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Securities and Exchange Commission

Washington, D.C. 20549

Form 8-K

Current Report

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

Date of Report (Date of earliest event reported) February 15, 1994

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

121 S.W. Salmon Street, Portland, Oregon 97204
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code 503-464-8820

Item 5. Other Events

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

Financial and Operating Outlook

Trojan Related Issues

Shutdown - In early 1993, Portland General Electric Company (PGE or the Company) ceased commercial operation of the Trojan Nuclear Plant (Trojan). PGE made the decision to shut down Trojan as part of its least cost planning process, a biennial process whereby PGE evaluates a mix of energy options that yield an adequate and reliable supply of electricity at the least cost to the utility and to its customers. On June 3, 1993 the Oregon Public Utility Commission (PUC) acknowledged PGE's Least Cost Plan.

Decommissioning Estimate - The 1993 nuclear decommissioning estimate of $409 million represents a site-specific decommissioning cost estimate performed for Trojan by an experienced decommissioning engineering firm. This cost estimate assumes that the majority of decommissioning activities will occur between 1998 and 2002, after construction of a temporary dry spent fuel storage facility. The final decommissioning activities will occur in 2018 after PGE completes shipment of spent fuel to a United States Department of Energy (USDOE) facility.

The decommissioning cost estimate includes the cost of decommissioning planning, removal and burial of irradiated equipment and facilities as required by the Nuclear Regulatory Commission (NRC); building demolition and nonradiological site remediation; and fuel management costs including licensing, surveillance and $75 million of transition costs. Transition costs are the costs associated with operating and maintaining the spent fuel pool and securing the plant until dismantlement can begin.

The 1992 decommissioning cost estimate of $411 million was based upon a study performed on a nuclear plant similar to Trojan and included the cost of dismantlement activities performed during the years 1996 through 2002, monitoring of stored spent fuel through 2018 and $130 million of miscellaneous closure and transition costs ($43 million was amortized to nuclear operating expenses during 1993).

The 1992 estimate and the 1993 site-specific estimate are reflected in the Company's financial statements in nominal dollars (actual dollars expected to be spent in each year). The difference between the 1992 and the 1993 cost estimates, reflected in nominal dollars, is due to the application of a higher inflation factor, the timing of decommissioning activities and certain changes in assumptions, such as decommissioning the temporary dry spent fuel storage facility and shipping highly activated reactor components to the USDOE repository in 2018, which are included in the 1993 estimate. Both the 1992 cost estimate and the 1993 site-specific cost estimate reflected in 1993 (current) dollars are $289 million.

Assumptions used to develop the site-specific cost estimate represent the best information PGE has currently. However, the Company is continuing its analysis of various options which could change the timing and scope of dismantling activities. Presently, PGE is planning to accelerate the timing of large component removal which could reduce overall decommissioning costs. PGE plans to submit a detailed decommissioning work plan to the NRC in mid-1994. The Company expects any future changes in estimated decommissioning costs to be incorporated in future revenues to be collected from customers.

Investment Recovery - PGE filed a general rate case on November 8, 1993, which addresses recovery of Trojan plant costs, including decommissioning. In late February 1993, the PUC granted PGE accounting authorization to continue using previously approved depreciation and decommissioning rates and lives for its Trojan investment.

Least cost analysis assumed that 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 February 1993 the Citizens' Utility Board of Oregon appealed the ruling to the Marion County Circuit Court.

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 yet to address 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 $367 million Trojan plant investment and $356 million of future decommissioning costs 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.

The Company's independent accountants are satisfied that management's assessment regarding the ultimate outcome of the regulatory process is reasonable. Due to the inherent uncertainties in the regulatory process discussed above, the magnitude of the amounts involved and the possible impact on the results of operations for a future reporting period, the Company's independent accountants have added a paragraph to their audit report to give emphasis to this matter.

General Rate Filing

On November 8, 1993, the Company filed a request with the PUC to increase electric prices by an average of 5% beginning January 1, 1995. Commercial and industrial customers' rates would increase, on average, 3.2%. The proposed increase in average annual revenues is $43 million, after the effects of the Regional Power Act exchange credit. PGE requested a return on equity of 11.5%, down from the current authorized return of 12.5%. If approved, this would be the Company's first general price increase since 1991.

The increase in the cost of power, driven by higher priced purchased power and increased fuel costs, is the single largest factor behind the need to request an increase in prices. Other operating factors that contributed to the request are federal tax increases and capital improvements to PGE's distribution system. Helping to offset these cost increases are cost savings at Trojan, property tax reductions and customer growth. In addition, the Company is proposing to accelerate the return to customers of profits from the 1985 sale of a portion of the Boardman Coal Plant (Boardman) from 27 years to three years. In the 1987 rate proceeding the PUC ordered PGE to allocate 77% of the gain to customers over a 27 year period.

The general rate filing includes PGE's request for continued recovery of Trojan costs including decommissioning, operating expenses, taxes, return of capital invested in the plant and return on the undepreciated investment. PGE's current rates include recovery of these Trojan costs. The Company expects a PUC decision in late 1994.

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

Customer Growth and Revenues

Customer growth in PGE's service territory was evident with the addition of 11,000 retail customers in 1993. This growth accounted for a 2.6% increase in weather-adjusted retail sales. In 1993, 9,300 residential customers were added to the system, compared to 9,400 in 1992. The Company estimates retail load growth in 1994 to be approximately the same as the growth experienced in 1993.

Power Cost Recovery

The Company is incurring substantial near-term power costs to replace Trojan generation. PGE's Power Cost Adjustment Tariff (PCA) was eliminated in 1987. As a result, adjustments for power costs above or below those used in existing general tariffs are not automatically reflected in customers' rates. In February 1993, the PUC authorized PGE to defer, for later collection, 80% of the incremental power costs incurred from December 4, 1992, to March 31, 1993, to replace Trojan generation. In January 1994, the PUC authorized PGE to start collecting this power cost deferral beginning in April 1994.

In August 1993, the PUC authorized PGE to defer, for later collection, 50% of the incremental replacement power costs incurred from July 1, 1993, to March 31, 1994, subject to a review of PGE earnings. This power cost deferral authorization does not immediately affect customer rates. However, PGE expects future rates to allow recovery of these costs.

Power Supply

The combination of power purchases and internal generation will continue to be utilized to replace Trojan's energy until new generating resources come on line by 1996. PGE expects to purchase approximately 57% of its 1994 load requirement. The early predictions of 1994 water conditions indicate they will be about 75% of normal. However, adequate supplies of secondary energy are expected to be available to meet customer demand. The completion of the third intertie in 1993 increased the Company's access to surplus energy and sales opportunities in California and Arizona.

The January 1994 earthquake in the Los Angeles area caused damage to the direct current (DC) intertie. PGE expects this transmission loss to affect the supply of power from the Southwest to the Pacific Northwest. As a result, the price of secondary power, and the Company's wholesale efforts, may be affected. PGE has 100 MW of scheduling capability on the DC line to reach wholesale customers in the southwest.

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 has proposed minor changes to current river operations in a draft recovery plan that is undergoing public comment. Proposals to restore these salmon runs include measures to increase the river flows on the Snake and lower Columbia rivers during the spring to allow salmon to reach the Pacific Ocean faster, resulting in less water available for power generation in the fall and winter months. Although Company-owned hydro projects are not located on these rivers, future costs of secondary purchased power will likely increase throughout the region during low-water years.

Fuel Supply

PGE has short-term agreements with various suppliers to purchase gas during the winter peak demand period. PGE also utilizes spot-market purchases of gas when necessary.

PGE owns 90% of a pipeline which directly connects the Beaver Combustion Turbine Plant (Beaver) to an interstate gas pipeline operating between British Columbia and New Mexico. Beginning in June 1993, PGE had access to 30,000 million British thermal units (MMBtu/day) of capacity on the pipeline, increasing to 76,000 MMBtu/day in November 1995. Also in 1993, PGE signed an agreement with Pacific Gas Transmission to provide 41,000 MMBtu/day of capacity, starting in November 1995, on its natural gas pipeline.

National Energy Policy Act of 1992

The Federal Energy Regulatory Commission (FERC) can now order wholesale transmission access (wholesale wheeling) of electric power. Wholesale wheeling allows independent power producers and utilities to market excess power to other utilities over wide geographic areas. PGE's ownership of 950 megawatts of transmission rights on the Pacific Northwest Intertie provides access to power and wholesale customers beyond

PGE's service territory.

Nonutility

Bonneville Pacific Litigation - Portland General Corporation (Portland General), Portland General Holdings, Inc. (Holdings), and certain 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 federal and Utah securities violations, common law fraud, breach of fiduciary duty, tortious interference, negligence, negligent misrepresentation and other actionable wrongs.

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 14, Legal Matters, in Notes to Financial Statements.

Results of Operations

1993 Compared to 1992

Portland General reported 1993 earnings of $89 million, $1.88 per share, compared to $90 million, $1.93 per share, in 1992. In 1992, upon approval from the PUC, PGE applied capital treatment to $18 million of Trojan steam generator repair costs which were incurred in 1991. As a result, $11 million, after tax, was restored to 1992 earnings. Excluding this event, 1992 earnings would have been $79 million compared to $89 million in 1993. Regulatory action, continued customer growth and cost reductions contributed to the favorable 1993 results.

In August 1993, the PUC authorized PGE to defer, for later collection, 50% of the incremental Trojan replacement power costs incurred from July 1, 1993, through March 31, 1994. This authorization, coupled with the 80% deferral in place from December 4, 1992, to March 31, 1993, (see the Power Cost Recovery discussion in the Outlook section above) allowed the Company to record, in 1993, $67 million of revenues related to the future recovery of replacement power costs.

Retail load growth of 2.6% and cooler weather during the early months of 1993 positively affected revenue by increasing sales of kilowatt-hours 5%. Wholesale revenue declined $30 million due to the lack of low-cost power for resale. The recording of replacement power revenues and retail sales growth, partially offset by the decline in wholesale revenues, yielded an operating revenue increase of $64 million.

Operating costs (excluding variable power, depreciation, decommissioning and amortization) declined 14% due to a $53 million decline in nuclear expenses. In May 1993, the NRC issued PGE a possession only license amendment for Trojan. This license amendment reduced or eliminated certain operating requirements that were unnecessary for a shut down and defueled reactor which allowed PGE to reduce personnel. Nuclear expenses for 1993 reflect the amortization of Trojan miscellaneous closure and transition costs (which were accrued and capitalized at December 31, 1992). These costs are amortized as payments are made. During 1993 the Company amortized $43 million to nuclear operating expenses.

The $53 million nuclear savings partially offset the $90 million increase in variable power costs. The average variable power cost increased from 15 mills per kilowatt-hour in 1992 to 19 mills per kilowatt-hour (10 mills = 1 cent) in 1993. Trojan generated 16% of the Company's 1992 power needs at an average fuel cost of 4 mills per kilowatt-hour. This generation was primarily replaced by power purchases at an average price of 24 mills per kilowatt-hour.

Good plant performance helped control variable power costs. PGE's Beaver plant operated well in 1993, generating 13% more power than in 1992. Company-owned hydro production rose 21%. Additional maintenance outage time caused the Colstrip Units 3 and 4 Coal Plant (Colstrip) generation to decline which slightly reduced the Company's 1993 thermal generation from the 1992 level (excluding Trojan), however the total average fuel cost increased from 9 mills per kilowatt-hour to 10 mills per kilowatt-hour driving 1993 fuel expense up $5 million.

Depreciation, decommissioning and amortization increased $24 million in 1993. The 1992 amount includes a credit of $18 million associated with the capitalization of 1991 Trojan steam generator repair costs discussed above. The remaining increase reflects depreciation charges for new plant placed in service.

Other income increased slightly

reflecting accrued interest on deferred charges and declining interest costs, partially offset by an increase in charitable contributions of approximately $4 million.

1992 Compared to 1991

Financial results for 1992 were much improved over 1991. Portland General's earnings of $90 million, or $1.93 per share, reflected improved operations at the utility's generating facilities, continued customer growth and cost control. In 1991, Portland General experienced a loss of $50 million, or $1.06 per share, which included losses from independent power of $74 million and additional real estate reserves of $29 million. Excluding the effects of losses from nonutility interests, 1991 earnings would have been $53 million.

Trojan operated for six months in 1992 compared with two months in 1991, generating more than twice the power. This reduced the need for power purchases on the secondary market. Operating and maintenance costs for Trojan declined 30% in 1992. The 1991 operating and maintenance costs included $18 million for repairs that were capitalized in 1992 (see the discussion of 1993 compared to 1992 above).

The Company's non-nuclear generating facilities performed well in 1992. Boardman operated at an 85% capacity factor generating 31% more power than in 1991. Other thermal generation increased 30%, while Company-owned hydro power production declined 9% due to poor water conditions. Higher internal generation raised fuel expense 34%, but significantly reduced the need for incremental power purchases. 34% fewer megawatt-hours were purchased; however, the average price per megawatt-hour purchased increased 26% due to poor hydro conditions experienced in the region. The poor hydro conditions also limited PGE's ability to make nonfirm resales. Consequently, 1992 wholesale revenue declined 17%.

Even though unseasonably warm weather reduced demand, 1992 retail revenues rose slightly due to the addition of 11,000 retail customers and $18 million of accrued revenues associated with the recovery of Trojan replacement power costs. Accrued revenues of $12 million were recorded in 1991 representing the 1991 portion of 90% of the replacement power costs incurred from November 1, 1991 to March 6, 1992. The PUC authorized a temporary price increase to collect these revenues. The 1992 accrued revenues of $18 million represented $10 million of the 90% deferral and $8 million of the 80% deferral (see the Power Cost Recovery discussion in the Outlook section above). Total 1992 operating revenues declined slightly due to the drop in wholesale revenue.

Corporate cost containment also contributed to the earnings growth. Operating expenses (excluding variable power, depreciation, decommissioning and amortization) declined 10% due to cost cutting measures. A manpower reduction program was implemented in 1991 that eliminated 300 positions. The severance costs associated with the program were reflected in 1991 results. Interest expense declined 10% as the Company took advantage of lower interest rates.

Financial Condition

1993 Compared to 1992

During 1993 PGE invested approximately $126 million in electric utility plant. Plant investments included $29 million in the Coyote Springs Generation Project (Coyote Springs). This project will be a 220 megawatt cogeneration facility constructed near Boardman as part of the Trojan replacement resource portfolio. Coyote Springs is expected to be completed in the fall of 1995. Also during 1993, PGE completed construction of a third intertie to California which gave the Company an additional 150 megawatts of scheduling capability. The intertie project has increased PGE's capacity for buying and selling wholesale energy. In addition to utility plant, the Company invested $18 million in energy efficiency assets including new construction, lighting and appliances. The PUC has authorized a return on PGE's investment in energy efficiency projects.

The Company's non-cash revenues increased in 1993 due to the recording of $67 million of revenues associated with the future recovery of Trojan replacement power costs (see the Power Cost Recovery discussion in the Financial and Operating Outlook section).

Deferred charges increased over $200 million primarily due to the recording of $228 million of deferred tax liabilities and related regulatory assets representing future collections from customers. Under the liability method specified by SFAS No. 109, the deferred tax assets and liabilities are determined based on the temporary differences between the financial statement bases and tax bases of assets and liabilities as measured by the enacted tax rates for the years in which the taxes are expected to be paid. Management believes it is probable that the regulatory asset will be fully recovered in customer rates.

Changes in liabilities primarily reflect the adoption of SFAS No. 109, the revision of the decommissioning estimate to $409 million, and financing activities.

Common stock equity of Portland General increased $46 million reflecting earnings of $89 million, dividends declared of $57 million, and common stock issuances. Portland General's return on average shareholders' equity was 11.6% in 1993.

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 $73 million in dividends from PGE and $10 million in proceeds from the issuance of shares of common stock under its Dividend Reinvestment and Optional Cash Payment Plan.

In October 1993, Portland General filed a Registration Statement with the Securities and Exchange Commission (SEC) to issue up to 5,000,000 additional shares of its $3.75 par value common stock. The net proceeds from the sale of common stock will be used to purchase additional shares of PGE common stock. In February 1994, Portland General filed a Prospectus Supplement covering the sale of up to 2,300,000 of these shares.

Portland General Electric Company

Cash Provided by Operations is 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. Cash provided by operations increased slightly in 1993 reflecting lower income tax payments. The 1992 cash flow from current operations declined slightly from the 1991 level.

Increased replacement power costs have affected current cash flows. A significant portion of such costs have been offset by cost savings driven by personnel reductions at Trojan.

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 completed its audit of Portland General's tax returns for the years 1985 to 1987 and has issued a statutory notice of tax deficiency, which PGE is contesting. See Notes 5 and 5A, Income Taxes, in Notes to Financial Statements 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. Should the eventual outcome of these uncertainties result in additional cash requirements, PGE expects internally generated cash flows or external borrowings to be sufficient to fund such obligations. PGE has made an assessment of the other involved PRP's and is satisfied that they can meet their share of the obligation.

Investing activities are primarily for investment in facilities for generation, transmission and distribution of electric energy and for energy efficiency improvements. In 1993, PGE's capital expenditures of $144 million were 20% new generating resources, 7% existing generation plants, 43% transmission and distribution, 13% energy efficiency, and 17% general plant and other. 1994 expected capital expenditures of $265 million include $115 million for new generating resources, $20 million for existing generating plants, $75 million for transmission and distribution, $25 million for energy efficiency and $30 million of other expenditures. The PUC has authorized a return on PGE's investment in energy efficiency projects, which will help alleviate the need for additional energy resources in the future.

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 December 31, 1993, $46 million had been funded and invested primarily in investment grade tax-exempt bonds with a current market value of $49 million.

PGE's future capital expenditure program is expected to include investment of $400 million to $450 million to add up to 600 megawatts of gas-fired combustion turbines and cogeneration projects to PGE's resource base over the next five years. In addition, PGE expects to continue investing in energy efficiency programs.

PGE's cash provided by operations, after dividends, is expected to meet approximately 50% of PGE's estimated 1994 investing activities compared to 90% in 1993 and 85% in 1992.

Financing activities to fund the remaining capital requirements are accomplished through intermediate-term and long-term debt and equity issuances. Access to capital markets is necessary to implement the asset growth strategy discussed above. PGE intends to maintain approximately the same capitalization ratios while funding this asset expansion.

The maturities of intermediate and long-term debt are chosen to match expected asset lives and maintain a balanced maturity schedule. Short-term debt, which includes commercial paper and lines of credit, is used for day-to-day operations.

Interest rates continued to decline during 1993. As a result, PGE refunded higher coupon debt. PGE issued $150 million of 7 3/4% First Mortgage Bonds in April 1993, and $27 million of 5.65 % Medium

Term Notes in May 1993. Proceeds from these issuances redeemed the 9 5/8% Series First Mortgage Bonds and 10% Debentures. Additionally, in August 1993 PGE issued $75 million of Medium Term Notes consisting of $35 million of five year notes at 5.69% and $40 million of ten year notes at 6.47%. Proceeds from this issuance were used to redeem the 8% and both 8 3/4% Series First Mortgage Bonds.

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 December 31, 1993, PGE could issue $475 million of preferred stock and $370 million of additional First Mortgage Bonds.

Management's Statement of Responsibility

Portland General Corporation's management is responsible for the preparation and presentation of the consolidated financial statements in this report. Management is also responsible for the integrity and objectivity of the statements. Generally accepted accounting principles have been used to prepare the statements, and in certain cases informed estimates have been used that are based on the best judgment of management.

Management has established, and maintains, a system of internal accounting controls. The controls provide reasonable assurance that assets are safeguarded, transactions receive appropriate authorization, and financial records are reliable. Accounting controls are supported by written policies and procedures, an operations planning and budget process designed to achieve corporate objectives, and internal audits of operating activities.

Portland General's Board of Directors includes an Audit Committee composed entirely of outside directors. It reviews with management, internal auditors and independent auditors, the adequacy of internal controls, financial reporting, and other audit matters.

Arthur Andersen & Co. is Portland General's independent public accountant. As a part of its annual audit, internal accounting controls are selected for review in order to determine the nature, timing and extent of audit tests to be performed. All of the corporation's financial records and related data are made available to Arthur Andersen & Co. Management has also endeavored to ensure that all representations to Arthur Andersen & Co. were valid and appropriate.

Joseph M. Hirko
Vice President Finance,
Chief Financial Officer,
Chief Accounting Officer
and Treasurer

Report of Independent Public Accountants

To the Board of Directors and Shareholders of
Portland General Corporation:

We have audited the accompanying consolidated balance sheets and statements of capitalization of Portland General Corporation and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income, retained earnings and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As more fully discussed in Note 6 to the consolidated financial statements, the realization of assets related to the abandoned Trojan Nuclear Plant in the amount of $722 million is dependent upon the ratemaking treatment as determined by the Public Utility Commission of Oregon.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Portland General Corporation and subsidiaries as of December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993 in conformity with generally accepted accounting principles.

As more fully discussed in Note 5 to the consolidated financial statements, effective January 1, 1993, the Company changed its method of accounting for income taxes.

Portland, Oregon,
January 25, 1994

ARTHUR ANDERSEN & CO.

Financial Statements and Supplementary Data

Portland General Corporation and Subsidiaries
Consolidated Statements of Income

For the Years Ended December 31	1993	1992	1991
(Thousands of dollars except per share amounts)			
Operating Revenues	$946,829	$883,266	$889,876
Operating Expenses			
Purchased power and fuel	311,713	222,127	226,312
Production and distribution	73,576	93,677	95,960
Maintenance and repairs	55,320	70,496	91,304
Administrative and other	100,321	112,010	124,174
Depreciation, decommissioning and amortization	122,218	98,706	112,567
Taxes other than income taxes	55,730	55,515	59,023
	718,878	652,531	709,340
Operating Income Before Income Taxes	227,951	230,735	180,536
Income Taxes	67,520	67,235	44,005
Net Operating Income	160,431	163,500	136,531
Other Income (Deductions)			
Loss from independent power-net of taxes $16,058	-	-	(74,144)
Interest expense	(70,802)	(73,895)	(81,745)
Allowance for funds used during construction	785	2,769	2,049
Preferred dividend requirement - PGE	(12,046)	(12,636)	(12,913)
Other - net of income taxes	10,750	9,885	9,524
Income (Loss) From Continuing Operations	89,118	89,623	(20,698)
Discontinued Operations			
Estimated loss on disposal of real estate operations, including provision for operating losses during the phase-out period	-	-	(29,169)
Net Income (Loss)	$ 89,118	$ 89,623	$(49,867)
Common Stock			
Average shares outstanding	47,392,185	46,887,184	46,333,096
Earnings (loss) per average share			
Continuing operations	$1.88	$1.93*	$(0.43)*
Estimated loss from disposal of real estate operations	-	-	(0.63)
Earnings (loss) per average share	$1.88	$1.93*	$(1.06)*
Dividends declared per share	$1.20	$1.20	$1.20

* Includes $.02 for tax benefits from ESOP dividends.

Portland General Corporation and Subsidiaries
Consolidated Statements of Retained Earnings

For the Years Ended December 31	1993	1992	1991
	(Thousands of Dollars)		
Balance at Beginning of Year	$ 50,481	$ 19,635	$124,112
Net Income (Loss)	89,118	89,623	(49,867)
ESOP Tax Benefit & Preferred Stock Premium @ Redemption	(1,524)	(2,505)	992
	138,075	106,753	75,237
Dividends Declared on Common Stock	56,916	56,272	55,602
Balance at End of Year	$ 81,159	$ 50,481	$ 19,635

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

Portland General Corporation and Subsidiaries
Consolidated Balance Sheets

At December 31	1993	1992
	(Thousands of Dollars)	
Assets		
Electric Utility Plant - Original Cost		
Utility plant (includes Construction Work in Progress of $46,679 and $12,308)	$2,370,460	$2,260,935
Accumulated depreciation	(894,284)	(825,365)
	1,476,176	1,435,570
Capital leases - less amortization of $23,626 and $21,471	13,693	15,847
	1,489,869	1,451,417
Other Property and Investments		
Leveraged leases	155,618	155,697
Net assets of discontinued real estate operations	31,378	33,978
Trojan decommissioning trust, at market value	48,861	32,945
Other investments	102,164	93,126
	338,021	315,746
Current Assets		
Cash and cash equivalents	3,202	6,689
Accounts and notes receivable	91,641	83,065
Unbilled and accrued revenues	133,476	69,151
Inventories, at average cost	46,534	61,550
Prepayments and other	22,128	33,759
	296,981	254,214
Deferred Charges		
Unamortized regulatory assets		
Trojan abandonment - Plant	366,712	399,255
Trojan abandonment - Decommissioning	355,718	339,514
Trojan - other	66,387	94,759
Income taxes recoverable	228,233	-
Debt reacquisition costs	34,941	22,855
Energy efficiency programs	39,480	23,989
Other	33,857	37,445
WNP-3 settlement exchange agreement	178,003	182,492
Miscellaneous	21,126	18,939
	1,324,457	1,119,248
	$3,449,328	$3,140,625
Capitalization and Liabilities		
Capitalization		
Common stock	$ 178,630	$ 176,624
Other paid-in capital	519,058	509,802
Unearned compensation	(19,151)	(23,478)
Retained earnings	81,159	50,481
	759,696	713,429
Cumulative preferred stock of subsidiary		
Subject to mandatory redemption	70,000	81,800
Not subject to mandatory redemption	69,704	69,704
Long-term debt	842,994	856,138
	1,742,394	1,721,071
Current Liabilities		
Long-term debt and preferred stock due within one year	51,614	47,500
Short-term borrowings	159,414	140,678
Accounts payable and other accruals	109,479	116,503
Accrued interest	18,581	25,236
Dividends payable	17,657	17,591
Accrued taxes	25,601	42,378
	382,346	389,886
Other		
Deferred income taxes	660,248	365,434
Deferred investment tax credits	60,706	64,781
Regulatory reserves	120,410	121,914
Trojan decommissioning reserve and misc. closure costs	407,610	411,404
Miscellaneous	75,614	66,135
	1,324,588	1,029,668
	$3,449,328	$3,140,625

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

Portland General Corporation and Subsidiaries
Consolidated Statements of Capitalization

At December 31	1993		1992	
	(Thousands of Dollars)			
Common Stock Equity				
Common stock, $3.75 par value per share, 100,000,000 shares authorized, 47,634,653 and 47,099,701 shares outstanding	$ 178,630		$ 176,624	
Other paid-in capital - net	519,058		509,802	
Unearned compensation	(19,151)		(23,478)	
Retained earnings	81,159		50,481	
	759,696	43.6%	713,429	41.5%
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				
8.875% Series, 0 and 36,000 shares outstanding	-		3,600	
Current sinking fund	-		(1,800)	
8.10% Series, 500,000 shares outstanding	50,000		50,000	
Current sinking fund	(10,000)		-	
	70,000	4.0	81,800	4.8
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	4.0	69,704	4.0
Long Term Debt				
First mortgage bonds				
Maturing 1993 through 1997				
4-5/8% Series due February 1, 1993	-		7,851	
4-3/4% Series due June 1, 1993	-		9,720	
4-3/4% Series due April 1, 1994	8,119		8,344	
4.70% Series due March 1, 1995	3,220		3,395	
5-7/8% Series due June 1, 1996	5,366		5,516	
6.60% Series due October 1, 1997	15,363		15,663	
Medium-term notes, 6.60%-9.27%	136,000		148,550	
Maturing 1998 through 2002, 5.65%-8.88%	140,625		98,615	
Maturing 2003 through 2007, 6.47%-9.07%	131,658		145,473	
Maturing 2016 through 2023, 7.75%-9-5/8%	195,000		145,000	
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	(8,537)		(8,498)	
Port of St. Helens, Oregon, due 2010 and 2014 (Average variable 2.2%-2.4% for 1993)	51,600		51,600	
10% Debentures due March 1, 2018	-		50,000	
Medium-term notes maturing 1994 through 1996, 7.23%-8.09%	50,000		50,000	
Notes maturing 1993, 8.62%	-		13,000	
Capital lease obligations	13,693		15,847	
Other	101		(638)	
	884,608		901,838	
Long-term debt due within one year	(41,614)		(45,700)	
	842,994	48.4	856,138	49.7
Total capitalization	$1,742,394	100.0%	$1,721,071	100.0%

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

Portland General Corporation and Subsidiaries
Consolidated Statements of Cash Flow

For the Years Ended December 31	1993	1992	1991
	(Thousands of Dollars)		
Cash Provided by Operations:			
Net income (loss)	$ 89,118	$ 89,623	$ (49,867)
Adjustments to reconcile net income (loss) to net cash provided by operations:			
Non-cash loss from independent power	-	-	83,493
Depreciation, decommissioning and amortization	92,367	109,884	115,285
Amortization of WNP-3 exchange agreement	4,489	5,658	6,231
Amortization of deferred charges - Trojan	31,419	1,609	573
Amortization of deferred charges - other	5,087	7,080	9,225
Deferred income taxes - net	59,193	26,480	1,200
Other noncash revenues	(1,926)	(2,659)	(4,160)
Increase in receivables	(72,837)	(12,736)	(3,750)
(Increase) Decrease in inventories	15,017	(4,181)	751
Increase (Decrease) in payables	(29,837)	(6,231)	25,208
Other working capital items - net	14,366	7,020	(1,895)
Loss from discontinued operations	-	-	29,169
Deferred charges - other	(3,808)	(13,175)	(6,825)
Miscellaneous - net	17,475	21,527	14,214
	220,123	229,899	218,852
Investing Activities:			
Utility construction	(125,787)	(143,561)	(138,905)
Energy efficiency programs	(18,149)	(10,365)	(8,610)
Rentals received from leveraged leases	12,005	12,373	11,099
Trojan decommissioning trust	(11,220)	(11,220)	(19,272)
Advances to affiliates	-	-	(42,494)
Other	(11,924)	(9,964)	(14,143)
	(155,075)	(162,737)	(212,325)
Financing Activities:			
Short-term borrowings - net	18,736	48,273	(22,701)
Long-term debt issued	252,000	123,000	178,016
Long-term debt retired	(279,986)	(143,902)	(119,004)
Repayment of nonrecourse borrowings for leveraged leases	(10,955)	(11,215)	(10,304)
Preferred stock issued	-	30,000	-
Preferred stock retired	(3,600)	(31,225)	(1,800)
Common stock issued	9,520	9,753	6,585
Dividends paid	(56,850)	(56,230)	(55,564)
	(71,135)	(31,546)	(24,772)
Net Cash Provided (Used) by:			
Continuing Operations	(6,087)	35,616	(18,245)
Discontinued Operations	2,600	(30,948)	5,582
Increase (Decrease) in Cash and Cash Equivalents	(3,487)	4,668	(12,663)
Cash and Cash Equivalents at the Beginning of Year	6,689	2,021	14,684
Cash and Cash Equivalents at the End of Year	$ 3,202	$ 6,689	$ 2,021
Supplemental disclosures of cash flow information			
Cash paid during the year:			
Interest	$ 74,261	$ 72,535	$ 76,326
Income taxes	12,259	22,241	23,560

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

Portland General Corporation and Subsidiaries Notes to Financial Statements

Note 1

Summary of Significant Accounting Policies

Consolidation Principles

The consolidated financial statements include the accounts of Portland General Corporation (Portland General or the Company) and all of its majority-owned subsidiaries. Significant intercompany balances and transactions have been eliminated.

Basis of Accounting

Portland General and its subsidiaries conform to generally accepted accounting principles. In addition, Portland General Electric Company's (PGE) policies are in accordance with the accounting requirements and the ratemaking practices of regulatory authorities having jurisdiction.

Revenues

PGE accrues estimated unbilled revenues for services provided to month-end.

Purchased Power

PGE credits purchased power costs for the net amount of benefits received through a power purchase and sale contract with the Bonneville Power Administration (BPA). Reductions in purchased power costs that result from this exchange are passed directly to PGE's residential and small farm customers in the form of lower prices.

Depreciation

PGE's depreciation is computed on the straight-line method based on the estimated average service lives of the various classes of plant in service. Excluding the Trojan Nuclear Plant (Trojan), depreciation expense as a percent of the related average depreciable plant in service was approximately 3.9% in 1993, 3.8% in 1992 and 3.9% in 1991.

The cost of renewal and replacement of property units is charged to plant, and repairs and maintenance are charged to expense as incurred. The cost of utility property units retired, other than land, is charged to accumulated depreciation.

Allowance for Funds Used During Construction (AFDC)

AFDC represents the pretax cost of borrowed funds used for construction purposes and a reasonable rate for equity funds. AFDC is capitalized as part of the cost of plant and is credited to income but does not represent current cash earnings. The average rates used by PGE were 3.52%, 4.72% and 8.05% for the years 1993, 1992 and 1991, respectively.

Income Taxes

Portland General files a consolidated federal income tax return. Portland

General's policy is to collect for tax liabilities from subsidiaries that generate taxable income and to reimburse subsidiaries for tax benefits utilized in its tax return.

Income tax provisions are adjusted, when appropriate, for potential tax adjustments. Deferred income taxes are provided for temporary differences between financial and income tax reporting. See Notes 5 and 5A, Income Taxes, for more details.

Amounts recorded for Investment Tax Credits (ITC) have been deferred and are being amortized to income over the approximate lives of the related properties, not to exceed 25 years.

Nuclear Fuel

Amortization of the cost of nuclear fuel was based on the quantity of heat produced for the generation of electric energy.

Investment in Leases

Columbia Willamette Leasing (CWL), a subsidiary of Portland General Holdings, Inc. (Holdings), acquires and leases capital equipment. Leases that qualify as direct financing leases and are substantially financed with nonrecourse debt at lease inception are accounted for as leveraged leases. Recorded investment in leases is the sum of the net contracts receivable and the estimated residual value, less unearned income and deferred ITC. Unearned income and deferred ITC are amortized to income over the life of the leases to provide a level rate of return on net equity invested.

The components of CWL's net investment in leases as of December 31, 1993 and 1992, are as follows (thousands of dollars):

	1993	1992
Lease contracts receivable	$ 600,710	$ 645,746
Nonrecourse debt service	(481,988)	(524,661)
Net contracts receivable	118,722	121,085
Estimated residual value	88,047	88,085
Less - Unearned income	(41,395)	(43,436)
Investment in leveraged leases	165,374	165,734
Less - Deferred ITC	(9,756)	(10,037)
Investment in leases, net	$ 155,618	$ 155,697

Cash and Cash Equivalents

Highly liquid investments with original maturities of three months or less are classified as cash equivalents.

WNP-3 Settlement Exchange Agreement

The Washington Public Power Supply System Unit 3 (WNP-3) Settlement Exchange Agreement, which has been excluded from PGE's rate base, is carried at present value and amortized on a constant return basis.

Regulatory Assets

PGE defers, or accrues revenue for, certain costs which otherwise would be charged to expense, if it is probable that future collections will permit recovery of such costs. These costs are reflected as deferred charges or accrued revenues in the financial statements and are amortized over the period in which revenues are collected. Trojan plant and decommissioning costs are currently covered in customer rates. Of the remaining regulatory assets, approximately 78% have been treated by the Oregon Public Utility Commission (PUC) as allowable cost of service items in PGE's most recent rate processes. The remaining amounts are subject to regulatory confirmation in PGE's future ratemaking proceedings.

Reclassifications

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

Note 2

Real Estate - Discontinued Operations

Portland General is divesting its real estate operations, which consist primarily of Columbia Willamette Development Company (CWDC). In early 1993, CWDC withdrew from the Cornerstone Columbia Development Company (Cornerstone), a partnership with Weyerhauser Real Estate Company. As a distribution and complete liquidation of CWDC's interest in Cornerstone, CWDC received all of Cornerstone's interest in a joint venture.

In 1991, Portland General reviewed the adequacy of its real estate loss reserve and determined that an additional reserve was warranted. A loss of $29 million (net of related income tax benefits of $17 million) was recorded in the fourth quarter of 1991 to recognize lower market values and additional holding costs.

At December 31, 1993 and 1992, the net assets of real estate operations were composed of the following (thousands of dollars):

	1993	1992
Assets		
Real estate development	$18,900	$22,132
Other assets	21,234	27,248
Total assets	40,134	49,380
Liabilities	1,632	2,181
Reserve for discontinuance - net	7,124	13,221
Net Assets	$31,378	$33,978

Management believes that it has adequately provided for accounting losses to be incurred during the disposal of real estate assets. Prior estimates will be continually monitored during the liquidation period.

Note 3

Loss from Independent Power

In late 1991 Holdings, a wholly owned subsidiary of Portland General, recorded losses totaling $74 million, net of tax benefits of $16 million, related to the write-off of Holdings' equity investment in Bonneville Pacific Corporation (Bonneville Pacific) and a provision for uncollectible loans, project development and other costs.

Holdings owns 9.8 million shares, or 46%, of Bonneville Pacific's common stock. The write-off followed a review of the Bonneville Pacific investment, which raised various concerns including the carrying values of certain of its assets, the lack of progress by Bonneville Pacific to complete agreed-upon project selldowns and

Bonneville Pacific's poor financial performance. In December 1991, Bonneville Pacific voluntarily filed for protection under Chapter 11 of the Bankruptcy Code. Holdings also has $28 million of secured and unsecured loans outstanding to Bonneville Pacific and its subsidiaries. Holdings recorded a reserve in December 1991 against the outstanding loans. Holdings intends to pursue recovery of these loans but cannot predict what amount, if any, may be recovered. See Note 14, Legal Matters, for litigation related to Bonneville Pacific.

Note 4

Employee Benefits

Pension Plan

Portland General has a non-contributory pension plan (the Plan) covering substantially all of its employees. Benefits under the Plan are based on years of service, final average pay and covered compensation.Portland General's policy is to contribute annually to the Plan at least the minimum required under the Employee Retirement Income Security Act of 1974 but not more than the maximum amount deductible for income tax purposes. The Plan's assets are held in a trust and consist primarily of investments in common and preferred stocks, corporate bonds and US government and agency issues.

Portland General determines net periodic pension expense according to the principles of SFAS No. 87, Employers' Accounting for Pensions.

The following table sets forth the Plan's funded status and amounts recognized in Portland General's financial statements (thousands of dollars):

	1993	1992
Actuarial present value of benefit obligations:		
Accumulated benefit obligation, including vested benefits of $151,334 and $133,870	$166,301	$145,670
Effect of projected future compensation levels	32,608	34,531
Projected benefit obligation (PBO)	198,909	180,201
Plan assets at fair value	262,412	226,413

Plan assets in excess of PBO	63,503	46,212
Unrecognized net experience gain	(60,445)	(42,324)
Unrecognized prior service costs	14,147	16,677
Unrecognized net transition asset being recognized over 18 years	(21,533)	(23,490)
Pension - prepaid cost (liability)	$ (4,328)	$(2,925)

	1993	1992	1991
Assumptions:			
Discount rate used to calculate PBO	7.25%	8.00%	8.00%
Rate of increase in future compensation levels	5.25%	6.00%	6.25%
Long-term rate of return on assets	8.50%	8.50%	8.50%

Net pension expense for 1993, 1992 and 1991 included the following components (thousands of dollars):

	1993	1992	1991
Service Cost	$ 6,151	$ 6,082	$ 5,627
Interest cost on PBO	14,241	13,792	13,641
Actual return on plan assets	(48,231)	(18,272)	(45,693)
Net amortization and deferral	29,839	1,496	30,029
Net periodic pension expense	$ 2,000	$ 3,098	$ 3,604

Other Post-Retirement Benefit Plans

Portland General accrues for health, medical and life insurance costs during the employees' service years, per SFAS No. 106. The Company receives recovery for the annual provision in customer rates. Employees are covered under a Defined Dollar Medical Benefit Plan which limits Portland General's obligation by establishing a maximum contribution per employee. The accumulated benefit obligation for postretirement health and life insurance benefits at December 31, 1993 was $31 million, for which there were $31 million of assets held in trust. The projected benefit obligation for postretirement health and life insurance benefits at December 31, 1992 was $29 million.

Portland General also provides senior officers with additional benefits under an unfunded Supplemental Executive Retirement Plan (SERP). Projected benefit obligations for the SERP are $16 million and $12 million at December 31, 1993 and 1992, respectively.

Deferred Compensation

Portland General provides certain management employees with benefits under an unfunded Management Deferred Compensation Plan (MDCP). Obligations for the MDCP are $18 million and $14 million at December 31, 1993 and 1992, respectively.

Trojan Retention Plan

In October 1992, Portland General implemented a defined contribution plan to retain Trojan employees during a phaseout of plant operations. Trojan ceased commercial operation in early 1993; participation in the retention plan was terminated on May 31, 1993 and all benefits under the plan were paid.

Employee Stock Ownership Plan

Portland General has an Employee Stock Ownership Plan (ESOP) which is a part of its 401(k) retirement savings plan. Employee contributions up to 6% of base pay are matched by employer contributions in the form of ESOP common stock. Shares of common stock to be used to match contributions of PGE employees were purchased from a $36 million loan from PGE to the ESOP trust in late 1990. This loan is presented in the common equity section as unearned compensation. Cash contributions from PGE and dividends on shares held in the trust are used to pay the debt service on PGE's loan. As the loan is retired, an equivalent amount of stock is allocated to employee accounts. In 1993, total contributions to the ESOP of $5 million combined with dividends on unallocated shares of $2 million were used to pay debt service and interest on PGE's loan. Shares of common stock used to match contributions by employees of Portland General and its subsidiaries are purchased on the open market.

Note 5

Income Taxes

The following table shows the detail of taxes on income and the items used in computing the differences between the statutory federal income tax rate and Portland General's effective tax rate. Note: The table does not include income taxes related to 1991 losses from independent power or discontinued real estate operations (thousands of dollars):

	1993	1992	1991
Income Tax Expense			
Currently payable	$ 2,989	$ 44,057	$ 22,520
Deferred income taxes			
Accelerated depreciation	15,477	20,049	26,258
WNP-3 amortization	(1,099)	(2,190)	(2,570)
AMAX coal contract	(1,238)	(1,227)	(1,050)
Trojan operating costs	17,332	7,402	4,080
Energy efficiency programs	7,327	3,246	2,859
Replacement power costs	26,543	(246)	5,084
Repurchase debt	4,847	1,019	(850)
USDOE nuclear fuel assessment	6,108	-	-
Excess deferred taxes	(3,494)	(1,888)	(1,557)
Interim rate relief	-	6,573	1,036
Lease income	(18,151)	(15,453)	(14,892)
Nonrecourse debt interest	12,578	11,621	12,156
Other	6,659	(1,258)	(3,469)
Investment tax credit adjustments	(4,356)	(6,981)	(4,589)
	$ 71,522	$ 64,724	$ 45,016
Provision Allocated to:			
Operations	$ 67,520	$ 67,235	$ 44,005
Other income and deductions	4,002	(2,511)	1,011
	$ 71,522	$ 64,724	$ 45,016
Effective Tax Rate Computation			
Computed tax based on statutory federal income tax rates applied to income before income taxes	$ 56,224	$ 52,478	$ 33,477
Increases (Decreases) resulting from:			
Accelerated depreciation	10,748	9,462	7,763
State and local taxes - net	3,288	10,117	5,766
Investment tax credits	(4,356)	(6,981)	(4,589)
Adjustments to income tax reserves	-	(3,284)	(393)
Excess deferred taxes	(3,419)	(1,816)	(1,483)
USDOE nuclear fuel assessment	5,075	-	-
Preferred dividend requirement	3,935	4,296	4,390
Other	27	452	85
	$ 71,522	$ 64,724	$ 45,016
Effective tax rate	44.5%	41.9%	45.7%

Effective January 1, 1993, Portland General adopted SFAS No. 109, "Accounting for Income Taxes". Prior to SFAS 109, Portland General accounted for income taxes in accordance with Accounting Principles Board Opinion No. 11. Prior period financial statements have not been restated. As of December 31, 1993 and 1992, the significant components of the Company's deferred income tax assets and liabilities were as follows (thousands of dollars):

	1993	1992
Deferred Tax Assets		
Plant-in-service	$ 83,602	$ 18,608
Regulatory Reserve	47,718	46,804
Other	75,404	40,796
	206,724	106,208
Deferred Tax Liabilities		
Plant-in-service	(497,476)	(201,596)
WNP-3 exchange contract	(70,542)	(71,099)
Replacement Power Costs	(29,574)	(4,838)
Leasing	(147,101)	(140,980)
Other	(94,924)	(53,129)
	(839,617)	(471,642)
Less Current deferred Taxes	842	-
Less valuation allowance	(28,197)	-
Total	$(660,248)	$(365,434)

As a result of implementing SFAS 109, Portland General has recorded deferred tax assets and liabilities for all temporary differences between the financial statement bases and tax bases of assets and liabilities.

Portland General has certain state pollution control tax credit carryforwards and the benefits of capital loss carryforwards that presently cannot be offset with future taxable income or capital gains and accordingly has recorded a valuation allowance totalling $28.2 million at December 31, 1993 to fully reserve against these assets.

Federal alternative minimum tax credit carryforwards, which have no expiration date, are $15.7 million at December 31, 1993.

The Omnibus Budget Reconciliation Act of 1993 resulted in a federal tax rate increase from 34% to 35% effective January 1, 1993. The tax rate increase resulted in additional income tax expense for the Company of $4.9 million.

The IRS completed its examination of Portland General's tax returns for the years 1985 to 1987 and has issued a statutory notice of tax deficiency, which Portland General is contesting. As part of this audit, the IRS has proposed to disallow PGE's 1985 WNP-3 abandonment loss deduction on the premise that it is a taxable exchange. PGE 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 6

Trojan Nuclear Plant

Shutdown - PGE is the 67.5% owner of Trojan. In early 1993, PGE ceased commercial operation of Trojan. PGE made the decision to shut down Trojan as part of its least cost planning process, a biennial process whereby PGE evaluates a mix of energy options that yield an adequate and reliable supply of electricity at the least cost to the utility and to its customers. On June 3, 1993 the PUC acknowledged PGE's Least Cost Plan (LCP).

Decommissioning Estimate - The 1993 nuclear decommissioning estimate of $409 million represents a site-specific decommissioning cost estimate performed for Trojan by an experienced decommissioning engineering firm. This cost estimate assumes that the majority of decommissioning activities will occur between 1998 and 2002, after construction of a temporary dry spent fuel storage facility. The final decommissioning activities will occur in 2018 after PGE completes shipment of spent fuel to a United States Department of Energy (USDOE) facility.

The decommissioning cost estimate includes the cost of decommissioning planning, removal and burial of irradiated equipment and facilities as required by the Nuclear Regulatory Commission (NRC); building demolition and nonradiological site remediation; and fuel management costs including licensing, surveillance and $75 million of transition costs. Transition costs are the operating costs associated with closing Trojan, operating and maintaining the spent fuel pool and securing the plant until dismantlement can begin. Except for transition costs, which will continue to be amortized as incurred PGE will fund the decommissioning costs through contributions to the Trojan decommissioning trust.

The 1992 decommissioning cost estimate of $411 million was based upon a study performed on a nuclear plant similar to Trojan and included the cost of dismantlement activities performed during the years 1996 through 2002, monitoring of stored spent fuel through 2018 and $130 million of miscellaneous closure and transition costs ($43 million was amortized to nuclear operating expenses during 1993).

The 1992 estimate and the 1993 site-specific estimate are reflected in the financial statements in nominal dollars (actual dollars expected to be spent in each year). The difference between the 1992 and the 1993 cost estimates, reflected in nominal dollars, is due to the application of a higher inflation factor, the timing of decommissioning activities and certain changes in assumptions, such as decommissioning the temporary dry spent fuel storage facility and shipping highly activated reactor components to the USDOE repository in 2018, which are included in the 1993 estimate. Both the 1992 cost estimate and the 1993 site-specific cost estimate reflected in 1993 (current) dollars are $289 million.

Assumptions used to develop the site-specific cost estimate represent the best information PGE has currently. However, the Company is continuing its analysis of various options which could change the timing and scope of dismantling activities. Presently, PGE is planning to accelerate the timing of large component removal which could reduce overall decommissioning costs. PGE plans to submit a detailed decommissioning work plan to the NRC in mid-1994. PGE expects any future changes in estimated decommissioning costs to be incorporated in future revenues to be collected from customers.

PGE is recording an annual operating provision of $11 million for decommissioning. This provision is being collected from customers and deposited in an external trust fund. Earnings on the trust fund assets reduce the amount of decommissioning costs to be collected from customers. Trojan abandonment - Decommissioning of $356 million (reflected in the deferred charges section of the Company's balance sheet) represent remaining decommissioning costs expected to be collected from customers.

Trojan decommissioning trust assets are invested primarily in investment grade tax-exempt bonds. At December 31, 1993 the trust reflects the following activity (thousands of dollars):

Beginning Balance 1/01/93	$32,945
1993 Activity	
Contributions	11,220
Earnings	4,696
Ending Balance 12/31/93	$48,861

Investment Recovery - PGE filed a general rate case on November 8, 1993 which addresses recovery of Trojan plant costs, including decommissioning. In late February 1993, the PUC granted PGE accounting authorization to continue using previously approved depreciation and decommissioning rates and lives for its Trojan investment.

As stated earlier, PGE made the decision to permanently cease commercial operation of Trojan as part of its least cost planning process. Management determined that continued operation of Trojan was not cost effective. Least cost analysis assumed that 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.

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 its last general rate proceeding, the PUC has yet to address 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 Trojan plant investment and future decommissioning costs 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's independent accountants are satisfied that management's assessment regarding the ultimate outcome of the regulatory process is reasonable. Due to the inherent uncertainties in the regulatory process discussed above, the magnitude of the amounts involved and the possible impact on the results of operations for a future reporting period, the independent accountants have added a paragraph to their audit report to give emphasis to this matter.

Nuclear Fuel Disposal and Clean up of Federal Plants - PGE has a contract with the USDOE for permanent disposal of spent nuclear fuel in USDOE facilities. These disposal services are now estimated to commence no earlier than 2010. PGE paid the USDOE .1 cent per net kilowatt-hour sold at Trojan for these future disposal services. On-site storage capacity is able to accommodate fuel until the federal facilities are available.

The Energy Policy Act of 1992 provided for the creation of a Decontamination and Decommissioning Fund (DDF) to provide for the clean up of the USDOE gas diffusion plants. The DDF is to be funded by domestic nuclear utilities and the Federal Government. The legislation provided that each utility pays based on the ratio of the amount of enrichment services the utility purchased and the total amount of enrichment services purchased by all domestic utilities prior to the enactment of the legislation. Trojan's estimated usage was 1.03%. Based on this estimate, PGE's portion of the funding requirement is approximately $15.6 million. Amounts are funded over 15 years beginning with the USDOE's fiscal year 1993. PGE made its first of the 15 annual payments on September 30, 1993 for $1.04 million.

Nuclear Insurance - The Price-Anderson Amendment of 1988 limits public liability claims that could arise from a nuclear incident to a maximum of $9.4 billion per incident. PGE has purchased the maximum primary insurance coverage currently available of $200 million. The remaining $9.2 billion is covered by secondary financial protection required by the NRC. This secondary coverage provides for loss sharing among all owners of nuclear reactor licenses.

In the event of an incident at any nuclear plant in which the amount of the loss exceeds $200 million, PGE could be assessed retrospective premiums of up to $53.5 million per incident, limited to a maximum of $7 million per incident in any one year under the secondary financial protection coverage.

PGE's share of property damage and decontamination coverage is provided for losses at Trojan up to $337 million primary and $378 million excess. The $378 million excess coverage is provided subject to a potential maximum retrospective premium adjustment of $0.8 million per policy year. The NRC requires that, in case of an incident, insurance proceeds must first be dedicated to stabilizing and decontaminating the reactor. This could reduce the amount of proceeds available to repair, replace or restore the property or otherwise available to the trustee for application under PGE's first mortgage bond indenture. Insurance coverage is provided primarily through insurance companies owned by utilities with nuclear facilities.

Note 7

Common and Preferred Stock

(Thousands of Dollars except share amount)	Common Stock Number of Shares	Common Stock $3.75 Par Value	Cumulative Preferred of Subsidiary Number of Shares	Cumulative Preferred of Subsidiary $100 Par Value	Cumulative Preferred of Subsidiary $25 Par Value	Cumulative Preferred of Subsidiary No-Par Value	Other Paid-in Capital	Unearned Compensation*
December 31, 1990	46,145,208	$173,045	2,287,040	$128,704	$25,000	-	$495,212	$(35,789)
Sales of stock	381,342	1,430	-	-	-	-	5,161	-
Redemption of stock	(1,387)	(6)	(18,000)	(1,800)	-	-	2,119	-
Repayment of ESOP loan and other	-	-	-	-	-	-	67	5,719
December 31, 1991	46,525,163	174,469	2,269,040	126,904	25,000	-	502,559	(30,070)
Sales of stock	574,538	2,155	300,000	-	-	$30,000	7,293	-
Redemption of stock	-	-	(1,036,000)	(3,600)	(25,000)	-	871	-
Repayment of ESOP loan and other	-	-	-	-	-	-	(921)	6,592
December 31, 1992	47,099,701	176,624	1,533,040	123,304	-	30,000	$509,802	(23,478)
Sales of stock	534,952	2,006	-		-	-	8,802	-
Redemption of stock	-	-	(36,000)	(3,600)	-	-	2,130	-
Repayment of ESOP loan and other	-	-	-	-	-	-	(1,676)	4,327
December 31, 1993	47,634,653	$178,630	1,497,040	$119,704	$ -	$30,000	$519,058	$(19,151)

*See the discussion of stock compensation plans below and Note 4, Employee Benefits for a discussion of the ESOP.

Common Stock

As of December 31, 1993, Portland General had reserved 367,000 authorized but unissued common shares for issuance under its dividend reinvestment plan. In addition, new shares of common stock are issued under an employee stock purchase plan.

Cumulative Preferred Stock of Subsidiary

No dividends may be paid on common stock or any class of stock over which the preferred stock has priority unless all amounts required to be paid for dividends and sinking fund payments have been paid or set aside, respectively.

The 7.75% Series preferred stock has an annual sinking fund requirement which requires the redemption of 15,000 shares at $100 per share beginning in 2002. At its option, PGE may redeem, through the sinking fund, an additional 15,000 shares each year. All remaining shares shall be mandatorily redeemed by sinking fund in 2007. This Series is only redeemable by operation of the sinking fund.

The 8.10% Series preferred stock has an annual sinking fund requirement which requires the redemption of 100,000 shares at $100 per share beginning in 1994. At its option, PGE may redeem, through the sinking fund, an additional 100,000 shares each year. This Series is redeemable at the option of PGE at $103 per share to April 14, 1994 and at reduced amounts thereafter.

Common Dividend Restriction of Subsidiary

PGE is restricted from paying dividends or making other distributions to Portland General, without prior PUC approval, to the extent such payment or distribution would reduce PGE's common stock equity capital below 36% of its total capitalization. At December 31, 1993, PGE's common stock equity capital was 44% of its total capitalization.

Stock Compensation Plans

Portland General has a plan under which 2.3 million shares of Portland General common stock are available for stock-based incentives. Upon termination, expiration or lapse of certain types of awards, any shares remaining subject to the award are again available for grant under the plan. As of December 31, 1993, 856,800 stock options were outstanding. Of the outstanding options, 20,000 are exercisable: 10,000 at a price of $15.75 per share; 2,500 at $17.375 per share; and 7,500 at $14.75 per share. The remaining 836,800 options are exercisable beginning in 1994 through 1998 at prices ranging from $14 to $22.25 per share. In addition, 25,000 options granted under a separate award were exercised in 1993.

On December 6, 1993 Portland General issued 64,000 restricted common shares for officers of Portland General and PGE.

Note 8

Short-Term Borrowings

Portland General meets its liquidity needs through the issuance of commercial paper and borrowings from commercial banks. At December 31, 1993, Portland General had total committed lines of credit of $240 million. Portland General has a $40 million committed facility expiring in July 1994. PGE has committed facilities of $120 million expiring in July 1996 and $80 million expiring in July 1994. These lines of credit have annual fees ranging from 0.15 to 0.25 percent and do not require compensating cash balances. The facilities are used primarily as backup for both commercial paper and borrowings from commercial banks under uncommitted lines of credit. At December 31, 1993, there were no outstanding borrowings under the committed facilities.

Portland General has a commercial paper facility of $40 million in addition to PGE's $200 million facility. The amount of commercial paper outstanding cannot exceed each company's unused committed lines of credit.

Commercial paper and lines of credit borrowings are at rates reflecting current market conditions and, generally, are substantially below the prime commercial rate.

Short-term borrowings and related interest rates were as follows (thousands of dollars):

	1993	1992	1991
As of year end:			
Aggregate short-term debt outstanding			
Bank loans	-	$ 10,002	$ 16,000
Commercial paper	$159,414	$130,676	$ 76,473
Weighted average interest rate			
Bank loans	-	4.4%	6.8%
Commercial paper	3.5%	4.1%	5.5%
Unused committed lines of credit	$240,000	$180,000	$175,000
For the year ended:			
Average daily amounts of short-term debt outstanding			
Bank loans	$ 10,949	$ 7,671	$ 56,579
Commercial paper	$123,032	$ 89,077	$ 30,539
Weighted daily average interest rate			
Bank loans	3.6%	5.0%	7.2%
Commercial paper	3.5%	4.2%	6.5%
Maximum amount outstanding during the year	$171,208	$144,056	$108,231

Interest rates exclude the effect of commitment fees, facility fees and other financing fees.

Note 9

Long-Term Debt

The Indenture securing PGE's first mortgage bonds constitutes a direct first mortgage lien on substantially all utility property and franchises, other than expressly excepted property.

The following principal amounts of long-term debt become due for redemption through sinking funds and maturities (thousands of dollars):

	1994	1995	1996	1997	1998
Sinking Funds	$ 1,313	$ 1,138	$ 988	$ 688	$ 688
Maturities	41,289	71,356	57,528	56,085	64,745

The sinking funds include $988,000 a year for 1994 through 1996 and $688,000 for 1997 and 1998, which, in accordance with the terms of the Indenture, PGE may satisfy by pledging available property additions equal to 166-2/3% of the sinking fund requirements.

Note 10

Commitments

New Generating Resources

During 1993 PGE entered into a $133 million agreement with a contractor for construction of the Coyote Springs cogeneration facility. Under the terms of the agreement, PGE is committed to making progress payments of approximately $91 million in 1994, and $16 million in 1995. At December 31, 1993, progress payments of approximately $26 million have been made.

Natural Gas Transmission Agreements

In January 1993, PGE signed two long-term agreements for transmission of natural gas from domestic and Canadian sources to PGE's existing and proposed natural gas-fired generating facilities. One agreement provides PGE firm pipeline capacity beginning June, 1993 and increased pipeline capacity in November 1995. Beginning in late 1995, the second agreement will give PGE capacity on a second interstate gas pipeline. Under the terms of these two agreements, PGE is committed to paying capacity charges of approximately $3 million during 1994, $4 million in 1995, $11 million annually through 2010 and $3 million annually until 2015. Under these agreements PGE has the right to assign unused capacity to other parties. In addition, PGE will make a capital contribution for pipeline construction of between $3 million and $7 million in 1995.

Railroad Service Agreement

In October 1993, PGE entered into a railroad service agreement and will make capital contributions toward upgrading a line used to deliver coal from Wyoming to the Boardman Coal Plant (Boardman). PGE is required to contribute $8 million over the 6-year contract life.

Purchase Commitments

Other Purchase commitments outstanding (principally construction at PGE) totaled approximately $14 million at December 31, 1993. Cancellation of these purchase agreements could result in cancellation charges.

Purchased Power

PGE has long-term power purchase contracts with certain public utility districts in the state of Washington and with the City of Portland, Oregon. PGE is required to pay its proportionate share of the operating and debt service costs of the hydro projects whether or not they are operable. Selected information is summarized as follows (thousands of dollars):

	Rocky Reach	Priest Rapids	Wanapum	Wells	Portland Hydro
Revenue bonds outstanding at December 31, 1993	$189,752	$141,245	$189,395	$199,920	$ 40,230
PGE's current share of output, capacity, and cost					
Percentage of output	12.0%	13.9%	18.7%	21.9%	100%
Net capability in megawatts	154	125	170	184	36
Annual cost, including debt service					
1993	$4,000	$3,800	$5,400	$5,500	$4,800
1992	3,900	3,100	4,400	4,800	4,400
1991	3,800	3,400	4,000	4,300	3,800
Contract expiration date	2011	2005	2009	2018	2017

PGE's share of debt service costs, excluding interest, will be approximately $6 million for each of the years 1994 through 1996, $7 million for 1997 and $5 million for 1998. The minimum payments through the remainder of the contracts are estimated to total $104 million.

PGE has entered into long-term contracts to purchase power from three other utilities in the region. These contracts will require fixed payments of up to $25 million in 1994 and $32 million in 1995 and 1996. After that date, capacity charges will be up to $25 million annually until the second contract terminates in 2001. The third contract will continue until 2016 with capacity charges of $19 million annually.

Leases

PGE has operating and capital leasing arrangements for its headquarters complex, combustion turbines and the coal-handling facilities and certain railroad cars for Boardman. PGE's aggregate rental payments charged to expense amounted to $22 million in 1993, $20 million in 1992 and $21 million in 1991. PGE has capitalized its combustion turbine leases. However, these leases are considered operating leases for ratemaking purposes.

As of December 31, 1993, the future minimum lease payments under non-cancelable leases are as follows (thousands of dollars):

Year Ending December 31	Capital Leases	Operating Leases (Net of Sublease Rentals)	Total
1994	$ 3,016	$ 18,568	$ 21,584
1995	3,016	19,711	22,727
1996	3,016	20,261	23,277
1997	3,016	19,794	22,810
1998	3,016	18,992	22,008
Remainder	1,388	186,575	187,963
Total	16,468	$283,901	$300,369
Imputed Interest	(2,775)		
Present Value of Minimum Future Net Lease Payments	$13,693		

Included in the future minimum operating lease payments schedule above is approximately $140 million for PGE's headquarters complex.

Note 11

WNP-3 Settlement Exchange Agreement

PGE is selling energy received under a WNP-3 Settlement Exchange Agreement (WSA) to the Western Area Power Administration (WAPA) for 25 years, which began October 1990. Revenues from the WAPA sales contract are expected to be sufficient to support the carrying value of PGE's investment.

The energy received by PGE under WSA is the result of a settlement related to litigation surrounding the abandonment of WNP-3. PGE receives about 65 average annual megawatts for approximately 30 years from BPA under the WSA. In exchange PGE will make available to BPA energy from its combustion turbines or from other available resources at an agreed-to price.

Note 12

Jointly-Owned Plant

At December 31, 1993, PGE had the following investments in jointly-owned generating plants (thousands of dollars):

Facility	Location	Fuel	MW Capacity	PGE % Interest	Plant In Service	Accumulated Depreciation
Boardman	Boardman, OR	Coal	508	65.0	$359,555	$152,981
Colstrip 3&4	Colstrip, MT	Coal	1,440	20.0	444,817	157,576
Centralia	Centralia, WA	Coal	1,310	2.5	9,301	5,143

The dollar amounts in the table above represent PGE's share of each jointly-owned plant. Each participant in the above generating plants has provided its own financing. PGE's share of the direct expenses of these plants is included in the corresponding operating expenses on Portland General's and PGE's consolidated income statements.

Note 13

Regulatory Matters

Public Utility Commission of Oregon

PGE had sought judicial review of three rate matters related to a 1987 general rate case. In 1989, PGE reserved $89 million for an unfavorable outcome of these matters. In July 1990, PGE reached an out-of-court settlement with the PUC on two of the three rate matter issues being litigated. As a result of the settlement, $16 million was restored to income in 1990. The settlement resolved the dispute with the PUC regarding treatment of accelerated amortization of certain ITC and 1986-1987 interim relief. As a settlement of the interim relief issue, PGE refunded approximately $17 million to customers.

In 1991, the Utility Reform Project (URP) petitioned the PUC to reconsider the order approving the settlement. The Oregon legislature subsequently passed a law clarifying the PUC's authority to approve the settlement. As a result, the PUC issued an order implementing the settlement. URP has filed an appeal in Multnomah County Circuit Court to overturn the PUC's order implementing settlement.

In addition, CUB filed a complaint in 1991 in Marion County Circuit Court seeking to modify, vacate, set aside or reverse the PUC's order implementing settlement. In September 1992, the Marion County Circuit Court judge issued a decision upholding the PUC orders approving the settlement. CUB appealed the decision. In December 1993 the Oregon Court of Appeals affirmed without opinion the Circuit Court decision upholding the PUC order.

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, $120 million at December 31, 1993, is shown as "Regulatory reserves" on the balance sheet.

In PGE's general rate filing, PGE proposes to accelerate the amortization of the Boardman gain to customers from 27 years to three years, starting in January 1995, as part of a comprehensive settlement of the outstanding litigation on this issue.

Note 14

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 October 1990, the U.S. District Court ruled that the methodology for the allocation of shared costs required the application of principles akin to those espoused by Chemical Bank. In February 1992, the Court of Appeals reversed the U.S. District Court's decision and 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 other 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 purportedly on behalf of purchasers of common shares and convertible subordinated debentures of Bonneville Pacific Corporation 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., certain Portland General individuals, Deloitte & Touche and three underwriters of a Bonneville Pacific offering of subordinated debentures. The amount of damages alleged is not specified.

In addition, the bankruptcy trustee for Bonneville Pacific has filed an amended complaint against Portland General, Holdings, and certain affiliated individuals in U.S. District Court for the District of Utah alleging common low 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 (in 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 15

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of those instruments.

Other investments

Other investments approximate market value.

Redeemable preferred stock

The fair value of redeemable preferred stock is based on quoted market prices.

Long-term debt

The fair value of long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to Portland General for debt of similar remaining maturities.

The estimated fair values of financial instruments are as follows (thousands of dollars):

	1993		1992	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Preferred stock subject to mandatory redemption	$ 80,000	$ 84,815	$ 83,600	$ 82,686
Long-term debt	870,814	902,059	886,629	915,292

Management's Statement of Responsibility

PGE's management is responsible for the preparation and presentation of the consolidated financial statements in this report. Management is also responsible for the integrity and objectivity of the statements. Generally accepted accounting principles have been used to prepare the statements, and in certain cases informed estimates have been used that are based on the best judgment of management.

Management has established, and maintains, a system of internal accounting controls. The controls provide reasonable assurance that assets are safeguarded, transactions receive appropriate authorization, and financial records are reliable. Accounting controls are supported by written policies and procedures, an operations planning and budget process designed to achieve corporate objectives, and internal audits of operating activities.

PGE's Board of Directors includes an Audit Committee composed entirely of outside directors. It reviews with management, internal auditors and independent auditors, the adequacy of internal controls, financial reporting, and other audit matters.

Arthur Andersen & Co. is PGE's independent public accountant. As a part of its annual audit, internal accounting controls are selected for review in order to determine the nature, timing and extent of audit tests to be performed. All of the corporation's financial records and related data are made available to Arthur Andersen & Co. Management has also endeavored to ensure that all representations to Arthur Andersen & Co. were valid and appropriate.

Joseph M. Hirko
Vice President Finance,
Chief Financial Officer,
Chief Accounting Officer
and Treasurer

Report of Independent Public Accountants

To the Board of Directors and Shareholder of
Portland General Electric Company:

We have audited the accompanying consolidated balance sheets and statements of capitalization of Portland General Electric Company and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income, retained earnings and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the Company's management.

Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements

are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management,

as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As more fully discussed in Note 6 to the consolidated financial statements, the realization of assets related to the abandoned Trojan Nuclear Plant in the amount of $722 million is dependent upon the ratemaking treatment as determined by the Public Utility Commission of Oregon.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Portland General Electric Company and subsidiaries as of December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993 in conformity with generally accepted accounting principles.

As more fully discussed in Note 5A to the consolidated financial statements, effective January 1, 1993, the Company changed its method of accounting for income taxes.

Portland, Oregon,
January 25, 1994 ARTHUR ANDERSEN & CO.

Financial Statements and Supplementary Data

Portland General Electric Company and Subsidiaries
Consolidated Statements of Income

For the Years Ended December 31	1993	1992	1991
	(Thousands of Dollars)		
Operating Revenues	$944,531	$880,098	$885,578
Operating Expenses			
Purchased power and fuel	311,713	222,127	226,312
Production and distribution	73,576	93,677	96,174
Maintenance and repairs	55,320	70,476	91,272
Administrative and other	98,408	107,657	115,443
Depreciation, decommissioning and amortization	121,898	98,039	111,539
Taxes other than income taxes	55,676	54,945	58,337
Income taxes	71,490	73,140	47,244
	788,081	720,061	746,321
Net Operating Income	156,450	160,037	139,257
Other Income (Deductions)			
Allowance for equity funds used during construction	-	311	617
Other	11,771	7,717	9,099
Income taxes	(4,002)	2,511	(991)
	7,769	10,539	8,725
Interest Charges			
Interest on long-term debt and other	61,817	64,718	73,359
Interest on short-term borrowings	3,443	2,754	1,979
Allowance for borrowed funds used during construction	(785)	(2,458)	(1,431)
	64,475	65,014	73,907
Net Income	99,744	105,562	74,075
Preferred Dividend Requirement	12,046	12,636	12,913
Income Available for Common Stock	$ 87,698	$ 92,926	$ 61,162

Portland General Electric Company and Subsidiaries
Consolidated Statements of Retained Earnings

For the Years Ended December 31	1993	1992	1991
	(Thousands of Dollars)		
Balance at Beginning of Year	$165,949	$146,198	$146,610
Net Income	99,744	105,562	74,075
ESOP Tax Benefit & Preferred Stock Premium @ Redemption	(1,524)	(2,505)	992
	264,169	249,255	221,677
Dividends Declared			
Common stock	72,826	70,670	62,566
Preferred stock	12,046	12,636	12,913
	84,872	83,306	75,479
Balance at End of Year	$179,297	$165,949	$146,198

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

Portland General Electric Company and Subsidiaries
Consolidated Balance Sheets

At December 31	1993	1992
	(Thousands of Dollars)	
Assets		
Electric Utility Plant - Original Cost		
Utility plant (includes Construction Work in Progress of $46,679 and $12,308)	$2,370,460	$2,260,935
Accumulated depreciation	(894,284)	(825,365)
	1,476,176	1,435,570
Capital leases - less amortization of $23,626 and $21,471	13,693	15,847
	1,489,869	1,451,417
Other Property and Investments		
Conservation loans	12,018	14,061
Trojan decommissioning trust, at market value	48,861	32,945
Other investments	65,696	57,673
	126,575	104,679
Current Assets		
Cash and cash equivalents	2,099	3,414
Accounts and notes receivable	85,169	81,999
Unbilled and accrued revenues	133,476	69,151
Inventories, at average cost	46,534	61,550
Prepayments and other	20,646	32,997
	287,924	249,111
Deferred Charges		
Unamortized regulatory assets		
Trojan abandonment - Plant	366,712	399,255
Trojan abandonment - Decommissioning	355,718	339,514
Trojan - other	66,387	94,759
Income taxes recoverable	228,233	-
Debt reacquisition costs	34,941	22,634
Energy efficiency programs	39,480	23,989
Other	33,857	37,445
WNP-3 settlement exchange agreement	178,003	182,492
Miscellaneous	18,975	15,685
	1,322,306	1,115,773
	$3,226,674	$2,920,980
Capitalization and Liabilities		
Capitalization		
Common stock equity	$ 747,197	$ 726,076
Cumulative preferred stock		
Subject to mandatory redemption	70,000	81,800
Not subject to mandatory redemption	69,704	69,704
Long-term debt	802,994	806,138
	1,689,895	1,683,718
Current Liabilities		
Long-term debt and preferred stock due within one year	41,614	34,500
Short-term borrowings	129,920	100,065
Accounts payable and other accruals	111,647	117,850
Accrued interest	17,139	23,416
Dividends payable	21,486	21,566
Accrued taxes	27,395	41,503
	349,201	338,900
Other		
Deferred income taxes	534,194	242,619
Deferred investment tax credits	60,706	64,781
Regulatory reserves	120,410	121,914
Trojan decommissioning reserve and misc. closure costs	407,610	411,404
Miscellaneous	64,658	57,644
	1,187,578	898,362
	$3,226,674	$2,920,980

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

Portland General Electric Company and Subsidiaries
Consolidated Statements of Capitalization

At December 31	1993		1992	
	(Thousands of Dollars)			
Common Stock Equity				
Common stock, $3.75 par value per share, 100,000,000 shares authorized, 40,458,877 shares outstanding	$ 151,721		$ 151,721	
Other paid-in capital - net	433,978		431,673	
Unearned compensation	(17,799)		(23,267)	
Retained earnings	179,297		165,949	
	747,197	44.2%	726,076	43.1%
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				
8.875% Series, 0 and 36,000 shares outstanding	-		3,600	
Current sinking fund	-		(1,800)	
8.10% Series, 500,000 shares outstanding	50,000		50,000	
Current sinking fund	(10,000)		-	
	70,000	4.2	81,800	4.9
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	4.1	69,704	4.1
Long-Term Debt				
First mortgage bonds				
Maturing 1993 through 1997				
4-5/8% Series due February 1, 1993	-		7,851	
4-3/4% Series due June 1, 1993	-		9,720	
4-3/4% Series due April 1, 1994	8,119		8,344	
4.70% Series due March 1, 1995	3,220		3,395	
5-7/8% Series due June 1, 1996	5,366		5,516	
6.60% Series due October 1, 1997	15,363		15,663	
Medium-term notes, 6.60%-9.27%	136,000		148,550	
Maturing 1998 through 2002, 5.65%-8.88%	140,625		98,615	
Maturing 2003 through 2007, 6.47%-9.07%	131,658		145,473	
Maturing 2016 through 2023, 7.75%-9-5/8%	195,000		145,000	
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	(8,537)		(8,498)	
Port of St. Helens, Oregon, due 2010 and 2014 (Average variable 2.2%-2.4% for 1993)	51,600		51,600	
10% Debentures due March 1, 2018	-		50,000	
Capital lease obligations	13,693		15,847	
Other	101		(638)	
	834,608		838,838	
Long-term debt due within one year	(31,614)		(32,700)	
	802,994	47.5	806,138	47.9
Total capitalization	$1,689,895	100.0%	$1,683,718	100.0%

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

Portland General Electric Company and Subsidiaries
Consolidated Statements of Cash Flow

For the Years Ended December 31	1993	1992	1991
	(Thousands of Dollars)		
Cash Provided by Operations:			
Net income	$ 99,744	$ 105,562	$ 74,075
Noncash items included in net income:			
Depreciation, decommissioning and amortization	92,336	109,749	114,103
Amortization of WNP-3 exchange agreement	4,489	5,658	6,231
Amortization of deferred charges - Trojan	31,419	1,609	577
Amortization of deferred charges - other	5,087	7,080	9,208
Deferred income taxes - net	60,721	4,252	7,628
Other noncash revenues	-	(311)	(617)
Changes in working capital:			
Increase in receivables	(67,431)	(9,588)	(4,826)
(Increase) Decrease in inventories	15,017	(4,181)	751
Increase (Decrease) in payables	(26,588)	(2,084)	22,314
Other working capital items - net	10,600	7,328	(2,399)
Deferred charges - other	(3,808)	(13,198)	(6,319)
Miscellaneous - net	14,231	20,435	13,388
	235,817	232,311	234,114
Investing Activities:			
Utility construction	(125,787)	(143,561)	(138,905)
Energy efficiency programs	(18,149)	(10,365)	(8,610)
Trojan decommissioning trust	(11,220)	(11,220)	(19,272)
Other investments	(8,294)	(8,602)	(7,915)
	(163,450)	(173,748)	(174,702)
Financing Activities:			
Short-term debt - net	29,855	27,939	17,451
Long-term debt issued	252,000	123,000	104,000
Long-term debt retired	(266,986)	(123,902)	(111,004)
Preferred stock issued	-	30,000	-
Preferred stock retired	(3,600)	(31,225)	(1,800)
Dividends paid	(84,951)	(82,293)	(71,233)
	(73,682)	(56,481)	(62,586)
Increase (Decrease) in Cash and Cash Equivalents	(1,315)	2,082	(3,174)
Cash and Cash Equivalents at the Beginning of Year	3,414	1,332	4,506
Cash and Cash Equivalents at the End of Year	$ 2,099	$ 3,414	$ 1,332
Supplemental disclosures of cash flow information			
Cash paid during the year:			
Interest	$ 68,232	$ 64,452	$ 68,931
Income taxes	17,242	61,915	47,652

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

Portland General Electric Company and Subsidiaries
Notes to Financial Statements

Certain information, necessary for a sufficient understanding of PGE's financial condition and results of operations, is substantially the same as that disclosed by Portland General in this report. Therefore, the following PGE information is incorporated by reference to Portland General's financial information on the following page numbers.

Note 5A

Income Taxes

The following table shows the detail of taxes on income and the items used in computing the differences between the statutory federal income tax rate and Portland General Electric Company's (PGE) effective tax rate. (thousands of dollars)

	1993	1992	1991
Income Tax Expense			
Currently payable	$ 14,086	$ 59,804	$ 39,345
Deferred income taxes			
Accelerated depreciation	5,039	5,987	9,167
WNP-3 Amortization	(560)	(2,190)	(2,570)
Energy efficiency programs	7,449	3,246	2,859
USDOE nuclear fuel assessment	6,155	-	-
AMAX coal contract	(1,170)	(1,227)	(1,050)
Replacement power costs	26,785	(246)	5,084
Trojan operating costs	17,565	7,402 ,	4,080
Repurchase debt	4,952	1,019	(850)
Excess deferred taxes	(3,494)	(1,888)	(1,557)
Interim rate relief refund	-	6,573	1,036
Other	2,760	(1,092)	(3,160)
Investment tax credit adjustments	(4,075)	(6,759)	(4,149)
	$ 75,492	$ 70,629	$ 48,235
Provision Allocated to:			
Operations	$ 71,490	$ 73,140	$ 47,244
Other income and deductions	4,002	(2,511)	991
	$ 75,492	$ 70,629	$ 48,235
Effective Tax Rate Computation			
Computed tax based on statutory federal income tax rates applied to income before income taxes	$ 61,333	$ 59,905	$ 41,430
Increases (Decreases) resulting from:			
Accelerated depreciation	9,207	9,462	7,763
State and local taxes - net	9,783	10,568	4,984
Investment tax credits	(4,075)	(6,759)	(4,149)
USDOE nuclear fuel assessment	5,050	-	-
Excess deferred tax	(3,419)	(1,816)	(1,483)
Adjustments to income tax reserves	-	(3,284)	(507)
Other	(2,387)	2,553	197
	$ 75,492	$ 70,629	$ 48,235
Effective tax rate	43.1%	40.1%	39.6%

Effective January 1, 1993, PGE adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes". Prior to SFAS 109, PGE accounted for income taxes in accordance with Accounting Principles Board Opinion No. 11. Prior period financial statements have not been restated. As of December 31, 1993 and 1992, the significant components of PGE's deferred income tax assets and liabilities were as follows:

	1993	1992
Deferred Tax Assets		
Plant-in-service	$ 83,602	$ 18,608
Regulatory Reserve	47,718	46,804
Other	24,038	22,626
	155,358	88,038
Deferred Tax Liabilities		
Plant-in-service	(497,476)	(201,596)
Replacement Power Costs	(29,574)	(4,838)
WNP-3 exchange contract	(70,542)	(71,099)
Other	(93,711)	(53,124)
	(691,303)	(330,657)
Less Current deferred Taxes	1,751	-
Total	$ (534,194)	$ (242,619)

As a result of implementing SFAS 109, PGE has recorded deferred tax assets and liabilities for all temporary differences between the financial statement bases and tax bases of assets and liabilities.

The Omnibus Budget Reconciliation Act of 1993 resulted in a federal tax rate increase from 34% to 35% effective January 1, 1993. The tax rate increase resulted in additional income tax expense for PGE of $3.6 million.

The IRS completed its examination of Portland General Corporation's (Portland General) tax returns for the years 1985 to 1987 and has issued a statutory notice of tax deficiency which Portland General is contesting. As part of this audit, the IRS has proposed to disallow PGE's 1985 Washington Public Power Supply System Unit 3 (WNP-3) abandonment loss deduction on the premise that it is a taxable exchange. PGE 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 PGE.

Note 7A

Common Stock

	Common Stock Number of Shares	$3.75 Par Value	Other Paid-In Capital	Unearned Compensation
(Thousands of Dollars)				
December 31, 1990	40,458,877	$151,721	$429,398	$(35,338)
Sales of stock	-	-	-	-
Redemption of preferred stock	-	-	2,119	-
Repayment of ESOP loan and other	-	-	-	5,579
December 31, 1991	40,458,877	151,721	431,517	(29,759)
Sales of stock	-	-	-	-
Sale and redemption of preferred stock	-	-	565	-
Repayment of ESOP loan and other	-	-	(409)	6,492
December 31, 1992	40,458,877	151,721	431,673	(23,267)
Sales of stock	-	-	-	-
Redemption of stock	-	-	-	-
Sale and redemption of preferred stock	-	-	2,130	-
Repayment of ESOP loan and other	-	-	175	5,468
December 31, 1993	40,458,877	$151,721	$433,978	$ (17,799)

Common Stock

Portland General is the sole shareholder of PGE common stock. PGE is restricted, without prior Oregon Public Utility Commission (PUC) approval, from paying dividends or making other distributions to Portland General to the extent such payment or distribution would reduce PGE's common stock equity capital below 36% of total capitalization. At December 31, 1993, PGE's common stock equity capital was 44% of its total capitalization.

Note 8A

Short-Term Borrowings

PGE meets liquidity needs through the issuance of commercial paper and borrowings from commercial banks. At December 31, 1993, PGE had a committed facilities of $120 million expiring in July 1996 and an $80 million expiring in July 1994. These lines of credit have commitment fees and/or facility fees ranging from 0.15 to 0.20 of one percent and do not require compensating cash balances. The facilities are used primarily as back-up for both commercial paper and borrowings from commercial banks under uncommitted lines of credit. At December 31, 1993, there were no outstanding borrowings under the committed facilities.

PGE has a $200 million commercial paper facility. Unused committed lines of credit must be at least equal to the amount of commercial paper outstanding. Most of PGE's short-term borrowings are through commercial paper.

Commercial paper and lines of credit borrowing are at rates reflecting current market conditions and generally are substantially below the prime commercial rate.

Short-term borrowings and related interest rates were as follows (thousands of dollars):

	1993	1992	1991
As of year end:			
Aggregate short-term debt outstanding			
Bank loans	-	$4,001	$15,000
Commercial paper	$129,920	$96,064	$57,126
Weighted average interest rate			
Bank loans	-	4.1%	6.2%
Commercial paper	3.5%	3.9%	5.5%
Unused committed lines of credit	$200,000	$125,000	$125,000
For the year ended:			
Average daily amounts of short-term debt outstanding			
Bank loans	$5,025	$ 2,803	$ 2,087
Commercial paper	$94,983	$ 62,036	$ 28,892
Weighted daily average interest rate			
Bank loans	3.6%	5.5%	6.0%
Commercial paper	3.5%	4.2%	6.5%
Maximum amount outstanding during year	$144,774	$101,028	$ 72,126

Interest rates exclude the effect of commitment fees, facility fees, and other financing fees.

Note 9A

Long-Term Debt

The Indenture securing PGE's first mortgage bonds constitutes a direct first mortgage lien on substantially all utility property and franchises, other than expressly excepted property.

The following principal amounts of long-term debt become due for redemption through sinking funds and maturities (thousands of dollars):

	1994	1995	1996	1997	1998
Sinking Funds	$ 1,313	$ 1,138	$ 988	$ 688	$ 688
Maturities	31,289	71,356	17,528	56,085	64,745

The sinking funds include $988,000 a year for 1994 through 1996 and $688,000 for 1997 and 1998, which, in accordance with the terms of the Indenture, PGE may satisfy by pledging available property additions equal to 166-2/3% of the sinking fund requirements.

Note 15A

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents
The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of those instruments.

Other investments
Other investments approximate market value.

Redeemable preferred stock
The fair value of redeemable preferred stock is based on quoted market prices.

Long-term debt
The fair value of long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to PGE for debt of similar remaining maturities.

The estimated fair values of financial instruments are as follows (thousands of dollars):

	1993		1992	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Preferred stock subject to mandatory redemption	$ 80,000	$84,815	$83,600	$ 82,686
Long-term debt	820,814	848,696	823,629	849,876

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

February 15, 1994 By

Joseph M. Hirko
Vice President Finance,
Chief Financial Officer,
Chief Accounting Officer
and Treasurer

Appendix I

(Electronic Filing Only)

Omitted graphic material:

Page 4 Residential Customers graph:

(Thousands)

1983	454950
1984	454732
1985	461076
1986	470136
1987	476481
1988	484293
1989	496165
1990	512913
1991	526699
1992	536111
1993	545410

Page 5 Operating Revenue and Net Income (Loss) graph:

($ Millions)

	Operating Revenue	N e t Income
1989	797	-27
1990	852	100
1991	890	-50
1992	884	90
1993	947	89

Page 5 PGE Electricity Sales graph:

(Billions of KWh)

1989	Residential	6.1
	Commercial	5.2
	Industrial	3.5
	Wholesale	3.0
1990	Residential	6.4
	Commercial	5.5
	Industrial	3.6
	Wholesale	4.3
1991	Residential	6.5
	Commercial	5.6
	Industrial	3.6
	Wholesale	3.9
1992	Residential	6.3
	Commercial	5.8
	Industrial	3.6
	Wholesale	2.7
1993	Residential	6.8
	Commercial	6.0
	Industrial	3.8
	Wholesale	1.6

Page 6 Operating Expenses graph:

($ Millions)

1989	Operating Expenses	295
	Variable Power	179
	Depreciation	91

1990
Operating Expenses
302

Variable Power
200

Depreciation
90

1991
Operating Expenses
361

Variable Power 226

Depreciation
112

1992
Operating Expenses
327

Variable Power
222

Depreciation
99

1993
Operating Expenses
283

Variable Power
311

Depreciation
122

Page 6 Net Variable Power Costs graph:
Net variable power is defined as variable power less wholesale revenues.

(Mills/KWh)

Net Variable Power
Retail Revenues
1989 5
46
1990 5
46
1991 6
48
1992 7
49
1993
13 52

Page 8 Utility Capital Expenditures graph:

($ Millions)

1989
119
1990
109
1991
148
1992
154
1993
144

Page 9 Capitalization

($ Millions)

1989
Long-term Debt
817

Common Equity

762

Preferred Stock 153

1990
Long-term Debt 763

Common Equity
771

Preferred Stock 152

1991
Long-term Debt
913

Common Equity
679

Preferred Stock 150

1992
Long-term Debt
874

Common Equity
724

Preferred Stock 152

1993
Long-term Debt
803

Common Equity
744

Preferred Stock 140