SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 1994

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition period from to

Commission File Number	Registrant; State of Incorporation; Address; and Telephone Number	IRS Employer Identification No.
1-5532	PORTLAND GENERAL CORPORATION (an Oregon Corporation) 121 SW Salmon Street Portland, Oregon 97204 (503) 464-8820	93-0909442
1-5532-99	PORTLAND GENERAL ELECTRIC COMPANY (an Oregon Corporation) 121 SW Salmon Street Portland, Oregon 97204 (503) 464-8000	93-0256820

Indicate by check mark whether the registrants (1) have 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 (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes X . No .

The number of shares outstanding of the registrants' common stocks as of October 31, 1994 are:

Portland General Corporation	50,474,453
Portland General Electric Company (owned by Portland General Corporation)	42,758,877

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Portland General Corporation and Subsidiaries

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

Financial and Operating Outlook

Utility

General Rate Filing

In late 1993 Portland General Electric Company (PGE or the Company) filed a general rate case with the Oregon Public Utility Commission (PUC) requesting an increase in electric rates by an average of 5% to take effect January 1, 1995. PGE's request included a return on equity of 11.5% and 11.8% for the years 1995 and 1996 respectively, down from the current authorized return of 12.5%, and full recovery of the Trojan Nuclear Plant (Trojan) investment and decommissioning costs (see Portland General's and PGE's reports on Form 10-K for the period ended December 31, 1993 for additional background information regarding the rate request). Subsequently, Trojan Nuclear Plant (Trojan) and cost of capital issues were bifurcated from non-Trojan issues. In July 1994, PGE agreed to the PUC Staff's request to delay a final order addressing all rate case matters to no later than March 31, 1995 in return for approval of a first quarter 1995 power cost deferral.

In September 1994, the PUC Staff issued its recommendation for Trojan and cost of capital issues. The PUC Staff recommended that PGE be allowed to earn a 10.4% return on equity. The PUC Staff also recommended that PGE be allowed to collect 80% of its remaining investment in Trojan and that PGE recover all of its anticipated decommissioning costs. The PUC Staff presented other alternatives with respect to PGE's recovery of its remaining investment in Trojan, ranging from zero to full recovery, but recommended 80% recovery.

If the PUC Staff's recommendation on Trojan were the ultimate outcome of the regulatory process, PGE estimates that it could record a loss of up to approximately $50 million. Hearings are scheduled to begin in early December 1994 and an order on all rate case matters is expected to be issued no later than March 31, 1995.

On November 11, 1994, PGE and the PUC staff agreed to enter into a stipulation addressing PGE's and the PUC Staff's joint recommendation to the PUC on all outstanding cost of capital issues in PGE's general rate filing. The stipulation will recommend an 11.6% return on equity for PGE for the years 1995 and 1996.

Recovery of power cost deferrals is addressed in separate rate proceedings, not in the general rate case (see the discussion of Power Cost Recovery below).

Trojan Related Issues

Shutdown - In early 1993, PGE ceased commercial operation of Trojan as recommended in PGE's Least Cost Plan (LCP).

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Decommissioning - The Company's current estimated cost to decommission Trojan has increased $7 million to $417 million (comprised of $351 million of dismantlement costs and $66 million of transition costs) reflected in nominal dollars (actual dollars expected to be spent in each year). The increase in the estimated cost of decommissioning reflects a refinement in the timing and scope of certain dismantlement activities and lower anticipated transition costs. Stated in 1993 dollars the current estimate is virtually unchanged from the previous estimate of $289 million. The decommissioning cost estimate includes the cost of planning, removal and burial of irradiated equipment and facilities as required by the Nuclear Regulatory Commission (NRC); building demolition and non-radiological site remediation; and spent nuclear fuel management costs including licensing, surveillance and transition costs. Transition costs, which are now estimated at $66 million for the period 1994 through 1998 inclusive, are the costs associated with operating and maintaining the spent fuel pool and securing the plant until dismantlement can begin. While most decommissioning costs will utilize funds from PGE's Nuclear Decommissioning Trust (NDT), transition costs will continue to be paid from current operating funds.

The decommissioning plan is based on a site-specific decommissioning cost estimate performed for Trojan by an experienced decommissioning engineering firm. The updated estimate assumes that the majority of decommissioning activities will occur between 1997 and 2000, beginning with the removal of certain large plant components, while construction of a temporary dry spent fuel storage facility is taking place. Decommissioning of the temporary dry spent fuel storage facility and final non-radiological site remediation activities will occur in 2018 after PGE completes shipment of spent fuel to a United States Department of Energy (USDOE) facility. As of September 30, 1994 the Company has expensed approximately $9 million in transition costs for 1994. Annual transition costs are estimated to be $10 million to $15 million per year through 1998. In addition, since plant closure the Company has spent $3 million on decommissioning planning and related activities reducing the remaining decommissioning liability, including transition costs, to $405 million.

PGE plans to submit a formal decommissioning plan to the NRC and Energy Facility Siting Council of Oregon (EFSC) in late 1994. The NRC and EFSC rules require the plan be submitted before January 23, 1995.

The updated decommissioning estimate reflects PGE's current plan to accelerate the removal of some of Trojan's large components, which is expected to result in overall decommissioning cost savings. Since the Company plans to begin this work in 1994, prior to receiving NRC and EFSC approval of its formal decommissioning plan, specific approval will be obtained from EFSC. Request for this approval was filed with EFSC on July 7, 1994. Legal challenges have been filed in opposition to the planned early removal of some of Trojan's large components. Additionally, PGE has requested NRC approval for the use of PGE's NDT funds for removal of large components. Assumptions used to develop the site-specific cost estimate for decommissioning represent the best information PGE has currently. The Company is continuing to evaluate various options which could change the timing and scope of decommissioning activities and expects any future changes in estimated decommissioning costs to be incorporated in future revenues to be collected from customers.

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Investment Recovery - In its general rate filing PGE requested continued recovery of Trojan plant costs, including decommissioning. See the General Rate Filing discussion above for further details regarding the rate case proceedings.

LCP analysis assumed that continued recovery of the Trojan plant investment, including future decommissioning costs, would be granted by the PUC. Regarding the authority of the PUC to grant recovery, the Oregon Department of Justice (Attorney General) issued an opinion that the PUC may allow rate recovery of total plant costs, including operating expenses, taxes, decommissioning costs, return of capital invested in the plant and return on the undepreciated investment. While the Attorney General's opinion does not guarantee recovery of costs associated with the shutdown, it does clarify that under current law the PUC has authority to allow recovery of such costs in rates.

PGE asked the PUC to resolve certain legal and policy questions regarding the statutory framework for future ratemaking proceedings related to the recovery of the Trojan investment and decommissioning costs. On August 9, 1993 the PUC issued a declaratory ruling agreeing with the Attorney General's opinion discussed above. The ruling also stated that the PUC will favorably consider allowing PGE to recover in rates some or all of its return on and return of its undepreciated investment in Trojan, including decommissioning costs, if PGE meets certain conditions. PGE believes that its general rate filing provides evidence that satisfies the conditions established by the PUC. In early 1994, appeals of the PUC's declaratory ruling related to the recovery of the Trojan investment and decommissioning costs were filed in Marion County Circuit Court (see Legal Proceedings for further discussion of legal challenges to the declaratory ruling).

Management believes that the PUC will grant future revenues to cover all, or substantially all, of Trojan plant costs with an appropriate return. However, future recovery of the Trojan plant investment and future decommissioning costs requires PUC approval in a public regulatory process. Although the PUC has allowed PGE to continue, on an interim basis, collection of these costs in the same manner as prescribed in the Company's last general rate proceeding, the PUC has not previously addressed recovery of costs related to a prematurely retired plant when the decision to close the plant was based upon a least cost planning process. Due to uncertainties inherent in a public process, management cannot predict, with certainty, whether all, or substantially all, of the $348 million Trojan plant investment and $347 million of decommissioning charges (to be collected through future rates) will be recovered. Management believes the ultimate outcome of this public regulatory process will not have a material adverse effect on the financial condition, liquidity or capital resources of Portland General. However, it may have a material impact on the results of operations for a future reporting period.

SCE Complaint - In early August 1994, Southern California Edison (SCE) filed a complaint claiming PGE's decision to close Trojan violated the terms of a long-term firm power sales and exchange agreement entered into in 1986. The 25-year contract is for 75 megawatts of firm energy and capacity, plus a 225 megawatt seasonal exchange.

SCE contends that PGE appointed itself liquidator of a substantial portion of its assets under the general bankruptcy default provision of the contract. SCE is seeking termination of the agreement and damages, including a return of payments made to PGE from the date of PGE's alleged default (approximately $30 million).

Under the agreement SCE is obligated to pay to PGE a reservation fee for system capacity, seasonal exchange and other services equal to $16.9 million annually. SCE continues to make these payments.

The Company will vigorously defend itself and believes it will succeed in the defense of these claims (see Legal Proceedings for additional information).

Power Cost Recovery

In early 1993, the PUC authorized PGE to defer 80% of the incremental power costs incurred from December 4, 1992 through March 31, 1993 to replace Trojan generation. In total, $44 million of accrued revenues were recorded for later collection. In early 1994, the PUC granted approval for full recovery and PGE began collection in April 1994. Amounts will be collected over a three year period.

In accordance with Oregon law, collection of the following deferrals is subject to PUC review of PGE's reported earnings, adjusted for the regulatory treatment of unusual and/or non-recurring items, as well as the determination of an appropriate rate of return on equity for a given review period.

In August 1993, the PUC authorized PGE to defer, for later collection, 50% of the incremental replacement power costs incurred from July 1, 1993 through March 31, 1994. The PUC granted the lower deferral rate to reflect expected nuclear operating cost savings. In total, $49 million of revenues were recorded. The earnings review for this deferral will cover a April 1, 1993 through March 31, 1994 review period. The PUC has approved PGE's request to delay this earnings review to June 30, 1995 to coincide with the timing of the review of the first quarter 1995 power cost deferral (see discussion below). This will result in a concurrent review of PGE's earnings for these separate deferral periods.

In September 1994, the PUC approved PGE's request to defer, for later collection, 40% of incremental power costs incurred from January 1, 1995 through March 31, 1995, or until a PUC order in the general rate case, if earlier. The amount of revenues PGE would be allowed to collect is the lesser of the recorded deferral, PGE's requested increase or the same level of revenue as if new rates had become effective January 1, 1995. In addition, an earnings review will be filed by June 30, 1995 using an April 1, 1994 through March 31, 1995 review period for amounts deferred under this order.

In September 1994, PGE filed an application to defer, for later collection, 40% of incremental power costs from October 1, 1994 until December 31, 1994. PGE expects action on this application by the end of March 1995.

Portland General Corporation and Subsidiaries

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

Synopsis of Power Cost Deferrals

Period Covered	Deferral Rate	Earnings Review	Amounts Deferred	Amounts Collected
December 4, 1992 - March 31, 1993	80%	Approved (1)	$52 million (4)(a)	$7 million
July 1, 1993 - March 31, 1994	50%	Mid-1995 (2)	$54 million (4)(b)	N/A
October 1, 1994 - December 31, 1994	Pending	Pending	N/A	N/A
January 1, 1995 - March 31, 1995	40%	Mid-1995 (3)	N/A	N/A

(1) Approved for collection which began on 4/1/94.
(2) Subject to earnings review for the period 4/1/93 through 3/31/94 to be filed on June 30, 1995.
(3) Subject to earnings review for the period 4/1/94 through 3/31/95 to be filed on June 30, 1995.
(4) Includes accrued interest of (a) $8 million and (b) $5 million.

Power Supply

Restoration of Salmon Runs - The Snake River chinook salmon has been listed as a threatened species and the Snake River sockeye salmon has been listed as endangered under the federal Endangered Species Act. The National Marine Fisheries Service proposed minor changes to current river operations in a draft recovery plan. In April 1994, a U.S. District Court judge rejected the draft recovery plan. In May 1994, the federal government ordered a temporary spilling of water over the Columbia and Snake River dams in an attempt to increase the number of salmon that survive their downriver trip to the Pacific Ocean. This emergency spill was halted in July 1994.

PGE purchases power from many sources including the mid-Columbia dams. Reductions in the amount of water allowed to flow through the dams' turbines reduce the amount and increase the cost of power available to purchase on a non-contract or secondary basis. The attempt to improve fish passage by releasing more water from the reservoirs in the spring and summer could mean less water available in the fall and winter when the demand for electricity in the Pacific Northwest is the highest. This could lead to higher costs for hydro power and the need to run more expensive gas- and coal-fired plants.

Fuel Supply

PGE has entered into agreements with two U.S. and one Canadian gas supplier for firm purchases of approximately 54,000 MMBtu/day of natural gas for the

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months October 1, 1994 through February 28, 1995. The Canadian agreement is for a fixed price and PGE has entered into hedging transactions on the remaining two agreements to reduce exposure to increases in gas prices. The result of these transactions is to lock in a fixed price for approximately 60% of the expected fuel needed to operate the Beaver gas-fired plant during the winter period.

Customer Growth and Revenues

During the third quarter of 1994 approximately 2,600 retail customers were added to PGE's service territory. For the twelve-months ended September 30, 1994, 10,000 retail customers were added. PGE's weather-adjusted retail energy sales through the third quarter of 1994 were 3.1% higher than energy sales for the same period in 1993. Greatest growth was experienced in the commercial and manufacturing sectors which realized a combined load growth of 3.8% for the year. Residential load grew 2.0%. The Company expects 1994 load growth to be approximately 2.6%.

Seasonality

PGE's retail sales peak in the winter, therefore, quarterly earnings are not necessarily indicative of results to be expected for fiscal year 1994.

Nonutility

Portland General Corporation (Portland General), Portland General Holdings, Inc. (Holdings) and certain Portland General affiliated individuals have been named in a class action suit by investors in Bonneville Pacific Corporation (Bonneville Pacific) and in a suit filed by the bankruptcy trustee for Bonneville Pacific. The class action suit alleges various violations of securities law, fraud and misrepresentation. The suit by the bankruptcy trustee for Bonneville Pacific alleges common law fraud, breach of fiduciary duty, tortious interference, negligence, negligent misrepresentation and other actionable wrongs.

Regarding the class action suit, in May 1994 the U.S. District Court for the District of Utah (the Court) issued an order dismissing the claims filed by the plaintiffs against Portland General, Holdings and the Portland General affiliated individuals for common law fraud and negligent misrepresentation, primary liability for violations of the federal securities laws and secondary liability for aiding and abetting and conspiracy to violate the federal securities laws. The order permanently dismisses the secondary liability claims. The Court stated that it will consider an amendment to the complaint with regard to the other claims.

The Court also held that it would not consider the claims for Utah state securities law violations until certain issues are addressed by the Utah state courts.

Holdings has filed a complaint seeking approximately $228 million in damages against Deloitte & Touche and certain parties associated with Bonneville Pacific alleging that it relied on fraudulent and negligent statements and omissions when it acquired a 46% interest in and made loans to Bonneville Pacific.

A detailed report released in June 1992, by a U.S. Bankruptcy examiner outlined a number of questionable transactions that resulted in gross exaggeration of Bonneville Pacific's assets prior to Holdings' investment. This report includes the examiner's opinion that there was significant mismanagement and very likely fraud at Bonneville Pacific. These findings support management's belief that a favorable outcome on these matters can be achieved.

For background information and further details, see Note 3, Legal Matters, in Notes to Financial Statements.

Results of Operations

Portland General Electric company, an electric utility company and Portland General's principal operating subsidiary, accounts for substantially all of Portland General's assets, revenues and net income. The following discussion focuses on utility operations, unless noted.

1994 Compared to 1993 for the Three Months Ended September 30

Portland General earned $12 million or $0.24 per share for the third quarter of 1994, compared with $6 million or $0.13 per share in 1993. Nuclear cost savings, continued customer growth and increased wholesale sales made positive contributions to 1994 operating results. However, increased earnings were chiefly the result of lower income tax expense. Before tax operating income declined $6 million primarily due to narrower margins on retail and wholesale sales and slight increases in non-nuclear operating costs.

Retail sales were strong for the quarter, with megawatt-hour sales increasing 5% over last year due to the addition of more than 2,600 new customers to PGE's system and hot summer weather. Wholesale megawatt-hour sales increased 72% due to demand from northwest utilities and PGE's ability to acquire Desert Southwest and northern California power through its ownership share in the Pacific Northwest Intertie. However, wholesale and retail margins narrowed as a result of a more competitive wholesale market and poor hydro conditions which contributed to an increase in average power costs.

Variable power costs rose due to greater wholesale and retail demand and the replacement of an 18% decrease in PGE hydro generation. PGE's total

system load increased by 10% for the period. Solid performance by PGE's thermal plants, such as the Beaver gas-fired facility, which more than doubled its prior year's output, allowed the Company to generate 52% of its system load, offsetting the need to acquire more costly purchased power.

Operating revenues for 1993 include $12 million in accrued revenues related to PGE's power cost deferral in effect during the period.

Operating expenses (excluding variable power costs and depreciation) declined $3 million or 4%. The Company realized $6 million in nuclear operating cost savings due to fewer personnel at Trojan. During the third quarter of 1994, $3 million of nuclear operating costs were expensed. Slight increases in certain non-nuclear operating costs partially offset the realized nuclear cost savings.

Income tax expense decreased $11 million. 1993 income tax expense includes approximately $7 million related to the retroactive increase in the federal tax rate and adjustments to consolidated tax items. The remaining decrease in 1994 income tax expense was caused by lower taxable income.

1994 Compared to 1993 for the Nine Months Ended September 30

Portland General earned $75 million or $1.51 per share for the nine months ended September 30, 1994, compared with $56 million or $1.19 per share for the 1993 period. Nuclear cost savings, increased wholesale sales, lower income tax expense and income from discontinued operations resulted in increased 1994 earnings. Excluding discontinued operations, 1994 earnings would have been $69 million.

Current year retail sales were boosted by hot summer weather and consistent retail customer growth, which helped offset the effects of warmer than normal winter weather. During 1994 PGE sold 78% more wholesale energy than in 1993. PGE's access to the Northwest Intertie, coupled with active marketing efforts, enabled the Company to respond to increased demand for wholesale energy from California and northwest utilities. Retail and wholesale margins narrowed due to more competitive prices in wholesale markets, increased wheeling costs driven by an October 1993 rate increase by BPA, and higher average power costs caused by poor hydro conditions in the Northwest.

Poor regional water conditions contributed to an increase in average variable power costs, which rose to 19.1 mills per kilowatt-hour (10 mills = 1 cent) in 1994 from 18.7 mills per kilowatt-hour in 1993. PGE hydro generation fell 22.5%. Additionally, PGE system load increased

6.5% causing PGE to rely more heavily upon PGE thermal plant generation.
Good performance of PGE's thermal plants and favorable gas prices allowed PGE

to meet increased demand and avoid the higher cost of secondary power purchases.

Portland General Corporation and Subsidiaries

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

Operating revenues in 1994 include $18 million in first quarter accrued revenues versus $48 million in accrued revenues in 1993 relating to power cost deferrals in effect during each of the respective periods (see Power Cost Recovery in the Financial and Operating Outlook section above).

The decrease in accrued revenues was offset by significant nuclear cost savings. Due to fewer personnel at Trojan, nuclear operating costs declined $30 million in 1994, resulting in a 12% decrease in operating expenses (excluding variable power costs and depreciation). During the nine months ended September 30, 1994, $9 million of nuclear operating costs were expensed compared to $39 million in the prior year.

Income tax expense decreased $6 million due to a retroactive increase in the federal tax rate in 1993, and year-to-date adjustments for consolidated tax items also recorded in 1993.

The Company recorded a $2 million gain, after tax, on the sale of nonutility property which is included in other income in 1994.

The divestiture of real estate holdings resulted in $6 million, after tax, of previously recorded real estate reserves which were restored to income in the second quarter of 1994.

1994 Compared to 1993 for the Twelve Months Ended September 30

Portland General earned $108 million or $2.19 per share for the twelve months ended September 30, 1994, compared with $95 million or $2.02 per share for the 1993 period. Excluding discontinued operations, earnings for 1994 would have been approximately $102 million. Excluding the effects of Trojan steam generator repair costs of $11 million, after tax, which were restored to 1992 calendar earnings (and included in the 1993 twelve month period), 1993 earnings would have been $84 million.

Operating revenues rose $31 million and variable power costs increased $75 million in 1994 resulting in a $44 million decline in operating income. This decline is primarily the result of higher average variable power costs.

The increase in operating revenues is primarily due to a 25% rise in wholesale revenues.

Average variable power costs increased to 19.6 mills from 18.1 mills, reflecting increased power purchases and thermal generation to replace hydro and low-cost nuclear generation. Due to poor

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water conditions, PGE hydro generation decreased 470,574 megawatt-hours or 20%. During the 1993

period, Trojan supplied 640,902 megawatt-hours or 3% of PGE's total system load at an average cost of 4.7 mills per kilowatt-hour.

Operating expenses (excluding variable power costs and depreciation) declined $53 million in the 1994 period. This was primarily due to $56 million in nuclear operating cost savings.

Depreciation, decommissioning and amortization rose 21% as a result of the capitalization of $18 million ($11 million, after tax) of steam generator repair costs in the 1993 period as discussed above.

Income tax expense decreased $15 due to lower taxable income, the recording of a retroactive increase in the federal tax rate in 1993, and year-to-date adjustments for consolidated tax items also recorded in 1993.

The divestiture of real estate holdings resulted in $6 million, after tax, of previously recorded real estate reserves being restored to income in the second quarter of 1994.

Cash Flow

Portland General Corporation

Portland General requires cash to pay dividends to its common stockholders, to provide funds to its subsidiaries, to meet debt service obligations and for day to day operations. Sources of cash are dividends from PGE, its principal subsidiary, asset sales and leasing rentals, short- and intermediate-term borrowings and the sale of its common stock.

Portland General received $15.4 million in dividends from PGE during the third quarter of 1994 and $2.4 million in proceeds from the issuance of shares of common stock under its Dividend Reinvestment and Optional Cash Payment Plan.

Portland General Electric Company

Cash Provided by Operations

Operations are the primary source of cash used for day to day operating needs of PGE and funding of construction activities. PGE also obtains cash from external borrowings, as needed.

A significant portion of cash from operations comes from depreciation and amortization of utility plant, charges which are recovered in customer revenues but require no current cash outlay. Changes in accounts receivable and accounts payable can also be significant contributors or

users of cash. The $3 million increase in cash flow from operations, when comparing third quarter 1994 to third quarter 1993, is primarily due to collection of accrued revenues recorded in prior periods, partially offset by a $20 million prepayment made to the IRS (see below).

Future cash requirements may be affected by the ultimate outcome of the IRS audit of PGE's 1985 WNP-3 abandonment loss deduction. The IRS has issued a statutory notice of tax deficiency, which Portland General is contesting, related to its examination of Portland General's 1985 tax return. In September 1994, PGE made a $20 million prepayment to the IRS to mitigate interest cost exposure, if any, related to the alleged tax deficiency. The prepayment is refundable with interest should PGE prevail (see Note 4, Income Taxes, for further information).

PGE has been named a "potentially responsible party" (PRP) of PCB contaminants at various environmental cleanup sites. The total cost of cleanup is estimated at $27 million, of which the Company's share is approximately $3 million. PGE has made an assessment of the other involved PRP's and is satisfied that they can meet their share of the obligation. Should the eventual outcome of these environmental matters result in additional cash requirements, PGE expects internally generated cash flows or external borrowings to be sufficient to fund such obligations.

Investing Activities

PGE invests in facilities for generation, transmission and distribution of electric energy and for energy efficiency investments. Estimated capital expenditures for 1994 are expected to be $250 million. Approximately $183 million has been expended for capital projects, including energy efficiency investments, through September 30, 1994.

PGE continues to fund an external trust for the future costs of Trojan decommissioning. Funding began in March 1991. Currently PGE funds $11 million each year. As of September 30, 1994, the fund had a current market value of $56 million which was invested in investment-grade tax-exempt bonds. Upon approval from the NRC these funds will become available to PGE for use in the removal of some of Trojan's large components, in addition to other future dismantlement activities.

Financing Activities

Third quarter 1994 financing activities include the issuance of $30 million of three year notes at 6.75% maturing September 15, 1997 and $45 million of seven year notes at 7.40% maturing September 15, 2001.

Proceeds were used to fund PGE's construction program.

The issuance of additional preferred stock and First Mortgage Bonds requires PGE to meet earnings coverage and security provisions set forth in the Articles of Incorporation and the Indenture securing its First

Mortgage Bonds. As of September 30, 1994, PGE could issue $470 million
of preferred stock and $420 million of additional First Mortgage Bonds.

Graph Descriptions

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Quarterly Increase in Retail Customers

Quarter/Year	Increase in Residential Customers	Increase in Commercial and Industrial Customers
2Q 92	1839	427
3Q 92	2272	376
4Q 92	2927	380
1Q 93	2025	275
2Q 93	1697	429
3Q 93	2802	446
4Q 93	2775	563
1Q 94	2986	390
2Q 94	2476	550
3Q 94	2219	454

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Gross Margin
12 Months Ending September 30

	1992	1993	1994
Net Variable Power	6	11	14
Retail Revenues	48	52	51

(Net variable power costa are variable power less wholesale revenues)

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Operating Expenses
12 Months Ending September 30
Millions of Dollars

	1992	1993	1994
Operating Costs	335	311	258
Variable Power	232	277	353
Depreciation	117	102	123

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PGE Electricity Sales
12 Months Ending September 30
Billions of KWhs

	1992	1993	1994
Residential	6.2	6.7	6.6
Commercial	5.8	5.9	6.2
Industrial	3.6	3.7	3.8
Wholesale	3.1	1.6	2.4

Portland General Corporation and Subsidiaries

Consolidated Statements of Income for the Three Months, Nine Months and Twelve Months Ended September30, 1994 and 1993

(Unaudited)

Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
1994	1993	1994	1993	1994	1993

(Thousands of Dollars)

Operating Revenues	$214,180	$209,160	$694,304	$678,228	$962,905	$932,197
Operating Expenses						
Purchased power and fuel	83,732	71,141	248,549	207,350	352,912	277,480
Production and distribution	15,282	16,661	46,295	56,251	63,620	80,736
Maintenance and repairs	12,267	12,392	35,495	44,958	45,857	70,379
Administrative and other	24,836	25,245	72,562	76,441	96,442	106,094
Depreciation, decommissioning and amortization	31,331	30,526	92,579	91,431	123,366	102,012
Taxes other than income taxes	12,057	12,824	39,144	42,705	52,169	54,035
	179,505	168,789	534,624	519,136	734,366	690,736
Operating Income Before Income Taxes	34,675	40,371	159,680	159,092	228,539	241,461
Income Taxes	6,008	16,645	42,885	48,915	61,490	76,917
Net Operating Income	28,667	23,726	116,795	110,177	167,049	164,544
Other Income (Deductions)						
Interest expense	(18,951)	(17,463)	(53,870)	(53,288)	(71,384)	(71,283)
Allowance for funds used during construction	1,243	151	2,507	539	2,753	2,048
Preferred dividend requirement - PGE	(2,583)	(2,988)	(8,217)	(9,057)	(11,206)	(12,125)
Other - net of income taxes	3,511	2,923	11,330	7,862	14,218	12,306
Income from Continuing Operations	11,887	6,349	68,545	56,233	101,430	95,490
Discontinued Operations						
Gain on disposal of real estate operations - net of income taxes of $4,226	-	-	6,472	-	6,472	-
Net Income	$ 11,887	$ 6,349	$ 75,017	$ 56,233	$107,902	$ 95,490
Common Stock						
Average shares outstanding	50,285,669	47,458,575	49,706,398	47,352,130	49,166,616	47,287,240
Earnings per average share						
Continuing operations	$0.24	$0.13	$1.38	$1.19	$2.06	$2.02

	Three Months Ended 1994	Three Months Ended 1993	Nine Months Ended 1994	Nine Months Ended 1993	Twelve Months Ended 1994	Twelve Months Ended 1993
Gain on disposal of real estate operations	-	-	0.13	-	0.13	-
Earnings per average share	$0.24	$0.13	$1.51	$1.19	$2.19	$2.02
Dividends declared per share	$0.30	$0.30	$0.90	$0.90	$1.20	$1.20

Consolidated Statements of Retained Earnings for the Three Months, Nine Months and Twelve Months Ended September 30, 1994 and 1993

(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	1994	1993	1994	1993	1994	1993
	(Thousands of Dollars)					
Balance at Beginning of Period	$113,427	$ 71,240	$ 81,159	$ 50,481	$ 62,957	$ 27,222
Net Income	11,887	6,349	75,017	56,233	107,902	95,490
ESOP Tax Benefit & Amortization of Preferred Stock Premium	(484)	(390)	(1,280)	(1,132)	(1,672)	(3,000)
	124,830	77,199	154,896	105,582	169,187	119,712
Dividends Declared on Common Stock	15,094	14,242	45,160	42,625	59,451	56,755
Balance at End of Period	$109,736	$ 62,957	$109,736	$ 62,957	$109,736	$ 62,957

[FN]
The accompanying notes are an integral part of these consolidated statements.

Portland General Corporation and Subsidiaries

Consolidated Balance Sheets as of September 30, 1994 and December 31, 1993

	(Unaudited) September 30 1994	December 31 1993
	(Thousands of Dollars)	
Assets		
Electric Utility Plant - Original Cost		
Utility plant (includes Construction Work in Progress of $132,507 and $46,679)	$2,525,630	$2,370,460
Accumulated depreciation	(950,654)	(894,284)
	1,574,976	1,476,176
Capital leases - less amortization of $25,253 and $23,626	12,065	13,693
	1,587,041	1,489,869
Other Property and Investments		
Leveraged leases	154,217	155,618
Net assets of discontinued real estate operations	10,966	31,378
Trojan decommissioning trust, at market value	56,320	48,861
Corporate Owned Life Insurance, less loan of $19,619 in 1994	58,146	72,612
Other investments	27,462	29,552
	307,111	338,021
Current Assets		
Cash and cash equivalents	17,563	3,202
Accounts and notes receivable	79,620	91,641
Unbilled and accrued revenues	147,494	133,476
Inventories, at average cost	45,231	46,534

Prepayments and other	37,318	22,128
	327,226	296,981
Deferred Charges		
Unamortized regulatory assets		
Trojan abandonment - Plant	348,280	366,712
Trojan abandonment - Decommissioning	347,207	355,718
Trojan other	65,927	66,387
Income taxes recoverable	219,457	228,233
Debt reacquisition costs	32,919	34,941
Energy efficiency programs	52,499	39,480
Other	31,101	33,857
WNP-3 settlement exchange agreement	174,482	178,003
Miscellaneous	21,592	21,126
	1,293,464	1,324,457
	$3,514,842	$3,449,328

Capitalization and Liabilities

Capitalization		
Common stock	$ 188,579	$ 178,630
Other paid-in capital	558,721	519,058
Unearned compensation	(14,585)	(19,151)
Retained earnings	109,736	81,159
	842,451	759,696
Cumulative preferred stock of subsidiary		
Subject to mandatory redemption	50,000	70,000
Not subject to mandatory redemption	69,704	69,704
Long-term debt	902,302	842,994
	1,864,457	1,742,394
Current Liabilities		
Long-term debt and preferred stock due within one year	22,971	51,614
Short-term borrowings		

	112,090	159,414
Accounts payable and other accruals	83,953	109,479
Accrued interest	21,718	18,581
Dividends payable	18,063	17,657
Accrued taxes	56,961	25,601
	315,756	382,346
Other		
Deferred income taxes	664,717	660,248
Deferred investment tax credits	57,760	60,706
Regulatory reserves	119,315	120,410
Trojan decommissioning reserve and misc. closure costs	405,474	407,610
Miscellaneous	87,363	75,614
	1,334,629	1,324,588
	$3,514,842	$3,449,328

[FN]
The accompanying notes are an integral part of these consolidated balance sheets.

Portland General Corporation and Subsidiaries

Consolidated Statements of Capitalization

as of September 30, 1994 and December 31, 1993

	(Unaudited) September 30 1994		December 31 1993	
	(Thousands of Dollars)			
Common Stock Equity				
Common stock, \$3.75 par value per share, 100,000,000 shares authorized, 50,318,723 and 47,634,653 shares outstanding	\$ 188,579		\$ 178,630	
Other paid-in capital - net	558,721		519,058	
Unearned compensation	(14,585)		(19,151)	
Retained earnings	109,736		81,159	
	842,451	45.2 %	759,696	43.6 %
Cumulative Preferred Stock				
Subject to mandatory redemption				
No par value, 30,000,000 shares authorized				
7.75% Series, 300,000 shares outstanding	30,000		30,000	
\$100 par value, 2,500,000 shares authorized				
8.10% Series, 300,000 and 500,000 shares outstanding	30,000		50,000	
Current sinking fund	(10,000)		(10,000)	
	50,000	2.7	70,000	4.0
Not subject to mandatory redemption				
7.95% Series, 298,045 shares outstanding	29,804		29,804	
7.88% Series, 199,575 shares outstanding	19,958		19,958	
8.20% Series, 199,420 shares outstanding	19,942		19,942	
	69,704	3.7	69,704	4.0
Long-Term Debt				

First mortgage bonds				
Maturing 1994 through 1999				
4-3/4% Series due April 1, 1994	-		8,119	
4.70% Series due March 1, 1995	3,045		3,220	
5-7/8% Series due June 1, 1996	5,216		5,366	
6.60% Series due October 1, 1997	15,363		15,363	
Medium-term notes - 5.65%-9.27%	251,000		242,000	
Maturing 2001 through 2005 - 6.47%-9.07%	210,845		166,283	
Maturing 2021 through 2023 - 7 3/4%-9.46%	195,000		195,000	
Pollution control bonds				
Port of Morrow, Oregon, variable rate (Average 2.3% for 1993), due 2013 through 2016	23,600		23,600	
City of Forsyth, Montana, variable rate (Average 2.4% for 1993), due 2013	118,800		118,800	
Amount held by trustee	(8,495)		(8,537)	
Port of St. Helens, Oregon, due 2010 and 2014 (Average variable 2.2%-2.4% for 1993)	51,600		51,600	
Medium-term notes maturing 1994 through 1996 - 7.23%-8.09%	37,500		50,000	
Capital lease obligations	12,065		13,693	
Other	(266)		101	
	915,273		884,608	
Long-term debt due within one year	(12,971)		(41,614)	
	902,302	48.4	842,994	48.4
Total capitalization	$1,864,457	100.0 %	$1,742,394	100.0 %

[FN]
The accompanying notes are an integral part of these consolidated statements.

Portland General Corporation and Subsidiaries

Consolidated Statements of Cash Flow for the Three Months, Nine Months and Twelve Months Ended September 30, 1994 and 1993

(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	1994	1993	1994	1993	1994	1993
	(Thousands of Dollars)					
Cash Provided (Used) By -						
Operations:						
Net Income	$ 11,887	$ 6,349	$ 75,017	$ 56,233	$ 107,902	$ 95,490
Adjustments to reconcile net income to net cash provided by operations:						
Depreciation and amortization	25,442	22,039	70,596	67,535	92,810	82,187
Amortization of WNP-3 exchange agreement	1,174	1,123	3,521	3,367	4,643	4,781
Amortization of deferred charges - Trojan Plant	5,844	5,601	17,900	17,543	24,372	17,543
Amortization of deferred charges - Trojan Decomm.	2,805	2,805	8,415	8,415	11,220	8,415
Amortization of deferred charges - Trojan Other	581	576	1,741	1,738	2,317	2,843
Amortization of deferred charges - other	(339)	1,513	2,547	3,791	5,469	4,330
Deferred income taxes - net	7,075	20,042	19,607	42,180	38,513	57,944
Other noncash income	(296)	(658)	(954)	(1,551)	(1,329)	(2,280)
Changes in working capital:						
(Increase) Decrease in receivables	2,029	(16,241)	(1,555)	(26,806)	(47,586)	(68,662)
(Increase) Decrease in inventories	2,661	(804)	1,303	(1,007)	17,327	1,909
Increase (Decrease) in payables	27,886	19,804	9,277	(13,890)	(6,670)	(17,395)
Other working capital items - net	(29,261)	(7,644)	(23,157)	2,522	(13,206)	14,693
Gain from discontinued operations	-	-	(6,472)	-	(6,472)	-
Deferred items	5,622	2,073	5,378	(1,666)	(130)	(11,617)
Miscellaneous - net	6,258					

		2,400	13,573	6,011	25,290	10,529
	69,368	58,978	196,737	164,415	254,470	200,710
Investing Activities:						
Utility construction - new resources	(20,482)	(11,239)	(72,967)	(11,239)	(90,394)	(11,239)
Utility construction - other	(33,179)	(25,754)	(94,587)	(73,134)	(123,145)	(118,945)
Energy efficiency programs	(5,757)	(4,334)	(15,789)	(10,458)	(23,480)	(13,521)
Rentals received from leveraged leases	6,469	3,229	19,351	14,058	20,823	15,286
Trojan decommissioning trust	(2,805)	(2,805)	(8,415)	(8,415)	(11,220)	(11,220)
Other investments	(2,310)	(779)	(4,637)	(2,848)	(12,552)	(6,776)
	(58,064)	(41,682)	(177,044)	(92,036)	(239,968)	(146,415)
Financing Activities:						
Short-term debt - net	(48,458)	(6,109)	(47,324)	(11,515)	(17,073)	39,113
Borrowings from Corporate Owned Life Insurance	-	-	19,619	-	19,619	-
Long-term debt issued	75,000	75,000	75,000	252,000	75,000	252,000
Long-term debt retired	(34,112)	(73,871)	(45,577)	(267,186)	(58,377)	(282,936)
Repayment of nonrecourse borrowings for leveraged leases	(4,804)	(2,288)	(16,865)	(12,030)	(17,930)	(13,007)
Preferred stock retired	-	-	(20,000)	(3,600)	(20,000)	(3,600)
Common stock issued	2,479	2,222	47,685	7,164	50,041	9,466
Dividends paid	(15,044)	(14,209)	(44,754)	(42,610)	(58,994)	(56,703)
	(24,939)	(19,255)	(32,216)	(77,777)	(27,714)	(55,667)
Net Cash Provided By (Used In) Continuing Operations	(13,635)	(1,959)	(12,523)	(5,398)	(13,212)	(1,372)
Discontinued Operations	(181)	1,526	26,884	3,355	26,129	(631)
Increase (Decrease) in Cash and Cash Equivalents	(13,816)	(433)	14,361	(2,043)	12,917	(2,003)
Cash and Cash Equivalents at the Beginning of Period	31,379	5,079	3,202	6,689	4,646	6,649
Cash and Cash Equivalents at the End of Period	$ 17,563	$ 4,646	$ 17,563	$ 4,646	$ 17,563	$ 4,646

Supplemental disclosures of cash flow information

Cash paid during the period:

Interest	$ 12,488

	$ 15,738	$ 45,426	$ 54,262	$ 65,425	$ 72,392
Income taxes					2,100
	5,140	20,339	15,510	17,088	23,985

[FN]
The accompanying notes are an integral part of these consolidated statements.

Portland General Corporation and Subsidiaries
Notes to Financial Statements
(Unaudited)

Note 1

Principles of Interim Statements

The interim financial statements have been prepared by Portland General Corporation (Portland General) and, in the opinion of management, reflect all material adjustments which are necessary to a fair statement of results for the interim periods presented. Certain information and footnote disclosures made in the last annual report on Form 10-K have been condensed or omitted for the interim statements. Certain costs are estimated for the full year and allocated to interim periods based on the estimates of operating time expired, benefit received or activity associated with the interim period. Accordingly, such costs are subject to year-end adjustment. It is Portland General's opinion that, when the interim statements are read in conjunction with the 1993 Annual Report on Form 10-K, the disclosures are adequate to make the information presented not misleading.

Reclassifications
Certain amounts in prior years have been reclassified for comparative purposes.

Note 2

Regulatory Matters

Public Utility Commission of Oregon
Portland General Electric Company (PGE) had sought judicial review of three rate matters related to a 1987 general rate case. In July 1990 PGE reached an out-of-court settlement with the Oregon Public Utility Commission (PUC) on two of the three rate matter issues being litigated. The settlement resolved the dispute with the PUC regarding treatment of accelerated amortization of certain investment tax credits (ITC) and 1986-1987 interim relief.

The settlement, however, did not resolve the Boardman/Intertie gain issue, which the parties continue to litigate. PGE's position is that 28% of the gain should be allocated to customers. The 1987 rate order allocated 77% of the gain to customers over a 27-year period. PGE has fully reserved this amount, which is being amortized over a 27-year period in accordance with the 1987 rate order. The unamortized gain, $119 million at September 30, 1994, is shown as "Regulatory reserves" on the balance sheet.

Portland General Corporation and Subsidiaries

Notes to Financial Statements
(Unaudited)

Note 3

Legal Matters

WNP Cost Sharing
PGE and three other investor-owned utilities (IOUs) are involved in litigation surrounding the proper allocation of shared costs between Washington Public Power Supply System (Supply System) Units 1 and 3 and Units 4 and 5. A court ruling, issued in May 1989, stated that Bond Resolution No. 890, adopted by the Supply System, controlled disbursement of proceeds from bonds issued for the construction of Unit 5, including the method for allocation of shared costs. It is the IOUs' contention that at the time the project commenced there was agreement among the parties as to the allocation of shared costs and that this agreement and the Bond Resolution are consistent, such that the allocation under the agreement is not prohibited by the Bond Resolution.

In February 1992, the Court of Appeals ruled that shared costs between Units 3 and 5 should be allocated in proportion to benefits under the equitable method supported by PGE and the IOUs. A trial remains necessary to assure that the allocations are properly performed.

Bonneville Pacific Class Action Suit and Lawsuit
A consolidated case of all previously filed class actions has been filed in U.S. District Court for the District of Utah (the Court), purportedly on behalf of purchasers of common shares and convertible subordinated debentures of Bonneville Pacific Corporation (Bonneville Pacific) in the period from August 18, 1989 until January 22, 1992, alleging violations of federal and Utah state securities laws, common law fraud and negligent misrepresentation. The defendants are specific Bonneville Pacific insiders, Portland General, Portland General Holdings, Inc. (Holdings), certain Portland General affiliated individuals, Deloitte & Touche and three underwriters of a Bonneville Pacific offering of subordinated debentures.

In May 1994 the Court issued an order dismissing the claims filed by the plaintiffs against Portland General, Holdings and the Portland General affiliated individuals for common law fraud and negligent misrepresentation, primary liability for violations of the federal securities laws and secondary liability for aiding and abetting and conspiracy to violate the federal securities laws. The order permanently dismisses the secondary liability claims. The Court stated that it will consider an amendment to the complaint with regard to the other claims. The Court also held that it would not consider the claims for Utah state securities law violations until certain issues are addressed by the Utah state courts.

A separate legal proceeding has been initiated by the bankruptcy trustee for Bonneville Pacific who has filed an amended complaint against Portland General, Holdings and certain affiliated individuals in US District Court for the District of Utah alleging common law fraud, breach of fiduciary duty, tortious interference, negligence, negligent misrepresentation and other actionable wrongs. The original suit was filed by Bonneville Pacific prior to the appointment of the bankruptcy trustee. The amount of damages sought is not specified in the complaint.

Other Legal Matters
Portland General and certain of its subsidiaries are party to various other claims, legal actions and complaints arising in the ordinary course of business. These claims are not considered material.

Summary
While the ultimate disposition of these matters may have an impact on the results of operations for a future reporting period, management believes, based on discussion of the underlying facts and circumstances with legal counsel, that these matters will not have a material adverse effect on the financial condition of Portland General.

Other Bonneville Pacific Related Litigation
Holdings filed complaints seeking approximately $228 million in damages in the Third Judicial District Court for Salt Lake County (Utah) against Deloitte & Touche and certain other parties associated with Bonneville Pacific alleging that it relied on fraudulent and negligent statements and omissions by Deloitte & Touche and the other defendants when it acquired a 46% interest in and made loans to Bonneville Pacific starting in September 1990.

Note 4

Income Taxes

The IRS has issued a statutory notice of tax deficiency, which Portland General is contesting, related to its examination of PGE's 1985 tax return. The IRS has proposed to disallow PGE's 1985 WNP-3 abandonment loss deduction on the premise that it is a taxable exchange. Portland General disagrees with this position and will take appropriate action to defend its deduction. Management believes that it has appropriately provided for probable tax adjustments and is of the opinion that the ultimate disposition of this matter will not have a material adverse impact on the financial condition of Portland General.

Note 5

Trojan Nuclear Plant

Shutdown - In early 1993, PGE ceased commercial operation of Trojan as recommended in PGE's Least Cost Plan (LCP).

Decommissioning - PGE's current estimated cost to decommission Trojan has been increased $7 million to $417 million (comprised of $351 million of dismantlement costs and $66 million of transition costs) reflected in nominal dollars (actual dollars expected to be spent in each year). The increase in the estimated cost of decommissioning reflects a refinement in

Portland General Corporation and Subsidiaries

Notes to Financial Statements
(Unaudited)

the timing and scope of certain dismantlement activities and lower anticipated transition costs. Stated in 1993 dollars, the current estimate

is virtually unchanged from the previous estimate of $289 million. The decommissioning cost estimate includes the cost of planning, removal and burial of irradiated equipment and facilities as required by the Nuclear Regulatory Commission (NRC); building demolition and non-radiological site remediation; and spent nuclear fuel management costs including licensing, surveillance and transition costs. Transition costs, which are now estimated at $66 million for the period 1994 through 1998 inclusive, are the costs associated with operating and maintaining the spent fuel pool and securing the plant until dismantlement can begin. While most decommissioning costs will utilize funds from PGE's Nuclear Decommissioning Trust (NDT), transition costs will continue to be paid from current operating funds.

The decommissioning plan is based on a site-specific decommissioning cost estimate performed for Trojan by an experienced decommissioning engineering firm. The updated estimate assumes that the majority of decommissioning activities will occur between 1997 and 2000, beginning with the removal of certain large plant components while construction of a temporary dry spent fuel storage facility is taking place. Decommissioning of the temporary dry spent fuel storage facility and final non-radiological site remediation activities will occur in 2018 after PGE completes shipment of spent fuel to a United States Department of Energy (USDOE) facility. As of September 30, 1994 PGE has expensed approximately $9 million in transition costs for 1994. Annual transition costs are estimated to be $10 million to $15 million per year through 1998. In addition, since plant closure PGE has spent $3 million on decommissioning planning and related activities reducing the remaining decommissioning liability, including transition costs, to $405 million.

PGE plans to submit a formal decommissioning plan to the NRC and Energy Facility Siting Council of Oregon (EFSC) in late 1994. The NRC and EFSC rules require the plan be submitted before January 23, 1995.

The updated decommissioning estimate reflects PGE's current plan to accelerate the removal of some of Trojan's large components which is expected to result in overall decommissioning cost savings. Since PGE plans to begin this work in 1994, prior to receiving NRC and EFSC approval of its formal decommissioning plan, specific approval will be obtained from EFSC. Request for this approval was filed with EFSC on July 7, 1994 (see Legal Proceedings for discussion of legal challenges of PGE's plan to accelerate the removal of some of Trojan's large components). Additionally, PGE has requested NRC approval for the use of PGE's NDT funds for removal of large components. Assumptions used to develop the site-specific cost estimate for decommissioning represent the best information PGE has currently. PGE is continuing to evaluate various options which could change the timing and scope of decommissioning activities and expects any future changes in estimated decommissioning costs to be incorporated in future revenues to be collected from customers.

Investment Recovery - In its general rate filing PGE requested continued recovery of Trojan plant costs, including decommissioning (see Note 5, Trojan Nuclear Plant, in Portland General's and PGE's reports on Form 10-Q

Portland General Corporation and Subsidiaries

Notes to Financial Statements
(Unaudited)

for the period ended March 31, 1994 for further details regarding the rate case proceedings).

LCP analysis assumed that continued recovery of the Trojan plant investment, including future decommissioning costs, would be granted by the PUC. Regarding the authority of the PUC to grant recovery, the Oregon Department of Justice (Attorney General) issued an opinion that the PUC may allow rate recovery of total plant costs, including operating expenses, taxes, decommissioning costs, return of capital invested in the plant and return on the undepreciated investment.

While the Attorney General's opinion does not guarantee recovery of costs associated with the shutdown, it does clarify that under current law the PUC has authority to allow recovery of such costs in rates.

PGE asked the PUC to resolve certain legal and policy questions regarding the statutory framework for future ratemaking proceedings related to the recovery of the Trojan investment and decommissioning costs. On August 9, 1993 the PUC issued a declaratory ruling agreeing with the Attorney General's opinion discussed above. The ruling also stated that the PUC will favorably consider allowing PGE to recover in rates some or all of its return on and return of its undepreciated investment in Trojan, including decommissioning costs, if PGE meets certain conditions. PGE believes that its general rate filing provides evidence that satisfies the conditions established by the PUC. In early 1994, appeals of the PUC's declaratory ruling related to the recovery of the Trojan investment and decommissioning costs were filed in Marion County Circuit Court (see Legal Proceedings in Portland General's and PGE's reports on Form 10-Q for the period ended March 31, 1994 for further discussion of legal challenges to the declaratory ruling).

Management believes that the PUC will grant future revenues to cover all, or substantially all, of Trojan plant costs with an appropriate return. However, future recovery of the Trojan plant investment and future decommissioning costs requires PUC approval in a public regulatory process. Although the PUC has allowed PGE to continue, on an interim basis, collection of these costs in the same manner as prescribed in PGE's last general rate proceeding, the PUC has not previously addressed recovery of costs related to a prematurely retired plant when the decision to close the plant was based upon a least cost planning process. Due to uncertainties inherent in a public process, management cannot predict, with certainty, whether all, or substantially all, of the $348 million Trojan plant investment and $347 million

of
decommissioning charges (to be collected through future rates) will be
recovered. Management believes the ultimate outcome of this public
regulatory process will not have a material adverse effect on the
financial condition, liquidity or capital resources of Portland General.
However, it may have a material impact on the results of operations for
a future reporting period.

Portland General Corporation and Subsidiaries

Notes to Financial Statements
(Unaudited)

Note 6

Commitments

PGE has entered into agreements with two U.S. and one Canadian gas supplier for firm purchases of approximately 54,000 MMBtu/day of natural gas for the months October 1, 1994 through February 28, 1995. This represents

approximately 60% of the estimated fuel needed for the planned operation of the Beaver natural gas plant for the period. The Canadian agreement is for a fixed price and PGE has entered into hedging transactions on the remaining two agreements resulting in a fixed price for these natural gas supplies. The estimated cost of these agreements based on the hedged price is approximately $15 million.

Portland General Electric Company and Subsidiaries

Financial Statements and Related Information

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* The discussion is substantially the same as that disclosed by Portland General and, therefore, is incorporated by reference to information provided on the page number listed above.

** The notes are substantially the same as those disclosed by Portland General and are incorporated by reference to the information provided on the page number shown above.

(CAPTION>

Portland General Electric Company and Subsidiaries

Consolidated Statements of Income for the Three Months, Nine Months and Twelve Months Ended September 30, 1994 and 1993

(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	1994	1993	1994	1993	1994	1993
	(Thousands of Dollars)					
Operating Revenues	$213,897	$208,444	$693,342	$676,470	$961,403	$929,512
Operating Expenses						
Purchased power and fuel	83,732	71,141	248,549	207,350	352,912	277,480
Production and distribution	15,282	16,661	46,295	56,251	63,620	80,737
Maintenance and repairs	12,267	12,392	35,494	44,958	45,856	70,379
Administrative and other	25,013	24,626	71,425	75,003	94,830	103,062
Depreciation, decommissioning and amortization	31,257	30,475	92,345	91,189	123,054	101,655
Taxes other than income taxes	12,073	12,835	39,092	42,644	52,124	53,824
Income taxes	6,789	12,748	49,180	49,665	71,005	80,460
	186,413	180,878	582,380	567,060	803,401	767,597
Net Operating Income	27,484	27,566	110,962	109,410	158,002	161,915
Other Income (Deductions)						
Allowance for equity funds used during construction	-	- -	-	-	-	226
Other	5,286	3,241	15,565	10,241	17,095	10,403
Income taxes	(1,831)	(474)	(4,970)	(2,704)	(6,268)	1,285
	3,455	2,767	10,595	7,537	10,827	11,914
Interest Charges						
Interest on long-term debt and other	15,706					

	Three Months 1994	Three Months 1993	Nine Months 1994	Nine Months 1993	Twelve Months 1994	Twelve Months 1993
		15,459	45,551	46,715	60,653	62,419
Interest on short-term borrowings	1,669	723	3,979	2,383	5,039	3,174
Allowance for borrowed funds used during construction	(1,243)	(151)	(2,507)	(539)	(2,753)	(1,822)
	16,132	16,031	47,023	48,559	62,939	63,771
Net Income	14,807	14,302	74,534	68,388	105,890	110,058
Preferred Dividend Requirement	2,583	2,988	8,217	9,057	11,206	12,125
Income Available for Common Stock	$ 12,224	$ 11,314	$ 66,317	$ 59,331	$ 94,684	$ 97,933

Consolidated Statements of Retained Earnings for the Three Months, Nine Months and Twelve Months Ended September 30, 1994 and 1993

(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	1994	1993	1994	1993	1994	1993
	(Thousands of Dollars)					
Balance at Beginning of Period	$201,808	$176,811	$179,297	$165,949	$169,529	$147,422
Net Income	14,807	14,302	74,534	68,388	105,890	110,058
ESOP Tax Benefit & Amortization of Preferred Stock Premium	(484)	(390)	(1,280)	(1,132)	(1,672)	(3,000)
	216,131	190,723	252,551	233,205	273,747	254,480
Dividends Declared						
Common Stock	12,828	18,206	43,614	54,619	61,821	72,826
Preferred Stock	2,583	2,988	8,217	9,057	11,206	12,125
	15,411	21,194	51,831	63,676	73,027	84,951
Balance at End of Period	$200,720	$169,529	$200,720	$169,529	$200,720	$169,529

[FN]
The accompanying notes are an integral part of these consolidated statements.

Portland General Electric Company and Subsidiaries

Consolidated Balance Sheets as of September 30, 1994 and December 31, 1993

	(Unaudited) September 30 1994	December 31 1993
	(Thousands of Dollars)	
Assets		
Electric Utility Plant - Original Cost		
Utility plant (includes Construction Work in Progress of $132,507 and $46,679)	$2,525,630	$2,370,460
Accumulated depreciation	(950,654)	(894,284)
	1,574,976	1,476,176
Capital leases - less amortization of $25,253 and $23,626	12,065	13,693
	1,587,041	1,489,869
Other Property and Investments		
Trojan decommissioning trust, at market value	56,320	48,861
Corporate Owned Life Insurance, less loan of $19,619 in 1994	35,016	52,008
Other investments	25,041	25,706
	116,377	126,575
Current Assets		
Cash and cash equivalents	6,887	2,099
Accounts and notes receivable	74,577	85,169
Unbilled and accrued revenues	147,494	133,476
Inventories, at average cost	45,231	46,534
Prepayments and other	36,388	20,646
	310,577	287,924

Deferred Charges		
Unamortized regulatory assets		
Trojan abandonment - Plant	348,280	366,712
Trojan abandonment - Decommissioning	347,207	355,718
Trojan other	65,927	66,387
Income taxes recoverable	219,457	228,233
Debt reacquisition costs	32,919	34,941
Energy efficiency programs	52,499	39,480
Other	31,101	33,857
WNP-3 settlement exchange agreement	174,482	178,003
Miscellaneous	19,486	18,975
	1,291,358	1,322,306
	$3,305,353	$3,226,674

Capitalization and Liabilities

Capitalization		
Common stock equity	$ 816,293	$ 747,197
Cumulative preferred stock		
Subject to mandatory redemption	50,000	70,000
Not subject to mandatory redemption	69,704	69,704
Long-term debt	872,302	802,994
	1,808,299	1,689,895
Current Liabilities		
Long-term debt and preferred stock due within one year	15,471	41,614
Short-term borrowings	110,447	129,920
Accounts payable and other accruals	83,967	111,647
Accrued interest	21,457	17,139
Dividends payable	15,702	21,486
Accrued taxes	64,603	27,395
	311,647	349,201
Other		
Deferred income taxes		

	530,998	534,194
Deferred investment tax credits	57,760	60,706
Regulatory reserves	119,315	120,410
Trojan decommissioning reserve and misc. closure costs	405,474	407,610
Miscellaneous	71,860	64,658
	1,185,407	1,187,578
	$3,305,353	$3,226,674

[FN]
The accompanying notes are an integral part of these consolidated balance sheets.

Portland General Electric Company and Subsidiaries

Consolidated Statements of Capitalization

as of September 30, 1994 and December 31, 1993

	(Unaudited) September 30 1994		December 31 1993	
	(Thousands of Dollars)			
Common Stock Equity				
Common stock, $3.75 par value per share, 100,000,000 shares authorized, 42,758,877 and 40,458,877 shares outstanding	$ 160,346		$ 151,721	
Other paid-in capital - net	469,078		433,978	
Unearned compensation	(13,851)		(17,799)	
Retained earnings	200,720		179,297	
	816,293	45.1 %	747,197	44.2 %
Cumulative Preferred Stock				
Subject to mandatory redemption				
No par value, 30,000,000 shares authorized				
7.75% Series, 300,000 shares outstanding	30,000		30,000	
$100 par value, 2,500,000 shares authorized				
8.10% Series, 300,000 and 500,000 shares outstanding	30,000		50,000	
Current sinking fund	(10,000)		(10,000)	
	50,000	2.8	70,000	4.2
Not subject to mandatory redemption				
7.95% Series, 298,045 shares outstanding	29,804		29,804	
7.88% Series, 199,575 shares outstanding	19,958		19,958	
8.20% Series, 199,420 shares outstanding	19,942		19,942	
	69,704	3.9	69,704	4.1

Long-Term Debt				
First mortgage bonds				
Maturing 1994 through 1999				
4-3/4% Series due April 1, 1994	-		8,119	
4.70% Series due March 1, 1995	3,045		3,220	
5-7/8% Series due June 1, 1996	5,216		5,366	
6.60% Series due October 1, 1997	15,363		15,363	
Medium-term notes - 5.65%-9.27%	251,000		242,000	
Maturing 2001 through 2005 - 6.47%-9.07%	210,845		166,283	
Maturing 2021 through 2023 - 7 3/4%-9.46%	195,000		195,000	
Pollution control bonds				
Port of Morrow, Oregon, variable rate (Average 2.3% for 1993), due 2013	23,600		23,600	
City of Forsyth, Montana, variable rate (Average 2.4% for 1993), due 2013 through 2016	118,800		118,800	
Amount held by trustee	(8,495)		(8,537)	
Port of St. Helens, Oregon, due 2010 and 2014 (Average variable 2.2%-2.4% for 1993)	51,600		51,600	
Capital lease obligations	12,065		13,693	
Other	(266)		101	
	877,773		834,608	
Long-term debt due within one year	(5,471)		(31,614)	
	872,302	48.2	802,994	47.5
Total capitalization	$1,808,299	100.0 %	$1,689,895	100.0 %

[FN]
The accompanying notes are an integral part of these consolidated statements.

Portland General Electric Company and Subsidiaries

Consolidated Statements of Cash Flow for the Three Months, Nine Months and Twelve Months Ended September 30, 1994 and 1993

(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
	1994	1993	1994	1993	1994	1993
	(Thousands of Dollars)					
Cash Provided (Used) By -						
Operations:						
Net Income	$ 14,807	$ 14,302	$ 74,534	$ 68,388	$ 105,890	$ 110,058
Adjustments to reconcile net income to net cash provided by operations:						
Depreciation and amortization	25,221	22,060	70,363	67,509	92,572	82,127
Amortization of WNP-3 exchange agreement	1,174	1,123	3,521	3,367	4,643	4,781
Amortization of deferred charges - Trojan Plant	5,844	5,601	17,900	17,543	24,372	17,543
Amortization of deferred charges - Trojan Decomm.	2,805	2,805	8,415	8,415	11,220	8,415
Amortization of deferred charges - Trojan Other	581	576	1,741	1,738	2,317	2,843
Amortization of deferred charges - other	(339)	1,432	2,547	3,677	5,583	4,216
Deferred income taxes - net	6,592	16,384	11,182	35,841	36,062	37,402
Changes in working capital:						
(Increase) Decrease in receivables	2,152	(16,491)	(2,985)	(22,138)	(48,278)	(63,918)
(Increase) Decrease in inventories	2,662	(804)	1,303	(1,007)	17,327	1,908
Increase (Decrease) in payables	27,267	20,709	13,846	(13,449)	707	(3,663)
Other working capital items - net	(28,498)	(5,731)	(22,800)	3,991	(16,191)	15,936
Deferred items	5,622	2,137	5,378	(1,575)	(221)	(11,543)
Miscellaneous - net	6,388	5,243	9,089	9,394	15,564	13,397
	72,278	69,346	194,034	181,694	251,567	219,502
Investing Activities:						
Utility construction - new resources	(20,482)					

		(11,239)	(72,967)	(11,239)	(90,394)	(11,239)
Utility construction - other	(33,179)	(25,754)	(94,587)	(73,134)	(123,145)	(118,946)
Energy efficiency programs	(5,757)	(4,334)	(15,789)	(10,458)	(23,480)	(13,521)
Trojan decommissioning trust	(2,805)	(2,805)	(8,415)	(8,415)	(11,220)	(11,220)
Other investments	(451)	(421)	(2,997)	(2,396)	(7,734)	(5,147)
	(62,674)	(44,553)	(194,755)	(105,642)	(255,973)	(160,073)
Financing Activities:						
Short-term debt - net	(39,897)	(4,609)	(19,473)	(6,637)	17,019	36,344
Borrowings from Corporate Owned Life Insurance	-	-	19,619	-	19,619	-
Long-term debt issued	75,000	75,000	75,000	252,000	75,000	252,000
Long-term debt retired	(24,195)	(73,871)	(33,077)	(254,186)	(45,877)	(259,936)
Preferred stock retired	-	-	(20,000)	(3,600)	(20,000)	(3,600)
Common stock issued	-	-	41,055	-	41,055	-
Dividends paid	(17,976)	(21,355)	(57,615)	(63,757)	(78,809)	(85,031)
	(7,068)	(24,835)	5,509	(76,180)	8,007	(60,223)
Increase (Decrease) in Cash and Cash Equivalents	2,536	(42)	4,788	(128)	3,601	(794)
Cash and Cash Equivalents at the Beginning of Period	4,351	3,328	2,099	3,414	3,286	4,080
Cash and Cash Equivalents at the End of Period	$ 6,887	$ 3,286	$ 6,887	$ 3,286	$ 6,887	$ 3,286
Supplemental disclosures of cash flow information						
Cash paid during the year:						
Interest	$ 11,265	$ 13,948	$ 41,030	$ 48,564	$ 60,698	$ 65,959
Income taxes	5,358	16,518	30,818	34,371	13,689	48,329

[FN]
The accompanying notes are an integral part of these consolidated statements.

Portland General Corporation and Subsidiaries

Part II. Other Information

Item 1. Legal Proceedings

For further information, see Portland General's report on Form 10-K for the year ended December 31, 1993.

UTILITY

Southern California Edison Company (SCE) v. PGE, U.S. District Court for the District of Oregon

In early August 1994, Southern California Edison (SCE) filed a complaint in Multnomah County Circuit Court in Portland, Oregon seeking termination of a 1986 long-term firm power sales and exchange agreement.

PGE removed the state court case to federal court in the United States District Court for the District of Oregon. SCE moved to remand the case to the Oregon state court. A decision on SCE's Motion to Remand is pending. On August 31, 1994, PGE filed a petition with FERC for a Declaratory Order and Motion for Summary Disposition regarding the issues raised by SCE's complaint. PGE has filed a motion in federal court to dismiss or stay the case pending resolution of PGE's petition at FERC.

Under the agreement, SCE is obligated to pay to PGE a reservation fee for system capacity, seasonal exchange and other services equal to $16.9 million annually. SCE continues to make these payments. SCE is seeking termination of the agreement and damages, including a return of payments made to PGE from the date of PGE's alleged default (approximately $30 million).

Citizens' Utility Board of Oregon/Utility Reform Project v. Public Utility Commission of Oregon, Marion County Circuit Court

In early 1994 the Citizens' Utility Board of Oregon and the Utility Reform Project appealed the Public Utility Commission of Oregon's (PUC) decision to deny reconsideration of the PUC's order in DR-10, the Declaratory Ruling regarding recovery of Trojan investment and decommissioning collection. In early November 1994, the court upheld the PUC's decision in DR-10 (see the Investment Recovery discussion of the Trojan Related Issues in the Financial and Operating Outlook section for further details). The Court's decision is subject to appeal.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

Number	Exhibit	Page
4	Forty-fourth Supplemental Indenture dated August 1, 1994	32
27	Financial Data Schedule - UT Portland General Corporation	Electronic Filing Only

Portland General Corporation and Subsidiaries

Part II. Other Information

27	Financial Data Schedule - UT Portland General Electric Company	Electronic Filing Only

b. Reports on Form 8-K

September 15, 1994 - Item 5. Other Events

In September the PUC Staff issued its recommendation for Trojan and cost of capital issues in PGE's general rate case.

September 30, 1994 - Item 5. Other Events

In September the PUC approved PGE's July 1994 accounting application.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

PORTLAND GENERAL CORPORATION
PORTLAND GENERAL ELECTRIC COMPANY
(Registrants)

November 14, 1994 By /s/ Joseph M. Hirko
Joseph M. Hirko
Vice President Finance,
Chief Financial Officer,
Chief Accounting Officer,
and Treasurer

PORTLAND GENERAL ELECTRIC COMPANY

TO

MARINE MIDLAND BANK
(FORMERLY THE MARINE MIDLAND TRUST
COMPANY OF NEW YORK)

Trustee.

Forty-fourth Supplemental Indenture

Dated August 1, 1994

First Mortgage Bonds,
Medium Term Note Series III

Supplemental to Indenture of Mortgage and Deed of Trust, dated July 1, 1945 of Portland General Electric Company.

FORTY-FOURTH SUPPLEMENTAL INDENTURE, dated August 1, 1994, made by and between Portland General Electric Company, an Oregon corporation (hereinafter called the "Company"), party of the first part, and Marine Midland Bank (formerly The Marine Midland Trust Company of New York), a New York banking corporation and trust company (hereinafter called the "Trustee"), party of the second part.

WHEREAS, the Company has heretofore executed and delivered its Indenture of Mortgage and Deed of Trust (herein sometimes referred to as the "Original Indenture"), dated July 1, 1945, to the Trustee to secure an issue of First Mortgage Bonds of the Company; and

WHEREAS, Bonds in the aggregate principal amount of $34,000,000 have heretofore been issued under and in accordance with the terms of the Original Indenture as Bonds of an initial series designated "First Mortgage Bonds, 3-1/8% Series due 1975" (herein sometimes referred to as the "Bonds of the 1975 Series"); and

WHEREAS, the Company has heretofore executed and delivered to the Trustee several supplemental indentures which provided, among other things, for the creation or issuance of several new series of First Mortgage Bonds under the terms of the Original Indenture as follows:

Supplemental Indenture	Dated	Series	Principal Amount
First	11-1-47	3 1/2% Series due 1977	$ 6,000,000(1)
Second	11-1-48	3 1/2% Series due 1977	4,000,000(1)
Third	5-1-52	3 1/2% Second Series due 1977	4,000,000(1)
Fourth	11-1-53	4-1/8% Series due 1983	8,000,000(2)
Fifth	11-1-54	3-3/8% Series due 1984	12,000,000(1)
Sixth	9-1-56	4-1/4% Series due 1986	16,000,000(1)
Seventh	6-1-57	4-7/8% Series due 1987	10,000,000(1)
Eighth	12-1-57	5-1/2% Series due 1987	15,000,000(3)
Ninth	6-1-60	5-1/4% Series due 1990	15,000,000(1)
Tenth	11-1-61	5-1/8% Series due 1991	12,000,000(1)
Eleventh	2-1-63	4-5/8% Series due 1993	15,000,000(1)
Twelfth	6-1-63	4-3/4% Series due 1993	18,000,000(1)
Thirteenth	4-1-64	4-3/4% Series due 1994	18,000,000(1)
Fourteenth	3-1-65	4.70% Series due 1995	14,000,000
Fifteenth	6-1-66	5-7/8% Series due 1996	12,000,000
Sixteenth	10-1-67	6.60% Series due October 1, 1997	24,000,000
Seventeenth	4-1-70	8-3/4% Series due April 1, 1977	20,000,000(1)
Eighteenth	11-1-70	9-7/8% Series due November 1, 2000	20,000,000(4)

Nineteenth	11-1-71	8%	Series due November 1, 2001	20,000,000(4)
Twentieth	11-1-72	7-3/4%	Series due November 1, 2002	20,000,000

Supplemental Indenture	Dated		Series	Principal Amount
Twenty-first	4-1-73	7.95%	Series due April 1, 2003	$ 35,000,000
Twenty-second	10-1-73	8-3/4%	Series due October 1, 2003	17,000,000(4)
Twenty-third	12-1-74	10-1/2%	Series due December 1, 1980	40,000,000(1)
Twenty-fourth	4-1-75	10%	Series due April 1, 1982	40,000,000(1)
Twenty-fifth	6-1-75	9-7/8%	Series due June 1, 1985	27,000,000(1)
Twenty-sixth	12-1-75	11-5/8%	Series due December 1, 2005	50,000,000(4)
Twenty-seventh	4-1-76	9-1/2%	Series due April 1, 2006	50,000,000(4)
Twenty-eighth	9-1-76	9-3/4%	Series due September 1, 1996	62,500,000(4)
Twenty-ninth	6-1-77	8-3/4%	Series due June 1, 2007	50,000,000(4)
Thirtieth	10-1-78	9.40%	Series due January 1, 1999	25,000,000(4)
Thirty-first	11-1-78	9.80%	Series due November 1, 1998	50,000,000(4)
Thirty-second	2-1-80	13-1/4%	Series due February 1, 2000	55,000,000(4)
Thirty-third	8-1-80	13-7/8%	Series due August 1, 2010	75,000,000(4)
Thirty-sixth	10-1-82	13-1/2%	Series due October 1, 2012	75,000,000(4)
Thirty-seventh	11-15-84	11-5/8%	Extendable Series A due November 15, 1999	75,000,000(4)
Thirty-eighth	6-1-85	10-3/4%	Series due June 1, 1995	60,000,000(4)
Thirty-ninth	3-1-86	9-5/8%	Series due March 1, 2016	100,000,000(4)
Fortieth	10-1-90	Medium Term Note Series		200,000,000
Forty-first	12-1-91	Medium Term Note Series I		150,000,000
Forty-second	4-1-93	7-3/4%	Series due April 15, 2023	150,000,000
Forty-third	7-1-93	Medium Term Note Series II		75,000,000

(1) Paid in full at maturity.

(2) This entire issue of Bonds was redeemed out of proceeds from the sale of First Mortgage Bonds, 3-3/8% Series due 1984.

(3) This entire issue of Bonds was redeemed out of proceeds from the sale of First Mortgage Bonds, 4-5/8% Series due 1993.

(4) Redeemed in full prior to maturity.

which bonds are sometimes referred to herein as the "Bonds of the 1977 Series", "Bonds of the 1977 Second Series", "Bonds of the 1983 Series", "Bonds of the 1984 Series", "Bonds of the 1986 Series", "Bonds of the 4-7/8% Series due 1987", "Bonds of the 5-1/2% Series due 1987", "Bonds of the 1990 Series", "Bonds of the 1991 Series", "Bonds of the 4-5/8% Series due 1993", "Bonds of the 4-3/4% Series due 1993", "Bonds of the 1994 Series", "Bonds of the 1995 Series", "Bonds of the 1996 Series", "Bonds of the 1997 Series", "Bonds of the 1977 Third Series", "Bonds of the 2000 Series", "Bonds of the 2001 Series", "Bonds of the 2002 Series", "Bonds of the 2003 Series", "Bonds of the 2003 Second Series", "Bonds of the 1980 Series", "Bonds of the 1982 Series", "Bonds of the 1985 Series", "Bonds of the 2005 Series", "Bonds of the 2006 Series", "Bonds of the 1996 Second Series", "Bonds of the 2007 Series", "Bonds of the 1999 Series", "Bonds of the 1998 Series", "Bonds of the 2000 Second Series", "Bonds of the 2010 Series", "Bonds of the 2012 Series", "Bonds of the Extendable Series A", "Bonds of the 1995 Second Series", "Bonds of the 2016 Series", "Bonds of the Medium Term Note Series", "Bonds of the Medium Term Note Series I", "Bonds of the 2023 Series", and "Bonds of the Medium Term Note Series II", respectively; and

WHEREAS, the Original Indenture provides that the Company and the Trustee, subject to the conditions and restrictions in the Original Indenture contained, may enter into an indenture or indentures supplemental thereto, which shall thereafter form a part of said Original Indenture, among other things, to mortgage, pledge, convey, transfer or assign to the Trustee and to subject to the lien of the Original Indenture with the same force and effect as though included in the granting clauses thereof, additional properties acquired by the Company after the execution and delivery of the Original Indenture, and to provide for the creation of any series of Bonds (other than the Bonds of the 1975 Series), designating the series to be created and specifying the form and provisions of the Bonds of such series as therein provided or permitted, and to provide a sinking, amortization, replacement or other analogous fund for the benefit of all or any of the Bonds of any one or more series, of such character and of such amount, and upon such terms and conditions as shall be contained in such supplemental indenture; and

WHEREAS, the Company has heretofore executed and delivered to the Trustee the Fortieth Supplemental Indenture and the Forty-first Supplemental Indenture amending in certain respects the Original Indenture, as theretofore supplemented (such Original Indenture as so amended hereinafter referred to as the "Original Indenture"); and

WHEREAS, the Company desires to provide for the creation of a new series of bonds to be known as "First Mortgage Bonds, Medium Term Note Series III" (sometimes herein referred to as the "Bonds of the Medium Term Note Series III"), and to specify the form and provisions of the Bonds of such series, and to mortgage, pledge, convey, transfer or assign to the Trustee and to subject to the lien of the Original Indenture certain additional properties acquired by the Company since the execution and delivery of the Original Indenture; and

WHEREAS, the Company intends at this time and from time to time to issue an aggregate principal amount of Bonds of the Medium Term Note Series III not to exceed $75,000,000 under and in accordance with the terms of the Original Indenture and the supplemental indentures above referred to; and

WHEREAS, the Bonds of the Medium Term Note Series III and the Trustee's authentication certificate to be executed on the Bonds of the Medium Term Note Series III are to be substantially in the following forms, respectively:

(Form of Bond of the Medium Term Note Series III)
[Face of Bond]

Registered	Registered
No.	$

PORTLAND GENERAL ELECTRIC COMPANY
FIRST MORTGAGE BOND, MEDIUM TERM NOTE SERIES III
(Fixed Rate)

ORIGINAL ISSUE DATE:	INTEREST RATE: %	MATURITY DATE:
INTEREST PAYMENT DATES:	INTEREST PAYMENT PERIOD:	INITIAL REGULAR REDEMPTION DATE:
INITIAL REGULAR REDEMPTION PERCENTAGE:	ANNUAL REGULAR REDEMPTION PERCENTAGE REDUCTION:	OPTIONAL REPAYMENT DATE(S):

Portland General Electric Company, an Oregon corporation (hereinafter sometimes called the "Company"), for value received, hereby promises to pay to ...., or registered assigns, ... Dollars on the Maturity Date specified above (except to the extent redeemed or repaid prior to the Maturity Date), and to pay interest thereon at the Interest Rate per annum specified above, until the principal hereof is paid or duly made available for payment, monthly, quarterly, semiannually or annually, as specified above as the Interest Payment Period, and on the Interest Payment Dates specified above, in each year commencing on the first Interest Payment Date next succeeding the Original Issue Date specified above, unless the Original Issue Date occurs between a Regular Record Date, as defined below, and the next succeeding Interest Payment Date, in which case commencing on the second Interest Payment Date succeeding the Original Issue Date, to the registered holder of this bond on the Regular Record Date with respect to such Interest Payment Date, and on the Maturity Date shown above (or any Redemption Date as described on the reverse hereof or any Optional Repayment Date specified above). Interest on this bond will accrue from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from the Original Issue Date specified above, until the principal hereof has been paid or duly made available for payment. If the Maturity Date (or any Redemption Date or any Optional Repayment Date) or an Interest Payment Date falls on a day which is not a Business Day as defined below, principal or interest payable with respect to such Maturity Date (or Redemption Date or Optional Repayment Date) or Interest Payment Date will be paid on the next succeeding Business Day with the same force and effect as if made on such Maturity Date (or Redemption Date or Optional Repayment Date) or Interest Payment Date, as the case may be, and no interest shall accrue for the period from and after such Maturity Date (or Redemption Date or Optional Repayment Date) or Interest Payment Date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, subject to certain exceptions, be paid to the person in whose name this bond (or one or more predecessor bonds) is registered at the close of business on the fifteenth day (whether or not a Business Day) next preceding such Interest Payment Date (the "Regular Record Date"); provided, however, that interest payable on the Maturity Date (or any Redemption Date or any Optional Repayment Date) will be payable to the person to whom the principal hereof shall be payable. Should the Company default in the payment of interest ("Defaulted Interest"), the Defaulted Interest shall be paid to the person in whose name this bond (or one or more predecessor bonds) is registered on a subsequent record date fixed by the Company, which subsequent record date shall be fifteen (15) days prior to the payment of such Defaulted Interest. As used herein, "Business Day" means any day, other than a Saturday or Sunday, on which banks in The City of New York are not required or authorized by law to close.

Payment of the principal of and interest on this bond will be made in immediately available funds at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New

York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest on any Interest Payment Date other than the Maturity Date (or any Redemption Date or any Optional Repayment Date) may be made at the option of the Company by check mailed to the address of the person entitled thereto as such address shall appear in the bond register of the Company. A person holding $10,000,000 or more in aggregate principal amount of bonds having the same Interest Payment Date (whether having identical or different terms and provisions) will be entitled to receive payments of interest by wire transfer of immediately available funds if appropriate written wire transfer instructions have been received by the Trustee not less than sixteen days prior to the applicable Interest Payment Date.

Reference is hereby made to the further provisions of this bond set forth on the reverse hereof, and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This bond shall not become or be valid or obligatory for any purpose until the authentication certificate hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, PORTLAND GENERAL ELECTRIC COMPANY has caused this instrument to be executed manually or in facsimile by its duly authorized officers and has caused a facsimile of its corporate seal to be imprinted hereon.

Dated ....

PORTLAND GENERAL ELECTRIC COMPANY,

By: ....
[Title]

Attest: ....
Secretary.

(Form of Trustee's Authentication Certificate for Bonds of the Medium Term Note Series III)

This is one of the bonds, of the series designated herein, described in the within-mentioned Indenture.

MARINE MIDLAND BANK, AS TRUSTEE,

By:.................................
Authorized Officer

[Reverse of Bond]

This bond is one of the bonds, of a series designated as Medium Term Note Series III of an authorized issue of bonds of the Company, known as First Mortgage Bonds, not limited as to maximum aggregate principal amount, all issued or issuable in one or more series under and equally secured (except insofar as any sinking fund, replacement fund or other fund established in accordance with the provisions of the Indenture hereinafter mentioned may afford additional security for the bonds of any specific series) by an Indenture of Mortgage and Deed of Trust dated July 1, 1945, duly executed and delivered by the Company to The Marine Midland Trust Company of New York (now Marine Midland Bank), as Trustee, as supplemented and modified by forty-four supplemental indentures (such Indenture of Mortgage and Deed of Trust as so supplemented and modified being hereinafter called the "Indenture"), to which Indenture and all indentures supplemental thereto, reference is hereby made for a description of the property mortgaged and pledged as security for said bonds, the nature and extent of the security, and the rights, duties and immunities thereunder of the Trustee, the rights of the holders of said bonds and of the Trustee and of the Company in respect of such security, and the terms upon which said bonds may be issued thereunder.

This bond will not be subject to any sinking fund.

This bond may be subject to repayment at the option of the holder on the Optional Repayment Date(s), if any, indicated on the face hereof. If no Optional Repayment Dates are set forth on the face hereof, this bond may not be so repaid at the option of the holder hereof prior to maturity. On any Optional Repayment Date this bond shall be repayable in whole or in part in increments of $1,000 (provided that any remaining principal hereof shall be at least $100,000) at the option of the holder hereof at a repayment price equal to 100% of the principal amount to be repaid, together with interest thereon payable to the date of repayment. For this bond to be repaid in whole or in part at the option of the holder hereof, this bond must be received, with the form entitled "Option to Elect Repayment" below duly completed, by the Trustee at 140 Broadway, New York, New York 10005-1180, or such address which the Company shall from time to time notify the holders of the bonds, not more than 60 nor less than 20 days prior to an Optional Repayment Date. Exercise of such repayment option by the holder hereof shall be irrevocable.

This bond may be redeemed by the Company on any date on and after the Initial Regular Redemption Date, if any, indicated on the face hereof. If no Initial Regular Redemption Date is set forth on the face hereof, this bond may not be redeemed prior to maturity, except as provided in the second succeeding paragraph. On and after the Initial Regular Redemption Date, if any, this bond may be redeemed at any time in whole or from time to time in part in increments of $1,000 (provided that any remaining principal hereof shall be at least $100,000) at the option of the Company at the applicable Regular Redemption Price (as defined below) together with interest thereon payable to the date of such redemption, on notice given not more than 90 nor less than 30 days prior to such date. Any date on which Bonds are to be redeemed is herein called a "Redemption Date".

The "Regular Redemption Price" shall initially be the Initial Regular Redemption Percentage, shown on the face hereof, of the principal amount of this bond to be redeemed and shall decline at each anniversary of the Initial Regular Redemption Date, shown on the face hereof, by the Annual Regular Redemption Percentage Reduction, if any, shown on the face hereof, of the principal amount to be redeemed until the Regular Redemption Price is 100% of such principal amount.

The Bonds may be redeemed prior to maturity as a whole at any time or in part from time to time (in increments as specified in the second preceding paragraph) in the instances provided in the Indenture by the application of proceeds of the sale or disposition substantially as an entirety of the Company's electric properties at Portland, Oregon, upon payment of the principal amount thereof, together with interest accrued to the date of such redemption, on notice given as provided in such second preceding paragraph.

Interest payments on this bond will include interest accrued to but excluding the Interest Payment Date or the Maturity Date, as the case may be. Interest payments for this bond will be computed and paid on the basis of a 360-day year of twelve 30-day months.

If this bond or any portion thereof ($1,000 or an integral multiple thereof) is duly called for redemption and payment duly provided for as specified in the Indenture, this bond or such portion thereof shall cease to be entitled to the lien of the Indenture from and after the date payment is so provided for and shall cease to bear interest from and after the redemption date fixed for such redemption.

In the event of the selection for redemption of a portion only of the principal of this bond, payment of the redemption price will be made only upon surrender of this bond in exchange for a bond or bonds (but only of authorized denominations) for the unredeemed balance of the principal amount of this bond.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than seventy-five per cent in principal amount of the bonds (exclusive of bonds disqualified by reason of the Company's interest therein) at the time outstanding, including, if more than one series of bonds shall be at the time outstanding, not less than sixty per cent in principal amount of each series affected, to effect, by an indenture supplemental to the Indenture, modifications or alterations of the Indenture and of the rights and obligations of the Company and of the holders of the bonds and coupons; provided, however, that no such modification or alteration shall be made without the written approval or consent of the holder hereof which will (a) extend the maturity of this bond or reduce the rate or extend the time of payment of interest hereon or reduce the amount of the principal hereof or reduce any premium payable on the redemption hereof, (b) permit the creation of any lien, not otherwise permitted, prior to or on a parity with the lien of the Indenture, or (c) reduce the percentage of the principal amount of the bonds upon the approval or consent of the holders of which modifications or alterations may be made as aforesaid.

This bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing, at the corporate trust office of the Trustee in the Borough of Manhattan, City and State of New York, upon surrender of this bond for cancellation and upon payment of any taxes or other governmental charges payable upon such transfer, and thereupon a new registered bond or bonds of the same series and of a like aggregate principal amount will be issued to the transferee or transferees in exchange therefor.

The Company, the Trustee and any paying agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payments of or an account of the principal hereof and interest due hereon, and for all other purposes, whether or not this bond shall be overdue, and neither the Company, the Trustee nor any paying agent shall be affected by any notice to the contrary.

Bonds of this series are issuable only in fully registered form without coupons in denominations of $100,000 or integral multiples of $1,000 in excess thereof. The registered owner of this bond at his option may surrender the same for cancellation at said office of the Trustee and receive in exchange therefor the same aggregate principal amount of registered bonds of the same series and with the same terms and provisions, including the same issue date, maturity date, and redemption provisions, if any, and which bear interest at the same rate, but of other authorized denominations, upon payment of any taxes or other governmental charges payable upon such exchange and subject to the terms and conditions set forth in the Indenture.

If an event of default as defined in the Indenture shall occur, the principal of this bond may become or be declared due and payable before maturity in the manner and with the effect provided in the Indenture. The holders, however, of certain specified percentages of the bonds at the time outstanding, including in certain cases specified percentages of bonds of particular series, may in the cases, to the extent and as provided in the Indenture, waive certain defaults thereunder and the consequences of such defaults.

No recourse shall be had for the payment of the principal of or the interest on this bond, or for any claim based hereon, or otherwise in respect hereof or of the Indenture, against any incorporator, shareholder, director or officer, past, present or future, as such, of the Company or of any predecessor or successor corporation, either directly or through the Company or such predecessor or successor corporation, under any constitution or statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability of incorporators, shareholders, directors and officers, as such, being waived and released by the holder and owner hereof by the acceptance of this bond and as provided in the Indenture.

The Indenture provides that this bond shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with and governed by the laws of said State.

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Company to repay this bond (or portion hereof specified below) pursuant to its terms at a price equal to the principal amount hereof together with interest to the repayment date, to the undersigned, at..........................
....
....
(Please print or typewrite name and address of the undersigned)

For this bond to be repaid, the Trustee must receive at 140 Broadway, New York, New York 10005-1180, or at such other place or places of which the Company shall from time to time notify the holder of this bond, not more than 60 nor less than 20 days prior to an Optional Repayment Date, if any, shown on the face of this bond, this bond with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this bond is to be repaid, specify the portion hereof (which shall be in increments of $ 1,000) which the holder elects to have repaid and specify the denomination or denominations (which shall be $100,000 or an integral multiple of $1,000 in excess of $100,000) of the bonds to be issued to the holder for the portion of this bond not being repaid (in the absence of any such specification, one such bond will be issued for the portion not being repaid).

$........................	....
Date.....................	NOTICE: The signature on this Option to Elect Repayment must correspond with the name as written upon the face of this bond in every particular, without alteration or enlargement or any change whatever.

(End of Form of Bond of the Medium Term Note Series III)

and

WHEREAS, all acts and proceedings required by law and by the charter or articles of incorporation and bylaws of the Company necessary to make the Bonds of the Medium Term Note Series III to be issued hereunder, when executed by the Company, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the Company, and to constitute this Supplemental Indenture a valid and binding instrument, have been done and taken; and the execution and delivery of this Supplemental Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH, that, in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time issued and outstanding under the Original Indenture as supplemented and modified by the forty-three supplemental indentures hereinbefore described and as supplemented and modified by this Supplemental Indenture, according to their tenor, purport and effect, and to secure the performance and observance of all the covenants and conditions therein and herein contained, and for the purpose of confirming and perfecting the lien of the Original Indenture on the properties of the Company hereinafter described, or referred to, and for and in consideration of the premises and of the mutual covenants herein contained, and acceptance of the Bonds of the Medium Term Note Series III by the holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Company has executed and delivered this Supplemental Indenture and by these presents does grant, bargain, sell, warrant, alien, convey, assign, transfer, mortgage, pledge, hypothecate, set over and confirm unto the Trustee the following property, rights, privileges and franchises (in addition to all other property, rights, privileges and franchises heretofore subjected to the lien of the Original Indenture as supplemented by the forty-three supplemental indentures hereinbefore described and not heretofore released from the lien thereof), to wit:

CLAUSE I

Without in any way limiting anything hereinafter described, all and singular the lands, real estate, chattels real, interests in land, leaseholds, ways, rights-of-way, easements, servitudes, permits and licenses, lands under water, riparian rights, franchises, privileges, electric generating plants, electric transmission and distribution systems, and all apparatus and equipment appertaining thereto, offices, buildings, warehouses, garages, and other structures, tracks, machine shops, materials and supplies and all property of any nature appertaining to any of the plants, systems, business or operations of the Company, whether or not affixed to the realty, used in the operation of any of the premises or plants or systems or otherwise, which have been acquired by the Company since the execution and delivery of the Original Indenture and not heretofore included in any indenture supplemental thereto, and now owned or which may hereafter be acquired by the Company (other than excepted property as defined in the Original Indenture).

CLAUSE II

All corporate, Federal, State, municipal and other permits, consents, licenses, bridge licenses, bridge rights, river permits, franchises, grants, privileges and immunities of every kind and description, owned, held, possessed or enjoyed by the Company (other than excepted property as defined in the Original Indenture) and all renewals, extensions, enlargements and modifications of any of them, which have been acquired by the Company since the execution and the delivery of the Original Indenture and not heretofore included in any indenture supplemental thereto, and now owned or which may hereafter be acquired by the Company.

CLAUSE III

Together with all and singular the plants, buildings, improvements, additions, tenements, hereditaments, easements, rights, privileges, licenses and franchises and all other appurtenances whatsoever belonging or in any wise pertaining to any of the property hereby mortgaged or pledged, or intended so to be, or any part thereof, and the reversion and reversions, remainder and remainders, and the rents, revenues, issues, earnings, income, products and profits thereof, and every part and parcel thereof, and all the estate, right, title, interest, property, claim and demand of every nature whatsoever of the Company at law, in equity or otherwise howsoever, in, of and to such property and every part and parcel thereof.

TO HAVE AND TO HOLD all of said property, real, personal and mixed, and all and singular the lands, properties, estates, rights, franchises, privileges and appurtenances hereby mortgaged, conveyed, pledged or assigned, or intended so to be, together with all the appurtenances thereto appertaining and the rents, issues and profits thereof, unto the Trustee and its successors and assigns, forever:

SUBJECT, HOWEVER, to the exceptions, reservations, restrictions, conditions, limitations, covenants and matters contained in all deeds and other instruments whereunder the Company has acquired any of the property now owned by it, and to permitted encumbrances as defined in Subsection B of Section 1.11 of the Original Indenture;

BUT IN TRUST NEVERTHELESS, for the equal and proportionate use, benefit, security and protection of those who from time to time shall hold the Bonds and coupons authenticated and delivered under the Original Indenture and the forty-three supplemental indentures hereinbefore described or this Supplemental Indenture, and duly issued by the Company, without any discrimination, preference or priority of any one bond or coupon over any other by reason of priority in the time of issue, sale or negotiation thereof or otherwise, except as provided in Section 11.28 of the Original Indenture, so that, subject to said Section 11.28, each and all of said Bonds and coupons shall have the same right, lien and privilege under the Original Indenture and the forty-three supplemental indentures hereinbefore described, or this Supplemental Indenture, and shall be equally secured thereby and hereby and shall have the same proportionate interest and share in the trust estate, with the same effect as if all of the Bonds and coupons had been issued, sold and negotiated simultaneously on the date of delivery of the Original Indenture;

AND UPON THE TRUSTS, USES AND PURPOSES and subject to the covenants, agreements and conditions in the Original Indenture and the forty-three supplemental indentures hereinbefore described and herein set forth and declared.

ARTICLE ONE.

BONDS OF THE MEDIUM TERM NOTE SERIES III AND CERTAIN PROVISIONS RELATING THERETO.

SECTION 1.01. Certain Terms of Bonds of the Medium Term Note Series III. The aggregate principal amount of the Bonds of the Medium Term Note Series III shall be limited to $75,000,000, excluding, however, any Bonds of the Medium Term Note Series III which may be executed, authenticated and delivered in exchange for or in lieu of or in substitution for other Bonds of such Series pursuant to the provisions of the Original Indenture or of this Supplemental Indenture.

The definitive Bonds of the Medium Term Note Series III shall be issuable only in fully registered form without coupons in the denomination of $100,000, or any amount in excess thereof that is a multiple of $1,000. Notwithstanding the provisions of Section 2.05 of the Original Indenture, each Bond of the Medium Term Note Series III shall be dated as of the date of its authentication, and shall mature on such date not less than nine months nor more than thirty years from such date, shall bear interest from such date, shall bear interest at such rate or rates, which may be fixed or variable, and have such other terms and conditions not inconsistent with the Original Indenture as the Board of Directors of the Company, or any officer of the Company acting pursuant to authority granted by the Board of Directors may determine (the execution of any bond of the Medium Term Note Series III by any authorized officer of the Company being, with regard to any holder of such bond, conclusive evidence of such approval). Interest on Bonds of the Medium Term Note Series III shall be payable on the dates edstablished on the date of first authentication of such Bond ("Original Issue Date"). The person in whose name any Bond of the Medium Term Note Series III is registered at the close of business on the applicable record date with respect to any interest payment date shall be entitled to receive the interest payable thereon on such interest payment date notwithstanding the cancellation of such Bond upon any transfer or exchange thereof subsequent to such record date and prior to such interest payment date, unless the Company shall default in the payment of the interest due on such interest payment date, in which case such defaulted interest shall be paid to the person in whose name such Bond is registered on a subsequent record date fixed by the Company, which subsequent record date shall be fifteen (15) days prior to the payment of such defaulted interest. Such interest payments shall be made in such manner and in such places as provided on the Form of Bonds of the Medium Term Note Series III set forth in this Supplemental Indenture. The principal of the Bonds of the Medium Term Note Series III shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts at the office or agency of the Company in the Borough of Manhattan, City and State of New York, and interest and premium, if any, on such Bonds shall be payable in like coin or currency at said office or agency.

The definitive Bonds of the Medium Term Note Series III may be issued in the form of Bonds, engraved, printed or lithographed on steel engraved borders.

Upon compliance with the provisions of Section 2.06 of the Original Indenture and as provided in this Supplemental Indenture, and upon payment of any taxes or other governmental charges payable upon such exchange, Bonds of the Medium Term Note Series III may be exchanged for a new Bond or Bonds of different authorized denominations of like aggregate principal amount.

The Trustee hereunder shall, by virtue of its office as such Trustee, be the registrar and transfer agent of the Company for the purpose of registering and transferring Bonds of the Medium Term Note Series III.

Notwithstanding the provisions of Section 2.11 of the Original Indenture, no service charge shall be made for any exchange or transfer of Bonds of the Medium Term Note Series III, but the Company at its option may require payment of a sum sufficient to cover any tax or other governmental charge incident thereto.

SECTION 1.02. Redemption Provisions for Bonds of the Medium Term Note Series III. The Bonds of the Medium Term Note Series III shall be subject to redemption prior to maturity as a whole at any time or in part from time to time as the Board of Directors of the Company, or any officer of the Company acting pursuant to authority granted by the Board of Directors may determine, and as set forth on the Form of Bonds of the Medium Term Note Series III set forth in this Supplemental Indenture.

The Bonds of the Medium Term Note Series III which are redeemable on the payment of a Regular Redemption Price as provided for in this Section 1.02 may be redeemed at such Regular Redemption Price through the application of cash deposited with the Trustee pursuant to Section 6.04 of the Original Indenture upon the taking, purchase or sale of any property subject to the lien hereof or thereof in the manner set forth in said Section.

The Bonds of the Medium Term Note Series III are also subject to redemption through the application of proceeds of the sale or disposition substantially as an entirety of the Company's electric properties at Portland, Oregon, which proceeds are required by the provisions of Section 7.01 of the Original Indenture to be applied to the retirement of Bonds, upon payment of the principal amount thereof together with interest thereon payable to the date of redemption.

SECTION 1.03. Notwithstanding the provisions of Section 4.07 of the Original Indenture, the provisions of Sections 4.04, 4.05, and 4.06 of the Original Indenture shall remain in full force and effect and shall be performed by the Company so long as any Bonds of the Medium Term Note Series III remain outstanding. The Bonds of the Medium Term Note Series III which are redeemable on the payment of a Regular Redemption Price as provided for in Section 1.02 of this Supplemental Indenture may be redeemed at such Regular Redemption Price with moneys remaining in the replacement fund provided for in said Section 4.04 of the Original Indenture.

SECTION 1.04. The requirements which are stated in the next to the last paragraph of Section 1.13 and in Clause (9) of Paragraph A of Section 3.01 of the Original Indenture to be applicable so long as any of the Bonds of the 1975 Series are outstanding shall remain applicable so long as any of the Bonds of the Medium Term Note Series III are outstanding.

SECTION 1.05. Notwithstanding the provisions of Section 2.06 or Section 2.10 of the Original Indenture, the Company shall not be required (i) to issue, register, discharge from registration, exchange or transfer any Bond of the Medium Term Note Series III for a period of fifteen (15) days next preceding any selection by the Trustee of Bonds of the Medium Term Note Series III to be redeemed or (ii) to register, discharge from registration, exchange or transfer any Bond of the Medium Term Note Series III so selected for redemption in its entirety or (iii) to exchange or transfer any portion of a Bond of the Medium Term Note Series III which portion has been so selected for redemption.

SECTION 1.06. So long as any Bonds of the Medium Term Note Series III remain outstanding, all references to the minimum provision for depreciation in the form of certificate of available additions set forth in Section 3.03 of the Original Indenture shall be included in any certificate of available additions filed with the Trustee, but whenever Bonds of the Medium Term Note Series III shall no longer be outstanding, all references to such minimum provisions for depreciation may be omitted from any such certificate.

SECTION 1.07. I. Each holder of any Bond of the Medium Term

Note Series III by acceptance of such Bond shall thereby consent that, at any time after the requisite consents, if any, of the holders of Bonds of other series shall have been given as hereinafter provided, Subsections A and G of Section 1.10 of the Original Indenture be amended so as to read as follows:

"A. The term `bondable public utility property' shall mean and comprise any tangible property now owned or hereafter acquired by the Company and subjected to the lien of this Indenture, which is located in the States of Oregon, Washington, California, Arizona, New Mexico, Idaho, Montana, Wyoming, Utah and Nevada and is used or is useful to it in the business of furnishing or distributing electricity for heat, light or power or other use, or supplying hot water or steam for heat or power or steam for other purposes, including, without limiting the generality of the foregoing, all properties necessary or appropriate for purchasing, generating, manufacturing, producing, transmitting, supplying, distributing and/or disposing of electricity, hot water or steam; provided, however, that the term `bondable public utility property' shall not be deemed to include any nonbondable property, as defined in Subsection B of this Section 1.10, or any excepted property."

"G. The term `minimum provision for depreciation' for the period from March 31, 1945 through December 31, 1966, as applied to bondable public utility property, whether or not subject to a prior lien, shall mean $35,023,487.50.

"The term `minimum provision for depreciation' for any calendar year subsequent to December 31, 1966, as applied to bondable public utility property, shall mean the greater of (i) an amount equal to 2% of depreciable bondable public utility property, as shown by the books of the Company as of January 1 of such year, with respect to which the Company was as of that date required, in accordance with sound accounting practice, to make appropriations to a reserve or reserves for depreciation or obsolescence, or (ii) the amount actually appropriated by the Company on its books of account to a reserve or reserves for depreciation or obsolescence in respect of depreciable bondable public utility property for such calendar year, in either case less an amount equal to the aggregate of (a) the amount of any property additions which during such calendar year were included in an officers' certificate filed with the Trustee as the basis for a sinking fund credit pursuant to the provisions of a sinking fund for Bonds of any series, and (b) 166-2/3% of the principal amount of Bonds of any series which shall have been delivered to the Trustee as a credit, or which the Company shall have elected to apply as a credit, against any sinking fund payment due during such calendar year for Bonds of any series, or which shall have been redeemed in anticipation of, or out of moneys paid to the Trustee on account of, any sinking fund payment due during such calendar year for Bonds of any series. Bonds delivered to the Trustee as, or applied as, a credit against any sinking fund payment and Bonds redeemed in anticipation of any sinking fund payment, regardless of the time when they were actually delivered, applied or redeemed, for purposes of the preceding sentence shall be deemed to have been delivered, applied or redeemed, as the case may be, on the sinking fund payment date when such sinking fund payment was due. Bonds redeemed out of moneys paid to the Trustee on account of any sinking fund payment shall, regardless of the date when they were redeemed, for purposes of the second preceding sentence, be deemed to have been redeemed on the later of (i) the date on which such moneys were paid to the Trustee or (ii) the sinking fund payment date when such sinking fund payment was due.

"The minimum provision for depreciation for any calendar year subsequent to December 31, 1966, as applied to bondable public utility property not subject to a prior lien, shall be determined as set forth in the paragraph immediately preceding, except that all references therein to `depreciable bondable public utility property' shall be deemed to be `depreciable bondable public utility property not subject to a prior lien'.

"The minimum provision for depreciation as applied to bondable public utility property and the minimum provision for depreciation as applied to bondable public utility property not subject to a prior lien for any period commencing subsequent to December 31, 1966 which is of twelve whole calendar months' duration but is other than a calendar year or which is of less than twelve whole calendar months' duration shall be determined by multiplying the number of whole calendar months in such period by one-twelfth of the corresponding minimum provision for depreciation for the most recent calendar year completed prior to the end of such period, and fractions of a calendar month shall be disregarded.

"The aggregate amount of the minimum provision for depreciation as applied to bondable public utility property and the aggregate amount of the minimum provision for depreciation as applied to bondable public utility property not subject to a prior lien from March 31, 1945 to any date shall be the sum of the corresponding minimum provision for depreciation for each completed calendar year between December 31, 1966 and such date, plus the corresponding minimum provision for depreciation for the period, if any, from the end of the most recent such completed calendar year to such date, in each case determined as set forth above, plus $35,023,487.50.

"All Bonds credited against any sinking fund payment due subsequent to December 31, 1966 for Bonds of any series and (except as provided in Section 9.04 with respect to Bonds on which a notation of partial payment shall be made) all Bonds redeemed in anticipation of or out of moneys paid to the Trustee as a part of any sinking fund payment due subsequent to December 31, 1966 for Bonds of any series, shall be canceled and no such Bonds, nor any property additions which, subsequent to December 31, 1966, shall have been included in an officers' certificate filed with the Trustee as the basis for a sinking fund credit pursuant to the provisions of a sinking fund for Bonds of any series, shall be made the basis of the authentication and delivery of Bonds or of any other further action or credit hereunder."

II. Each holder of any Bond of the Medium Term Note Series III, by acceptance of such Bond shall thereby consent that, at any time after the requisite consents, if any, of the holders of Bonds of other series shall have been given as hereinafter provided:

(1) Subsection A of Section 1.10 of the Original Indenture, as the same may be amended as hereinabove in this Section 1.07 provided, be further amended by replacing the word "and" between the words "Utah" and "Nevada" with a comma and by adding after the word "Nevada" the words "and Alaska";

(2) Subsection G of Section 1.10 of the Original Indenture, as the same may be amended as hereinabove in this Section 1.07 provided, be further amended by amending the second paragraph thereof to read as follows:

"The term `minimum provision for depreciation' for any calendar year subsequent to December 31, 1966, as applied to bondable public utility property, shall mean the greater of (i) an amount equal to 2% of depreciable bondable public utility property, as shown by the books of the Company as of January 1 of such year, with respect to which the Company was as of that date required, in accordance with sound accounting practice, to make appropriations to a reserve or reserves for depreciation or obsolescence, or (ii) the amount actually appropriated by the Company on its books of account to a reserve or reserves for depreciation or obsolescence in respect of depreciable bondable public utility property for such calendar year, in either case less an amount equal to the aggregate of (a) the amount of any property additions which during such calendar year were included in an officers' certificate filed with the Trustee as the basis for a sinking fund credit pursuant to the provisions of a sinking fund for Bonds of any series and which as a result of having been so included have been deemed, either without time limit or only so long as any Bonds of such series are outstanding, to have been `included in an officers' certificate filed with the Trustee as the basis for a sinking fund credit' and to have been `made the basis for action or credit hereunder' as such term is defined in Subsection H of Section 1.10 of the Original Indenture, and (b) 166-2/3% of the principal amount of Bonds of any series which shall have been delivered to the Trustee as a credit, or which the Company shall have elected to apply as a credit, against any sinking fund payment due during such calendar year for Bonds of any series, or which shall have been redeemed in anticipation of, or out of moneys paid to the Trustee on account of, any sinking fund payment due during such calendar year for Bonds of any series and which as a result of having been so made the basis of a credit upon a sinking fund payment and/or so redeemed by operation of a sinking fund shall have been disqualified, either without time limit or only so long as any Bonds of such series are outstanding, from being made the basis of the authentication and delivery of Bonds or of any other further action or credit under the Original Indenture or any supplemental indenture. Bonds delivered to the Trustee as, or applied as, a credit against any sinking fund payment and Bonds redeemed in anticipation of any sinking fund payment, regardless of the time when they were actually delivered, applied or redeemed, for purposes of the preceding sentence shall be deemed to have been delivered, applied or redeemed, as the case may be, on the sinking fund payment date when such sinking fund payment was due. Bonds redeemed out of moneys paid to the Trustee on account of any sinking fund payment shall, regardless of the date when they were redeemed, for purposes of the second preceding sentence, be deemed to have been redeemed on the later of (i) the date on which such moneys were paid to the Trustee or (ii) the sinking fund payment date when such sinking fund payment was due."

(3)Subsection G of Section 1.10 of the Original Indenture, as the same may be amended as hereinabove in this Section 1.07 provided, be further amended by deleting therefrom the last two paragraphs thereof and inserting therein a new last paragraph to read as follows:

"The aggregate amount of the minimum provision for depreciation as applied to bondable public utility property and the aggregate amount of the minimum provision for depreciation as applied to bondable public utility property not subject to a prior lien from March 31, 1945 to any date shall be the sum of the corresponding minimum provision for depreciation for each completed calendar year between December 31, 1966 and such date, plus (1) the corresponding minimum provision for depreciation for the period, if any, from the end of the most recent such completed calendar year to such date, in each case determined as set forth above, plus (2) $35,023,487.50, plus (3) an amount equal to the aggregate of (a) the amount of any property additions which, between December 31, 1966 and such date, became property additions of the character described in clause (a) of the second paragraph of this Subsection G and which, thereafter, also between December 31, 1966 and such date, became `available additions' as a result of the fact that all Bonds of such series ceased to be outstanding, and (b) 166-2/3% of the principal amount of Bonds of any series which, between December 31, 1966 and such date, become Bonds of the character described in clause (b) of the second paragraph of this Subsection G and which, thereafter, also between December 31, 1966 and such date, became `available Bond retirements' as a result of the fact that all Bonds of such series ceased to be outstanding."

III. Each holder of any Bond of the Medium Term Note Series III, by acceptance of such Bond shall thereby consent that, at any time after the requisite consents, if any, of the holders of Bonds of other series shall have been given as hereinafter provided:

(1) the subparagraph numbered (3) of the third paragraph of Section 1.03 of each of the Sixteenth and the Eighteenth through the Twenty-first Supplemental Indentures and the third paragraph of Section 1.03 of the Twenty-second Supplemental Indenture be amended by inserting before the words "any available additions thus shown as a credit" the phrase "provided, however, that so long as any Bonds of the .... Series are outstanding" and inserting in the blank space of such phrase the applicable designation of the series of Bonds created by such supplemental indenture;

(2)(i) the fifth paragraph of Section 1.03 of the Ninth through the Sixteenth Supplemental Indentures and the Eighteenth through the Twenty-second Supplemental Indentures, which begins with the words "All Bonds made the basis of a credit upon any sinking fund payment for Bonds", (ii) Section 1.03 of the Seventeenth, Twenty-third and Twenty-fourth Supplemental Indentures, (iii) the last sentence of the fourth paragraph of Section 1.03 of the First, Third, Fifth, Sixth and Seventh Supplemental Indentures, which begins with the words "All Bonds delivered to the Trustee as part of or to anticipate any sinking fund payment" and (iv) the last sentence of the fourth paragraph of Section 4.03 of the Original Indenture, which begins with the words "All Bonds delivered to the Trustee as part of or to anticipate any sinking fund payment", each be amended so as to read as follows:

"All Bonds made the basis of a credit upon any sinking fund payment, and/or (except with respect to Bonds on which a notation of partial payment shall be made as permitted by any provision of the Original Indenture, of any supplemental indenture or of any agreement entered into as permitted by the Original Indenture or by any supplemental indenture) redeemed (whether on any sinking fund payment date or in anticipation of any such sinking fund payment) by operation of the sinking fund, for Bonds of the 1975 Series, or for Bonds of the 1977 Series, or for Bonds of the 1977 Second Series, or for Bonds of the 1984 Series, or for Bonds of the 1986 Series, or for Bonds of the 4-7/8% Series due 1987, or for Bonds of the 1990 Series, or for Bonds of the 1991 Series, or for Bonds of the 4-5/8% Series due 1993, or for Bonds of the 4-3/4% Series due 1993, or for Bonds of the 1994 Series, or for Bonds of the 1995 Series, or for Bonds of the 1996 Series, or for Bonds of the 1997 Series, or for Bonds of the 2000 Series, or for Bonds of the 2001 Series, or for Bonds of the 2002 Series, or for Bonds of the 2003 Series, or for Bonds of the 2003 Second Series if not theretofore canceled shall be canceled and, except as otherwise provided in the supplemental indenture creating such series of Bonds, or in another supplemental indenture amending such supplemental indenture, so long as any Bonds of such series are outstanding shall not (but without limiting the use of the principal amount thereof in calculating any minimum provision for depreciation pursuant to the provisions of Subsection G of Section 1.10 of the Original Indenture as the same may be amended in accordance with the provisions of any supplemental indenture) be made the basis of the authentication and delivery of Bonds or of any further action or credit under the Original Indenture or any supplemental indenture.

"To the extent that

(a) in any given year the principal amount of Bonds made the basis of a credit upon any sinking fund payment, and/or redeemed (whether on a sinking fund payment date or in anticipation of a sinking fund payment) by operation of the sinking fund, for Bonds of the 1975 Series, or for Bonds of the 1977 Series, or for Bonds of the 1977 Second Series, or for Bonds of the 1984 Series, or for Bonds of the 1986 Series, or for Bonds of the 4-7/8% Series due 1987, or for Bonds of the 1990 Series, or for Bonds of the 1991 Series, or for Bonds of the 4-5/8% Series due 1993, or for Bonds of the 4-3/4% Series due 1993, or for Bonds of the 1994 Series, or for Bonds of the 1995 Series or for Bonds of the 1996 Series,

does not exceed

(b) an amount equal to 1% of the greatest aggregate principal amount of Bonds of such Series theretofore at any one time outstanding, after deducting from said aggregate principal amount the sum of the following amounts, in the event that such sum would equal $500,000 or more, namely, (1) the aggregate principal amount of Bonds of such Series theretofore redeemed by the application of the proceeds of property released from the lien of the Original Indenture or taken or purchased pursuant to the provisions of Article Six of the Original Indenture, and (2) the aggregate principal amount of Bonds of such Series theretofore redeemed and retired and made the basis for the withdrawal of such proceeds pursuant to Section 7.03 of the Original Indenture or certified pursuant to Section 6.06 of the Original Indenture in lieu of the deposit of cash upon the release or taking of property; and

to the extent that

(c) in any given year the principal amount of Bonds made the basis of a credit upon any sinking fund payment, and/or redeemed (whether on a sinking fund payment date or in anticipation of a sinking fund payment) by operation of the sinking fund, for Bonds of the 1997 Series, or for Bonds of the 2000 Series, or for Bonds of the 2001 Series, or for Bonds of the 2002 Series, or for Bonds of the 2003 Series, or for Bonds of the 2003 Second Series,

does not exceed

(d) an amount equal to (1) 1% of the greatest aggregate principal amount of Bonds of such Series theretofore at any one time outstanding, after making the deductions from said aggregate principal amount referred to in clause (b) of this paragraph, minus (2) 60% of the amount of available additions made the basis of a credit against such sinking fund payment,

the principal amount of Bonds so made the basis of a credit upon a sinking fund payment and/or so redeemed by operation of the sinking fund for Bonds of such Series shall not (but without limiting the use of the principal amount thereof in calculating any minimum provision for depreciation pursuant to the provisions of Subsection G of Section 1.10 of the Original Indenture as the same may be amended in accordance with the provisions of any supplemental indenture) be made the basis of the authentication and delivery of Bonds or of any other further action or credit under the Original Indenture or any supplemental indenture; and

to the extent that

(e) in any given year the amount of available additions made the basis of a credit against any sinking fund payment for Bonds of the 1997 Series, or for Bonds of the 2000 Series, or for Bonds of the 2001 Series, or for Bonds of the 2002 Series, or for Bonds of the 2003 Series, or for Bonds of the 2003 Second Series,

does not exceed

(f) an amount equal to one and sixty-six and two-thirds one hundredths per cent (1.66 %) of the greatest aggregate principal amount of Bonds of such Series theretofore at any one time outstanding, after making the deductions from said aggregate principal amount referred to in clause (b) of this paragraph,

the amount of available additions so made the basis of a credit against a sinking fund payment shall (but without limiting the use of the amount thereof in calculating any minimum provision for depreciation pursuant to the provisions of Subsection G of Section 1.10 of the Original Indenture as the same may be amended in accordance with the provisions of any supplemental indenture) be deemed to have been `included in an officers' certificate filed with the Trustee as the basis for a sinking fund credit' and to have been `made the basis for action or credit hereunder' as such term is defined in Subsection H of Section 1.10 of the Original Indenture.

"From and after the time when all Bonds of any of the Series referred to in (a) of the paragraph immediately preceding shall cease to be outstanding, a principal amount of Bonds equal to the excess of

(i) the aggregate principal amount of Bonds made the basis of a credit upon all sinking fund payments and/or redeemed by operation of the sinking fund for Bonds of such Series as set forth in said (a) in all years, over

(ii) the aggregate amounts set forth in (b) of the paragraph immediately preceding with reference to Bonds of such Series for all years,

shall become `available Bond retirements' as such term is defined in Section 1.10.J. of the Original Indenture and may thereafter be included in Item 4 of any `certificate of available Bond retirements' thereafter delivered to and/or filed with the Trustee pursuant to Section 3.02 of the Original Indenture; and from and after the time when all Bonds of any of the Series referred to in (c) of the paragraph immediately preceding shall cease to be outstanding, a principal amount of Bonds equal to the excess of

(iii) the aggregate principal amount of Bonds made the basis of a credit upon all sinking fund payments and/or redeemed by operation of the sinking fund for Bonds of such Series as set forth in said (c) in all years, over

(iv) the aggregate amounts set forth in (d) of the paragraph immediately preceding with reference to Bonds of such Series for all years,

shall become `available Bond retirements' as such term is defined in Section 1.10.J. of the Original Indenture and may thereafter be included in Item 4 of any `certificate of available Bond retirements' thereafter delivered to and/or filed with the Trustee pursuant to Section 3.02 of the Original Indenture, and an amount of available additions equal to the excess of

(v) the amount of available additions made the basis of a credit against all sinking fund payments for Bonds of such Series as set forth in (e) of the paragraph immediately preceding in all years, over

(vi) the aggregate amounts set forth in (f) of the paragraph immediately preceding with reference to Bonds of such Series for all years,

shall become `available additions' as such term is defined in Section 1.10.I. of the Original Indenture and may thereafter be included in Item 5 of any `certificate of available additions' thereafter filed with the Trustee pursuant to Section 3.01 of the Original Indenture.";

(3) subsection H of Section 1.10 of the Original Indenture be amended by inserting before the semicolon preceding clause (ii) thereof, and as a part of clause (1) thereof, the words "if, to the extent that, and so long as, the provisions of this Indenture or any supplemental indentures creating or providing for any such fund or any supplemental indentures amending the provisions creating or providing for any such fund shall preclude the use of property additions so included in an officers' certificate as the basis for further action or credit hereunder"; Subsection I of Section 1.10 of the Original Indenture be amended by changing the reference therein from "Item 5" to "Item 7"; and Subsection J of Section 1.10 of the Original Indenture be amended by changing the reference therein from "Item 4" to "Item 5";

(4) paragraph (3) of Section 3.01(A) of the Original Indenture be amended by changing the period at the end thereof to a comma and adding the following words thereto: "except to the extent otherwise provided in this Indenture or in any supplemental indenture";

(5) the Certificate of Available Additions set forth in Section 3.03.A. of the Original Indenture be amended by

(i) adding new paragraphs (5) and (6) thereto immediately preceding existing paragraph (5) thereof, as follows:

"(5) The aggregate amount, if any, of available additions included in Item 4 above which were so included because the same were made the basis of a credit upon any sinking fund payment for Bonds of any series and which have subsequently again become `available additions' as a result of the fact that all Bonds of such series ceased to be outstanding,is $..............

"(6) The aggregate amount of available additions heretofore made the basis for action or credit under said Indenture of Mortgage and which have not subsequently again become `available additions' as set forth in Item 5 above, namely Item 4 above minus Item 5 above is $............

(ii) renumbering existing paragraph (5) as paragraph (7) and changing the references in renumbered paragraph (7) from "Item 3 above minus Item 4 above" to "Item 3 above minus Item 6 above",

(iii) renumbering existing paragraphs (6) and (7) as paragraphs (8) and (9) and changing the references in renumbered paragraph (9) from "Item 5 above minus Item 6 above" to "Item 7 above minus Item 8 above", and

(iv) deleting "Item 7 above" in the second line of the paragraph immediately succeeding renumbered paragraph (9) and substituting "Item 9 above" therefor; and

(6) the Certificate of Available Bond Retirements set forth in Section 3.03.B. of the Original Indenture be amended by

(i) adding a new paragraph (4) thereto immediately preceding the existing paragraph (4) thereof, as follows:

"(4) The aggregate amount, if any, of Bonds previously made the basis of a credit upon any sinking fund payment for Bonds of any series, and/or redeemed (whether on a sinking fund payment date or in anticipation of sinking fund payment) by operation of the sinking fund for Bonds of such series, which have subsequently become `available Bond retirements' as a result of the fact that all Bonds of such series ceased to be outstanding is $........."

(ii) renumbering the existing paragraph (4) as paragraph (5) and revising the same to read as follows: "The amount of presently available Bond retirements, namely the sum of Items (1), (2), (3) and (4) above, is $.........."

(iii) renumbering the existing paragraphs (5) and (6) as (6) and (7), respectively, and changing the reference in renumbered paragraph (7) from "Item 4 minus Item 5" to "Item 5 minus Item 6".

IV. The amendments of Subsections A, G, H, I and/or J of Section 1.10 of the Original Indenture, of Sections 3.01, 3.03 and/or 4.03 of the Original Indenture and/or of Section 1.03 of the First, Third, Fifth, Sixth, Seventh and Ninth through Twenty-fourth Supplemental Indentures set forth above shall, subject to the Company and the Trustee, in accordance with the provisions of Section 17.02 of the Original Indenture, entering into an indenture or indentures supplemental to the Original Indenture for the purpose of so amending said Subsections A, G, H, I and/or J, Sections

3.01, 3.03 and/or 4.03 and/or Section 1.03, become effective at such time as the holders of not less than 75% in principal amount of Bonds then outstanding or their attorneys-in-fact duly authorized, including the holders of not less than 60% in principal amount of the Bonds then outstanding of each series the rights of the holders of which are affected by such amendment, shall have consented to such amendment. No further vote or consent of the holders of Bonds of the Medium Term Note Series III shall be required to permit such amendments to become effective and in determining whether the holders of not less than 75% in principal amount of Bonds outstanding at the time such amendments become effective have consented thereto, the holders of all Bonds of the Medium Term Note Series III then outstanding shall be deemed to have so consented.

SECTION 1.08. This Article shall be of force and effect only so long as any Bonds of the Medium Term Note Series III are outstanding.

ARTICLE TWO.

TRUSTEE.

SECTION 2.01. The Trustee hereby accepts the trust hereby created. The Trustee undertakes, prior to the occurrence of an event of default and after the curing of all events of default which may have occurred, to perform such duties and only such duties as are specifically set forth in the Original Indenture as heretofore and hereby supplemented and modified, on and subject to the terms and conditions set forth in the Original Indenture as so supplemented and modified, and in case of the occurrence of an event of default (which has not been cured) to exercise such of the rights and powers vested in it by the Original Indenture as so supplemented and modified, and to use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or the Bonds issued hereunder or the due execution thereof by the Company. The Trustee shall be under no obligation or duty with respect to the filing, registration, or recording of this Supplemental Indenture or the re-filing, re-registration, or re-recording thereof. The recitals of fact contained herein or in the Bonds (other than the Trustee's authentication certificate) shall be taken as the statements solely of the Company, and the Trustee assumes no responsibility for the correctness thereof.

ARTICLE THREE.

MISCELLANEOUS PROVISIONS.

SECTION 3.01. Although this Supplemental Indenture, for convenience and for the purpose of reference, is dated August 1, 1994, the actual date of execution by the Company and by the Trustee is as indicated by their respective acknowledgments hereto annexed.

SECTION 3.02. This Supplemental Indenture is executed and shall be construed as an indenture supplemental to the Original Indenture as heretofore supplemented and modified, and as supplemented and modified hereby, the Original Indenture as heretofore supplemented and modified is in all respects ratified and confirmed, and the Original Indenture as heretofore and hereby supplemented and modified shall be read, taken and construed as one and the same instrument. All terms used in this Supplemental Indenture shall be taken to have the same meaning as in the Original Indenture except in cases where the context clearly indicates otherwise.

SECTION 3.03. In case any one or more of the provisions contained in this Supplemental Indenture or in the Bonds or coupons shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Supplemental Indenture, but this Supplemental Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

SECTION 3.04. This Supplemental Indenture may be executed in any number of counterparts, and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts, or as many of them as the Company and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, Portland General Electric Company has caused this Supplemental Indenture to be signed in its corporate name by its President or one of its Senior Vice Presidents or one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by its Secretary or one of its Assistant Secretaries, and in token of its acceptance of the trusts created hereunder, Marine Midland Bank (formerly The Marine Midland Trust Company of New York) has caused this Supplemental Indenture to be signed in its corporate name by one of its Vice Presidents or one of its Assistant Vice Presidents or one of its Corporate Trust Officers and its corporate seal to be hereunto affixed and attested by one of its Corporate Trust Officers, all as of the day and year first above written.

PORTLAND GENERAL ELECTRIC COMPANY

By: /s/ Joseph M. Hirko

Title: Vice President

Attest:

/s/ Steven F. McCarrel

Title: Assistant Secretary

(Seal)

MARINE MIDLAND BANK

By: /s/ BarbaraJean McCauley
Title: Assistant Vice President

Attest:

/s/ Metin Caner

Title: Assistant Vice President

(Seal)

State of Oregon } ss.:
County of Multnomah

The foregoing instrument was acknowledged before me on this 18th day of August, 1994 by Joseph M. Hirko, a Vice President of PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation, on behalf of said corporation.

/s/ Bonnie D. Rushing
Notary Public for Oregon
Commission No. A011356 My Commission Expires 12/10/95

[NOTARIAL SEAL]

State of New York } ss.:
County of [Richmond - strikeout] New York

The foregoing instrument was acknowledged before me on this 19th day of August, 1994 by BarbaraJean McCauley , a(an) Assistant Vice President of MARINE MIDLAND BANK, a New York banking corporation and trust company, on behalf of said corporation.

\s\ Marcia Markowski
Notary Public, State of New York
No. 24-01MA4761665
Commission Expires 11-30-94

[NOTARIAL SEAL]

State of Oregon } ss.:
County of Multnomah

Joseph M. Hirko and Steven F. McCarrel, a Vice President and Assistant Secretary, respectively, of PORTLAND GENERAL ELECTRIC COMPANY, an Oregon corporation, the mortgagor in the foregoing mortgage named, being first duly sworn, on oath depose and say that they are the officers above named of said corporation and that this affidavit is made for and on its behalf by authority of its Board of Directors and that the aforesaid mortgage is made by said mortgagor in good faith, and without any design to hinder, delay or defraud creditors.

Subscribed and sworn to before me this 18th day of August, 1994.

/s/ Bonnie D. Rushing

Notary Public for Oregon
Commission No. A011356 My Commission Expires 12/10/95

[NOTARIAL SEAL]

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

UT

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
CONSOLIDATED FINANCIAL STATEMENTS FILED ON FORM 10-Q FOR THE PERIOD ENDED
SEPTEMBER 30, 1994 FOR PORTLAND GENERAL CORPORATION AND IS QUALIFIED IN ITS
ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000079636
PORTLAND GENERAL CORP
1,000

9-MOS
DEC-31-1994
SEP-30-1994
PER-BOOK
1,587,041
307,111
327,226
1,293,464
0
3,514,842
188,579
558,721
109,736
842,451
50,000
69,704
892,513
9,743
0
102,347
10,695
10,000
9,789
2,276
1,515,324
3,514,842
694,304
42,885
534,624
577,509
116,795
11,330
128,125
51,363
83,234
8,217
75,017
45,160
60,420
196,737
$1.51
$1.51

Net of mandatory sinking fund.
Net of current portion and capital lease obligations.
Excludes discontinued operations.
Prior to preferred dividend requirements.
Portland General Corporation does not have dilutive
securities or common stock equivalents that dilute primary primary earnings
per share by 3 percent or more and therefore does not report a fully
diluted earnings per share. The amount shown is based on the primary earnings
per share calculation.

UT

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS FILED ON FORM 10-Q FOR THE PERIOD ENDED SEPTEMBER 30, 1994 FOR PORTLAND GENERAL ELECTRIC AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000784977
PORTLAND GENERAL ELECTRIC CO.
1,000

9-MOS
DEC-31-1994
SEP-30-1994
PER-BOOK
1,587,041
116,377
310,577
1,291,358
0
3,305,353
160,346
469,078
200,720
816,293
50,000
69,704
862,513
8,100
0
102,347
3,195
10,000
9,789
2,276
1,371,136
3,305,353
693,342
49,180
533,200
582,380
110,962
10,595
121,557
47,023
74,534
8,217
66,317
43,614
57,451
194,034
0
0

All shares of Portland General Electric's stock is owned by Portland General Corp. and is not publically traded. Earnings per share calculations are not reported.