 32 percent in 1996. Electric sales to paper and other wood-products companies accounted for 12 percent of electric operating revenue in 1997 and 11 percent in 1996. Sales to other power suppliers accounted for 12 percent of electric operating revenue in 1997 compared to 14 percent in 1996.

Total electric operating expenses decreased by $4 million in 1997. The decrease is primarily attributable to lower fuel and purchased power expenses because of reduced kilowatthour sales and lower property taxes due to the 1997 reform of the Minnesota property tax system. Lower interest charges also contributed to the cost reductions in 1997 operating expenses.

WATER SERVICES. Operating revenue and income from water services was higher in 1997 primarily because of increased rates approved by the FPSC in 1996 for Florida Water customers. The increase was partially offset by lower revenue following the sale of two water systems by Heater in March and December 1996. The March 1996 sale resulted in a $1.1 million pre-tax gain.

AUTOMOTIVE SERVICES. Operating revenue and income was $54.9 million higher in 1997 due primarily to increased sales at ADESA auction sites. ADESA sold 594,000 cars in 1997 compared to 456,000 in 1996. Growth of AFC's floorplan financing business, increased transport business and a gain on the sale of an auction also increased revenue and income. Operating expenses were higher in 1997 because of increased sales activity at ADESA auction sites. The expansion of AFC's floorplan financing business also contributed to higher operating expenses.

INVESTMENTS.

- SECURITIES PORTFOLIO AND REINSURANCE. The Company's securities portfolio and reinsurance earned an annualized after-tax return of 8.1 percent in 1997 compared to 9 percent in 1996. A one-time tax benefit for an IRS audit adjustment was included in 1996.

- REAL ESTATE OPERATIONS. Revenue was up in 1997 compared to 1996 due to increased sales at Lehigh and Palm Coast. 1996 included $3.7 million from the sale of Lehigh's joint venture investment in a resort and golf course. The April 1996 acquisition of Palm Coast increased 1997 operating revenue and expenses. Net income in 1996 included the recognition of $6 million of tax benefits at Lehigh.

LIQUIDITY AND FINANCIAL POSITION

Reference is made to the Consolidated Statement of Cash Flows for the nine months ended September 30, 1997 and 1996, for purposes of the following discussion.

CASH FLOW ACTIVITIES. Cash from operating activities was affected by a number of factors representative of normal operations.

Working capital, if and when needed, generally is provided by the sale of commercial paper. In addition, securities investments can be liquidated to provide funds for reinvestment in existing businesses or acquisition of new businesses, and approximately 4 million original issue shares of Common Stock are available for issuance through the DRIP.

AFC sold $50 million of receivables to a third party purchaser during 1997, a total of $100 million since December 1996. Under the terms of a five-year agreement amended in August 1997, the purchaser agrees to purchase additional receivables aggregating $225 million, at any one time outstanding, to the extent that such purchases are supported by eligible receivables. Proceeds from the sale of the receivables were used to repay borrowings from the Company and fund car inventory purchases for AFC's customers.

In June 1997 Minnesota Power refinanced $10 million of industrial development revenue bonds and $29 million of pollution control bonds with $39 million of Variable Rate Demand Revenue Refunding Bonds Series 1997A due June 1, 2020, Series 1997B and Series 1997C due June 1, 2013 and Series 1997D due December 1, 2007. A total of $36.5 million of the transaction was completed in June and July. The remaining $2.5 million of the refinancing was completed in October 1997. In May 1997 MP Water Resources' $30 million 10.44% long-term note payable was refinanced with $24 million of Florida Water's First Mortgage Bonds, 8.01% Series due May 30, 2017 and $6 million of internally generated funds.

CAPITAL REQUIREMENTS. Consolidated capital expenditures for the nine months ended September 30, 1997 totaled $46.6 million compared to $76.6 million for the same period in 1996. Expenditures in 1997 include $23.8 million for electric operations, $14.9 million for water services and $7.9 million for automotive services. Internally generated funds were the primary source for funding capital expenditures.

NEW ACCOUNTING STANDARDS

In June 1997 the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 130 (SFAS 130), "Reporting Comprehensive Net Income", effective for fiscal years beginning after December 15, 1997. SFAS 130 establishes standards for reporting comprehensive income and its components in a full set of general purpose financial statements. SFAS 130 will require the Company to report a total for comprehensive income which includes, among other things, unrealized holding gains and losses on securities classified as available-for-sale under SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities" and foreign currency translation adjustments accounted for under SFAS 52, "Foreign Currency Translation".

Also in June 1997 the FASB issued SFAS 131, "Disclosures about Segments of an Enterprise and Related Information," effective for fiscal years beginning after December 15, 1997. SFAS 131 requires the reporting of certain information about operating segments of an enterprise. The Company believes that it is already in compliance with SFAS 131 in all material respects.

In February 1997 the FASB issued SFAS 128, "Earnings per Share." SFAS 128 addresses the computation and disclosure of earnings per share amounts when a company has stock options, awards, warrants and/or convertible securities outstanding. SFAS 128 is effective for periods ending after December 15, 1997 and is not expected to have a material impact on the Company upon adoption.

PART II. OTHER INFORMATION

ITEM 5. OTHER INFORMATION

Reference is made to the Company's 1996 Form 10-K for background information on the following updates. Unless otherwise indicated, cited references are to the Company's 1996 Form 10-K.

Ref. Page 11. - Table - Summary of National Pollutant Discharge Elimination System Permits

Facility	Issue Date	Expiration Date
Boswell	February 4, 1993	December 31, 1997 (1)
General Office Building/Lake Superior Plaza	May 1, 1995	December 31, 1997 (2)

(1) On June 27, 1997 a renewal application for this permit was submitted to the MPCA. A new permit is expected to be issued in the fourth quarter of 1997. Permits are extended by the timely filing of a renewal application which stays the expiration of the previously issued permit.
(2) On July 1, 1997 a renewal application for this permit was submitted to the MPCA. A new permit is expected to be issued in the fourth quarter of 1997.

Ref. Page 13. - Fifth Paragraph
Ref. 10-Q for the quarter ended June 30, 1997, Page 13 - Second Paragraph

On September 10, 1997 the transaction between Heater and the shareholders of LaGrange Waterworks Corporation closed after the NCUC issued an order denying the request for reconsideration filed by the public staff of the NCUC and the City of Fayetteville.

Ref. Page 13. - Last Paragraph
Ref. 8-K dated June 23, 1997, Page 1 - Fourth Paragraph

FLORIDA WATER'S 1995 RATE CASE. In April 1997 the FPSC, acting on Florida Water's motion, reversed its previous decision and again allowed recovery of pre-existing AFPI charges for certain Florida Water service areas, subject to refund with interest in the event of an adverse court ruling in the appeal of the 1995 rate case. In its answer brief filed in the Court of Appeals on August 21, 1997 the FPSC conceded that its treatment of AFPI in its October 1996 Order was in error and requested the Court of Appeals to remand the AFPI issue to the FPSC for final disposition. Florida Water estimates approximately $1 million, on an annual basis, will be collected and accounted for as deferred revenue pending results of the appeal.

The appeal process in the 1995 Rate Case may take as long as another nine months. The Company is unable to predict the outcome of this matter.

Ref. Page 14. - First Paragraph
Ref. 8-K dated June 23, 1997, Page 1 - Second Paragraph

FPSC REFUND ORDER IN CONNECTION WITH 1991 RATE CASE. On October 7, 1997 the FPSC voted to provide notice to Florida Water's customers of the potential refund or surcharge and to require all parties to submit briefs concerning refund and surcharge issues by November 5, 1997. The issues to be considered on remand relate to rate design and do not involve any adjustment to Florida Water's revenue requirement.

In July 1997, after the Court of Appeals remanded the Refund Order back to the FPSC, Spring Hill customers in Hernando County filed a petition with the FPSC requesting that Florida Water be ordered to refund $2.5 million, the amount paid by the Spring Hill service area from January 1996 through June 1997 under uniform rates (established by the FPSC in the 1991 Rate Case) which is in excess of the amount which would have been paid under modified stand-alone rates. Because Hernando County had assumed jurisdiction over Spring Hill's rates, Spring Hill was not included as part of Florida Water's 1995 Rate Case in which the FPSC ordered interim rates effective January 1996 based on modified stand-alone rates. The Company has not recorded a provision for refund in connection with this matter and is unable to predict its outcome.

Ref. Page 14. - Insert Following Fourth Paragraph

NORTH CAROLINA UTILITIES COMMISSION

On September 30, 1997 Heater filed with the NCUC for a $1.1 million annual increase for its water and wastewater customers. Hearings are expected to occur in March 1998 with a final order anticipated in May 1998. The Company is unable to predict the outcome of this case.

Ref. Page 15. - Sixth Paragraph
Ref. 10-Q for the quarter ended March 31, 1997, Page 10. - Fifth Paragraph

With respect to the DOJ's complaint in a civil action in the U.S. District Court for the Middle District of Florida (District Court) regarding Florida Water's alleged violation of effluent limitations in the National Pollutant Discharge Elimination System permits occurring at the University Shores and Seaboard wastewater facilities from February 1992 through March 1994, a trial is anticipated to begin in mid-1998. The District Court has established a discovery deadline of January 15, 1998 for all parties. At this time, Florida Water is continuing to pursue settlement as well as prepare for trial in the event a reasonable settlement cannot be reached.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (Reform Act), the Company is hereby filing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Reform Act) made by or on behalf of the Company in this quarterly report on Form 10-Q, in presentations, in response to questions or otherwise. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "anticipates", "estimates", "expects", "intends", "plans", "predicts", "projects", "will likely result", "will continue", or similar expressions) are not statements of historical facts and may be forward-looking.

Forward-looking statements involve estimates, assumptions, and uncertainties and are qualified in their entirety by reference to, and are accompanied by, the following important factors, which are difficult to predict, contain uncertainties, are beyond the control of the Company and may cause actual results to differ materially from those contained in forward-looking statements: (i) prevailing governmental policies and regulatory actions, including those of the FERC, the MPUC, the FPSC, the NCUC, the SCPSC and the PSCW, with respect to allowed rates of return, industry and rate structure, acquisition and disposal of assets and facilities, operation, and construction of plant facilities, recovery of purchased power, and present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs); (ii) economic and geographic factors including political and economic risks; (iii) changes in and compliance with environmental and safety laws and policies; (iv) weather conditions; (v) population growth rates and demographic patterns; (vi) competition for retail and wholesale customers; (vii) pricing and transportation of commodities; (viii) market demand, including structural market changes; (ix) changes in tax rates or policies or in rates of inflation; (x) changes in project costs; (xi) unanticipated changes in operating expenses and capital expenditures; (xii) capital market conditions; (xiii) competition for new energy development opportunities; and (xiv) legal and administrative proceedings (whether civil or criminal) and settlements that influence the business and profitability of the Company.

Any forward-looking statements speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of any such factor on the business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10 Second Amendment to Receivables Purchase Agreement, dated as of August 15, 1997, among AFC Funding Corporation, as Seller, Automotive Finance Corporation, as Servicer, Pooled Accounts Receivable Capital Corporation, as Purchaser, and Nesbitt Burns Securities Inc., as Agent.

27 Financial Data Schedule.

99 Minnesota Power Consolidated Statement of Income for the 12 Months Ended September 30, 1997 and 1996.

(b) Reports on Form 8-K. - None.

SIGNATURES

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

Minnesota Power & Light Company

(Registrant)

October 31, 1997

D. G. Gartzke

D. G. Gartzke
Senior Vice President - Finance
and Chief Financial Officer

October 31, 1997

Mark A. Schober

Mark A. Schober
Controller

EXHIBIT INDEX

Exhibit Number	
10	Second Amendment to Receivables Purchase Agreement, dated as of August 15, 1997, among AFC Funding Corporation, as Seller, Automotive Finance Corporation, as Servicer, Pooled Accounts Receivable Capital Corporation, as Purchaser, and Nesbitt Burns Securities Inc., as Agent.
27	Financial Data Schedule.
99	Minnesota Power Consolidated Statement of Income for the 12 Months Ended September 30, 1997 and 1996.

[AFC Funding Corporation]

SECOND AMENDMENT TO RECEIVABLES PURCHASE AGREEMENT

This SECOND AMENDMENT TO RECEIVABLES PURCHASE AGREEMENT (this "Amendment"), dated as of August 15, 1997, is among AFC Funding Corporation, an Indiana corporation ("Seller"), Automotive Finance Corporation, an Indiana corporation ("AFC"), POOLED ACCOUNTS RECEIVABLE CAPITAL CORPORATION, a Delaware Corporation ("Purchaser"), and NESBITT BURNS SECURITIES, INC., a Delaware Corporation, as Agent for Purchaser (in such capacity, "Agent").

RECITALS

1. Seller, AFC, Purchaser and Agent are parties to the Receivables Purchase Agreement, dated as of December 31, 1996, as amended (the "Agreement"), pursuant to which Purchaser has agreed to purchase undivided percentage ownership interests with regard to the Participation (such term, and the other capitalized terms used in this Amendment without definition, having the meanings assigned to such terms in the Agreement) from Seller from time to time.

2. Seller has requested Purchaser and Agent to amend specified terms of the Agreement to increase the maximum Purchase Limit, and Purchaser and Agent, on the basis of their independent credit review and other such factors as they consider appropriate, are willing to amend such terms.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. <u>Amendment to the Agreement.</u>

1.1 The definition of "Purchase Limit" in Exhibit I to the Agreement is hereby amended by substituting "$225,000,000" for "$100,000,000" where the latter appears in that definition.

SECTION 2. <u>Conditions to Effectiveness.</u>

2.1 This Amendment shall become effective on the date hereof, provided that (i) each of the parties hereto (or, in the case of Purchaser, Agent on its behalf) shall have received counterparts of this Amendment executed by each of the other parties hereto (including facsimile signature pages), (ii) the Surety Bond Provider shall have acknowledged and accepted this Amendment as required by Section 4.04 of the Insurance Agreement and (iii) each of the Rating Agencies shall have acknowledged that this Amendment shall not result in a downgrade or withdrawal of the ratings of the Commercial Paper.

2.2 The delivery to any Rating Agency of an executed copy of this Amendment shall constitute conclusive evidence that Sections 2.1(i) and (ii) shall have been satisfied.

SECTION 3. Effect of Amendment; Ratification. Except as specifically amended hereby, the Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects.

SECTION 4. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, and each counterpart shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 5. Governing Law. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of Indiana without regard to any otherwise applicable conflict of laws principles.

SECTION 6. Section Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or the Agreement or any provision hereof or thereof.

[Signatures begin on next page]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

AFC FUNDING CORPORATION

By: /s/ Jeffrey K. Harty

Name:
Title:

AUTOMOTIVE FINANCE CORPORATION

By: /s/ Jeffrey K. Harty

Name:
Title:

POOLED ACCOUNTS RECEIVABLE CAPITAL CORPORATION

By: /s/ Dwight Jenkins

Name: Dwight Jenkins
Title: Vice President

NESBITT BURNS SECURITIES, INC., as Agent

By: /s/ Jeffrey J. Phillips

Name: Jeffrey J. Phillips
Title: Managing Director

By: /s/ Thomas C. Wright

Name: Thomas C. Wright
Title: Sr. Executive Vice President

Acknowledged and Accepted
this day of August, 1997

CAPITAL MARKETS ASSURANCE CORPORATION

By: /s/ Steve Cooke

Name: Steve Cooke
Title: VP

UT

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MINNESOTA POWER'S CONSOLIDATED BALANCE SHEET, STATEMENT OF INCOME, AND STATEMENT OF CASH FLOW FOR THE PERIOD ENDED SEPTEMBER 30, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

9-MOS
DEC-31-1997
JAN-01-1997
SEP-30-1997
PER-BOOK
1,107,688
418,229
458,272
109,145
172,275
2,265,609
410,167
0
293,109
642,322
75,000
31,492
667,191
191,132
0
0
24,541
0
0
0
572,977
2,265,609
698,682
36,954
560,514
609,772
99,511
6,073
107,287
49,258
58,029
1,462
56,567
46,418
0
67,813
1.85
1.85

Includes $10,601 of Income from Equity Investment and $4,528 for Distributions on Redeemable Preferred Securities of Subsidiary.

Exhibit 99

MINNESOTA POWER
CONSOLIDATED STATEMENT OF INCOME
FOR THE 12 MONTHS ENDED SEPTEMBER 30, 1997 AND 1996
In Thousands Except Per Share Amounts - Unaudited

	1997	1996
Operating Revenue and Income		
Electric Operations	$ 536,433	$ 526,172
Water Services	87,104	79,184
Automotive Services	238,866	166,440
Investments	56,880	47,304
Total Operating Revenue and Income	919,283	819,100
Operating Expenses		
Fuel and Purchased Power	189,734	189,321
Operations	554,284	501,930
Interest Expense	66,780	56,898
Total Operating Expenses	810,798	748,149
Income from Equity Investment	12,970	15,207
Operating Income from Continuing Operations	121,455	86,158
Distributions on Redeemable Preferred Securities of Subsidiary	6,037	3,220
Income Tax Expense	38,816	20,847
Income from Continuing Operations	76,602	62,091
Income from Discontinued Operations	-	(26)
Net Income	76,602	62,065
Dividends on Preferred Stock	1,949	2,721
Earnings Available for Common Stock	$ 74,653	$ 59,344
Average Shares of Common Stock	30,389	28,969
Earnings Per Share of Common Stock	$ 2.45	$ 2.05