UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1998

OR

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

Commission File Number 1-5532-99

PORTLAND GENERAL ELECTRIC COMPANY
(Exact name of registrant as specified in its charter)

OREGON	93-0256820
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

121 SW SALMON STREET, PORTLAND, OREGON 97204
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (503) 464-8000

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of October 31, 1998: 42,758,877 shares of Common Stock, $3.75 par value. (All shares are owned by Enron Corp.)

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PART II. OTHER INFORMATION

DEFINITIONS

kWh..Kilowatt-Hour
Mill...One tenth of one cent
MWh..Megawatt-hour
OPUC or the Commission.........................Oregon Public Utility Commission
PGE or the Company...........................Portland General Electric Company
Trojan..Trojan Nuclear Plant

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME FOR THE
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997
(Unaudited)

	Three Months Ended September 30 1998	Three Months Ended September 30 1997	Nine Months Ended September 30 1998	Nine Months Ended September 30 1997
	(Millions of Dollars)			
OPERATING REVENUE	$ 274	$ 391	$ 848	$ 1,066
OPERATING EXPENSES				
Purchased power and fuel	101	223	313	508
Production and distribution	32	31	100	94
Administrative and other	29	26	84	76
Depreciation and amortization	40	37	113	115
Taxes other than income taxes	14	14	44	42
Income taxes	17	14	60	74
	233	345	714	909
NET OPERATING INCOME	41	46	134	157
OTHER INCOME (DEDUCTIONS)				
Other	2	(24)	5	(23)
Income taxes	1	11	3	12
	3	(13)	8	(11)
INTEREST CHARGES				
Interest on long-term debt and other	17	17	50	52
Interest on short-term borrowing	2	1	5	4
Allowance for borrowed funds used during construction	(1)	-	(1)	(1)
	18	18	54	55
NET INCOME	26	15	88	91
PREFERRED DIVIDEND REQUIREMENT	1	1	2	2
INCOME AVAILABLE FOR COMMON STOCK	$ 25	$ 14	$ 86	$ 89

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS FOR THE
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997
(Unaudited)

	Three Months Ended September 30 1998	Three Months Ended September 30 1997	Nine Months Ended September 30 1998	Nine Months Ended September 30 1997
	(Millions of Dollars)			
BALANCE AT BEGINNING OF PERIOD	$ 314	$ 336	$ 270	$ 292
NET INCOME	26	15	88	91
ESOP TAX BENEFIT AND OTHER	-	(1)	-	(2)
	340	350	358	381
DIVIDENDS DECLARED				
Common stock - cash	16	16	33	46
Common stock - property	-	97	-	97

Preferred stock	1	1	2	2
	17	114	35	145
BALANCE AT END OF PERIOD	$ 323	$ 236	$ 323	$ 236

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

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 1998 AND DECEMBER 31, 1997

	September 30 1998	(Unaudited) December 31 1997
	(Millions of Dollars)	
ASSETS		
ELECTRIC UTILITY PLANT - ORIGINAL COST		
Utility plant (includes Construction Work in Progress of $31 and $27)	$ 3,167	$ 3,078
Accumulated depreciation	(1,350)	(1,260)
	1,817	1,818
OTHER PROPERTY AND INVESTMENTS		
Contract termination receivable	97	104
Receivable from parent	99	106
Trojan decommissioning trust, at market value	76	84
Corporate owned life insurance, less loans of $0 and $30	92	58
Other investments	16	17
	380	369
CURRENT ASSETS		
Cash and cash equivalents	28	3
Accounts and notes receivable	108	125
Unbilled and accrued revenues	33	46
Inventories, at average cost	28	30
Prepayments and other	40	21
	237	225
DEFERRED CHARGES		
Unamortized regulatory assets	756	819
Miscellaneous	18	25
	774	844
	$ 3,208	$ 3,256
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common stock equity		
Common stock, $3.75 par value per share, 100,000,000 shares authorized, 42,758,877 shares outstanding	$ 160	$ 160
Other paid-in capital - net	480	480
Retained earnings	323	270
Cumulative preferred stock Subject to mandatory redemption	30	30
Long-term debt	990	1,008
	1,983	1,948
CURRENT LIABILITIES		
Accounts payable and other accruals	129	167
Accrued interest	14	11
Dividends payable	17	1
Accrued taxes	38	63
	198	242
OTHER		
Deferred income taxes	363	363
Deferred investment tax credits	40	43
Unamortized regulatory liabilities	249	258
Trojan decommissioning and transition costs	289	313

Miscellaneous	86	89
	1,027	1,066
	$ 3,208	$ 3,256

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

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE
NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997
(Unaudited)

	Nine Months Ended September 30 1998	1997
	(Millions of Dollars)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Reconciliation of net income to net cash provided by (used in) operating activities		
Net Income	$ 88	$ 91
Depreciation and amortization	113	125
Deferred income taxes	-	(57)
Other non-cash expenses	-	24
(Increase) Decrease in receivables	30	12
Increase (Decrease) in payables	(59)	85
Other working capital items - net	(10)	(8)
Other - net	44	6
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	206	278
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(96)	(120)
Other - net	(10)	(9)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(106)	(129)
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(211)	(98)
Issuance of long-term debt	185	22
Dividends paid	(18)	(65)
Other - net	(31)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(75)	(141)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25	8
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	19
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 28	$ 27
Supplemental disclosures of cash flow information		
Cash paid during the period:		
Interest, net of amounts capitalized	$ 45	$ 52
Income taxes	109	73

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - PRINCIPLES OF INTERIM STATEMENTS

The interim financial statements have been prepared by PGE and, in the opinion of management, reflect all material adjustments which are necessary for a fair statement of results for the interim period presented. Certain information and footnote disclosures made in the last annual report on Form 10-K have been condensed or omitted for the interim statements. Certain costs are estimated for the full year and allocated to interim periods based on the estimates of operating time expired, benefit received or activity associated with the interim period. Accordingly, such costs are subject to year-end adjustment. It is PGE's opinion that, when the interim statements are read in conjunction with the 1997 Annual Report on Form 10-K, the disclosures are adequate to make the information presented not misleading.

RECLASSIFICATIONS - Certain amounts in prior years have been reclassified to conform to current year presentation.

NOTE 2 - LEGAL MATTERS

TROJAN INVESTMENT RECOVERY - On June 24, 1998, the Oregon Court of Appeals ruled that the OPUC does not have the authority to allow PGE to recover a return on its undepreciated investment in the Trojan generating facility. The court upheld the OPUC's authorization of PGE's recovery of its undepreciated investment in Trojan.

The Court of Appeals decision was a result of combined appeals from earlier circuit court rulings. In April 1996, a Marion County Circuit Court judge ruled that the OPUC could not authorize PGE to collect a return on its undepreciated investment in Trojan, contradicting a November 1994 ruling from the same court upholding the OPUC's authority. The 1996 ruling was the result of an appeal of PGE's 1995 general rate order which granted PGE recovery of, and a return on, 87 percent of its remaining investment in Trojan.

On August 26, 1998, PGE and the OPUC filed a Petition for Review with the Oregon Supreme Court, supported by amicus briefs filed by three other major utilities seeking review of that portion of the Oregon Court of Appeals decision relating to PGE's return on its undepreciated investment in Trojan. If the Supreme Court declines to hear the case, it would be referred back to the OPUC. Due to uncertainties in the regulatory process, management cannot predict, with certainty, what ultimate rate making action the OPUC will take regarding PGE's recovery of a rate of return on its Trojan investment.

Also on August 26, 1998, the Utility Reform Project filed a Petition for Review with the Oregon Supreme Court seeking review of that portion of the Oregon Court of Appeals decision relating to PGE's recovery of its undepreciated investment in Trojan.

At September 30, 1998, PGE's after-tax Trojan plant investment was $174 million. PGE is presently collecting annual revenues of approximately $23 million which represent a return on its undepreciated investment. Revenue amounts reflecting a recovery of a return on the Trojan investment decline through the recovery period which ends in the year 2011.

Management believes that the ultimate outcome will not have a material adverse impact on the financial condition of the Company. However, it may have a material impact on the results of operations for a future reporting period.

OTHER LEGAL MATTERS - PGE is party to various other claims, legal actions and complaints arising in the ordinary course of business. These claims are not considered material.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following review of PGE's results of operations should be read in conjunction with the 1997 Annual Report on Form 10K.

Due to seasonal fluctuations in electricity sales, as well as the price of wholesale energy and fuel costs, quarterly operating earnings are not necessarily indicative of results to be expected for calendar year 1998.

PGE does not have a fuel adjustment clause as part of its retail rate structure; therefore, changes in fuel and purchased power expenses are reflected currently in earnings.

1998 COMPARED TO 1997 FOR THE THREE MONTHS ENDED SEPTEMBER 30

PGE earned $25 million during the third quarter of 1998 compared to $14 million in 1997. Increased earnings were largely attributable to a $14 million after-tax non-recurring loss provision for future costs associated with non-utility property, recorded in 1997.

Total revenues declined $117 million compared to the third quarter of 1997 due to the transfer of wholesale trading activities to a non-regulated affiliate. Retail revenues, adjusted for the accounting effect of BPA payments received under the Exchange Provisions of the Regional Power Act (fully offset in "Purchased Power and Fuel") increased 1.4% The average number of retail customers increased by approximately 16,000 since the third quarter of 1997.

MEGAWATT-HOURS SOLD (THOUSANDS)

	1998	1997
Retail	4,389	4,364
Wholesale	2,675	8,665

Energy purchases declined by 63 percent due to the decline in wholesale activity, contributing to a $122 million reduction in power costs. Firm prices decreased slightly and spot market prices increased compared to 1997, due primarily to regional hydro conditions and gas prices. Overall, purchased power prices increased to an average 21.1 mills compared to 18.6 mills for the 1997 period. Generation increased 34 percent as plants operated to produce power more economically than the cost to purchase. Total generation increased from 2.3 million MWh in 1997 to 3.1 million MWh in 1998, and accounted for 43% of total Company energy, up from 17%.

MEGAWATT/VARIABLE POWER COSTS

	Megawatt-Hours			Average Variable	
	1998	1997		1998	1997
Generation	3,060	2,288		9.6	9.1
Firm Purchases	3,359	10,113		18.8	19.1
Spot Purchases	723	907		32.1	12.9
Total Send-Out	7,142	13,308	Average	*17.3	*17.7

(*includes wheeling costs)

Operating expenses (excluding variable power, depreciation and income taxes) were comparable to 1997 levels.

Other Income (Deductions) for 1997 reflects a loss provision recorded for future demolition and removal costs associated with non-utility property.

1998 COMPARED TO 1997 FOR THE NINE MONTHS ENDED SEPTEMBER 30

PGE earned $86 million during the nine months ended September 30, 1998, compared to earnings of $89 million in 1997. Reduced earnings were the result of lower margins on sales of electricity and higher operating costs. In addition, the 1997 period included the $14 million after tax non-recurring loss provision for future costs associated with non-utility property.

Revenues declined $218 million compared to the first nine months of 1997, due almost entirely to the transfer of wholesale trading activities to a non-regulated affiliate. Retail revenues declined slightly as additional sales to the residential sector were offse by a decline in revenues from industrial and commercial customers. Megawatt-hours sold to retail customers were flat when compared to the 1997 period. Additional sales resulting from an increase in the number of retail customers were offset by warmer temperatures in the first quarter of the year, reducing the average use per customer.

MEGAWATT-HOURS SOLD (THOUSANDS)

	1998	1997
Retail	13,358	13,370
Wholesale	8,632	22,043

Lower wholesale sales activity contributed to a significant decline in energy purchases and a $195 million reduction in power costs. Average prices for energy have increased when compared to the 1997 period due to both regional hydro conditions and gas prices. As a result of rising purchase power prices, PGE increased its generation by 51%, or about 2.5 million MWh. Company generation provided 33% of total power needs.

MEGAWATT/VARIABLE POWER COSTS

	Megawatt-Hours (thousands)			Average Variable Power Cost (Mills/kWh)	
	1998	1997		1998	1997
Generation	7,483	4,965		8.0	5.3
Firm Purchases	13,355	28,815		16.3	16.0
Spot Purchases	1,582	2,529		21.8	11.9
Total Send-Out	22,420	36,311	Average	*15.0	*15.0

(*includes wheeling costs)

Operating expenses (excluding variable power, depreciation and income taxes) increased $16 million due to repair costs of the January ice storm and to higher administrative expenses.

CASH FLOW

CASH PROVIDED BY OPERATIONS is used to meet the day-to-day cash requirements of PGE. Supplemental cash is obtained 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.

Decreased cash flow was primarily due to higher tax related payments and a significant reduction in accounts payable. In addition, the 1997 period includes a non-cash loss provision of $24 million related to future costs associated with non-utility property ("Other non-cash expenses") and deferred income taxes of $42 million on a capital gain associated with the termination of the SCE Power Sales Agreement (in "Deferred income taxes").

INVESTING ACTIVITIES include improvements to generation, transmission and distribution facilities and continued investment in energy efficiency programs. Through September 30, 1998, $96 million has been expended for capital projects, primarily improvements to PGE's distribution system to support the addition of new customers to PGE's service territory.

PGE deposits funds into an external trust for Trojan decommissioning costs. Funds are collected from customers at a rate of $14 million annually. The trust invests in investment-grade tax-exempt and U.S. Treasury bonds. Withdrawals from the trust are made as necessary for reimbursement of decommissioning expenditures.

FINANCING ACTIVITIES - PGE has relied on commercial paper borrowings and cash from operations to manage its day-to-day financing requirements. In June 1998, PGE issued fixed rate bonds maturing through 2033 and in turn redeemed $142 million of its variable rate pollution control bonds.

In September 1998, Moody's Investor Services reaffirmed PGE's debt ratings, with secured debt rated A2, unsecured debt rated A3, and commercial paper rated P1. These ratings should enable continued low borrowing costs.

The issuance of additional First Mortgage Bonds and preferred stock requires PGE to meet earnings coverage and security provisions set forth in the Articles of Incorporation and the Indenture securing its First Mortgage Bonds. As of September 30, 1998 PGE has the capability to issue preferred stock and additional First Mortgage Bonds in amounts sufficient to meet its capital requirements.

FINANCIAL AND OPERATING OUTLOOK

CUSTOMER CHOICE

PROPOSAL

In late 1997 PGE filed a proposal with the OPUC which would give all of its customers a choice of electricity providers as early as 1999. If the proposal is approved, PGE would become a regulated transmission and distribution company focused on delivering, but not selling, electricity. As part of this restructuring, PGE asked for OPUC approval to sell all its generating assets, power supply and purchase contracts. The sale of PGE's supply portfolio would allow the OPUC to put a dollar value on "transition costs", the costs that a regulated utility company would be unable to recover in a competitive market. PGE is seeking full recovery of these costs.

In July 1998, the OPUC staff issued its position, disagreeing with PGE's proposal for full customer choice. The OPUC staff instead recommended that PGE continue to provide electricity and a regulated cost-of-service rate in conjunction with a "portfolio model". OPUC Staff also rejected PGE's request to sell hydroelectric assets. Under the OPUC staff proposal, all customers would make choices from a portfolio program and a cost-of-service rate offered by PGE while industrial customers would also be able to choose their electricity provider through direct access. PGE filed its response to OPUC Staff and intervenor testimony in August, reaffirming its commitment to provide choice to all of its customers and offering the idea of trust ownership of PGE's hydroelectric assets.

As of September 30, 1998, the parties have been unable to resolve their differences and reach a settlement. The OPUC is scheduled to issue its restructuring order in January 1999. OPUC Commissioners have indicated that they will likely refer the issue of restructuring and their decision to the 1999 Oregon Legislature.

INTRODUCTORY PROGRAM

PGE initiated the Customer Choice Introductory Program as a one-year pilot to test deregulation readiness by allowing over 50,000 PGE customers in four cities to buy their power from competing energy service providers. At its peak, over 8,700 - almost 17 percent of eligible retail customers - had selected from among eight participating energy service providers. All participating customers will be returned to PGE by the December 31, 1998 termination of the pilot program. PGE does not expect that this program will have a material adverse effect on 1998 operating margins.

The program has provided valuable information to PGE, the OPUC and legislators on the effects of retail competition on PGE and its customers. An independent assessment of the program will be completed by year-end and made available to interested parties, including the State Legislature.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RETAIL CUSTOMER GROWTH AND ENERGY SALES

Weather adjusted retail energy sales grew by 2.7 percent for the nine months ended September 30, 1998 compared to the same period last year. PGE expects 1998 retail energy sales growth of approximately 2.2 percent over 1997. Sales growth has slowed in the manufacturing sector as sales to high-tech customers return to average growth rates (from above average sales growth experienced in the last two years).

QUARTERLY INCREASE IN RETAIL CUSTOMERS

QUARTER/YEAR	RESIDENTIAL	COMMERCIAL/INDUSTRIAL
2Q 96	3664	76
3Q 96	3021	594
4Q 96	5151	877
1Q 97	3953	509
2Q 97	4693	537
3Q 97	3529	388
4Q 97	3698	12
1Q 98	2762	670
2Q 98	4710	603
3Q 98	3822	671

RESIDENTIAL EXCHANGE PROGRAM - In early 1998, rates for PGE's residential and small farm customers increased 11.9 percent due to the Bonneville Power Administration's (BPA) elimination of the Residential Exchange Credit. PGE had contested BPA's 1996 rate case decision that caused the increase and on September 4, 1998 signed a "Residential Exchange Termination Agreement" which provides for BPA payments to PGE totaling $34.5 million over the next two years (through September 2000). The agreement further provides that such amount be passed to residential and small farm customers in the form of a tariff-based billing credit, which will reduce the previous rate increase to approximately 5.7 percent for all eligible customers through the middle of the year 2001.

POWER SUPPLY

Hydro conditions in the region during the year have been slightly below normal, with the January-to-July runoff at 94 percent of normal; such runoff, however, was sufficient to fill regional reservoirs. Projections of hydro conditions for next year will not be available until near year end. Efforts to restore salmon will continue to reduce the amount of water available for generation under less than normal hydro conditions.

PGE's base of hydro and thermal generating capacity and the surplus of electric generating capability in the Western U.S. provide PGE the flexibility needed to respond to seasonal fluctuations in the demand for electricity both within its service territory and from its wholesale customers.

On November 1, 1998, PGE signed a definitive agreement to sell its 20 percent interest in coal-fired generating units 3 and 4 of the Colstrip power plant, located in eastern Montana. The agreement, subject to both state and federal approval, would transfer ownership of PGE's 322 megawatt interest in the plant to PP&L Global, a subsidiary of PP&L Resources, for $230.5 million. Regulatory approval of this agreement is expected to take about one year. It is not anticipated that the sale will have an adverse impact on the results of operations.

WHOLESALE MARKETING

Wholesale sales declined from 1997 levels consistent with PGE's plan to participate in the wholesale marketplace to balance its supply of power to meet the needs of its retail customers, manage risk, and administer its long-term wholesale contracts.

TROJAN INVESTMENT RECOVERY

On June 24, 1998, the Oregon Court of Appeals ruled that the OPUC does not have the authority to allow PGE to recover a return on its undepreciated investment in the Trojan generating facility. The court upheld the OPUC's authorization of PGE's recovery of the undepreciated balance of its investment in Trojan.

The Court of Appeals decision was a result of combined appeals from earlier circuit court rulings. In April 1996, a Marion County Circuit Court judge ruled that the OPUC could not authorize PGE to collect a return on its undepreciated investment in Trojan, contradicting a November 1994 ruling from the same court upholding the OPUC's authority. The 1996 ruling was the result of an appeal of PGE's 1995 general rate order which granted PGE recovery of, and a return on, 87 percent of its remaining investment in Trojan.

On August 26, 1998, PGE and the OPUC filed a Petition for Review with the Oregon Supreme Court. If the Supreme Court declines to hear the case, it would be referred back to the Commission.

Also on August 26, 1998, the Utility Reform Project filed a Petition for Review with the Oregon Supreme Court seeking review of that portion of the Oregon Court of Appeals relating to PGE's recovery of its undepreciated investment in Trojan.

For further information, regarding the legal challenges to the OPUC's authority to grant recovery for PGE's Trojan investment see Part II, Other Information, Item 1. - Legal Proceedings.

NEW ACCOUNTING STANDARD

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities", to be effective January 1, 2000. SFAS No. 133 established standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or liability measured at its fair value. The new standard requires that changes in the derivative's value be recognized currently in earnings unless specific hedge accounting criteria are met. PGE has not yet quantified the impacts of adopting SFAS No. 133 or determined the timing of adoption.

YEAR 2000

The Year 2000 problem results from the use in computer hardware and software of two digits rather than four digits to define the applicable year. The use of two digits was a common practice for decades when computer storage and processing was much more expensive than today. When computer systems must process dates both before and after January 1, 2000, two-digit year "fields" may create processing ambiguities that can cause errors and system failures. For example, computer programs that have date-sensitive features may recognize a date represented by "00" as the year 1900, instead of 2000. These errors or failures may have limited effects, or the effects may be widespread, depending on the computer chip, system or software, and its location and function.

The effects of the Year 2000 problem are exacerbated because of the interdependence of computer and telecommunications systems in the United States and throughout the world. This interdependence certainly is true for PGE and PGE's suppliers, trading partners, and customers.

STATE OF READINESS

PGE's Board of Directors has adopted the Enron Corp Year 2000 plan (the "Plan"), which covers all of PGE's and other Enron Corp subsidiaries' activities. The aim of the plan is to take reasonable steps to prevent Enron's mission-critical functions from being impaired due to the Year 2000 problem. "Mission-critical" functions are those critical functions whose loss would cause an immediate stoppage of or significant impairment to major business areas (a major business area is one of material importance to Enron's business).

PGE's Year 2000 plan has been assigned to a centralized staff under the direction of a Year 2000 Project Manager, who coordinates the implementation of the Plan within all affected areas of the company. PGE has also engaged outside consultants, technicians and other external resources to aid in implementing the Plan.

PGE is implementing the Plan, which will be modified as events warrant. Under the Plan, PGE will continue to inventory its mission-critical computer hardware and software systems and embedded chips (computer chips with date-related functions, contained in a wide variety of devices, assess the effects of Year 2000 problems on the mission-critical functions of PGE's business; remedy systems, software and embedded chips in an effort to avoid material disruptions or other material adverse effects on mission-critical functions, processes and systems, verify and test the mission-critical systems to which remediation efforts have been applied; and attempt to mitigate those mission-critical aspects of the Year 2000 problem that are not remediated by January 1, 2000, including the development of contingency plans to cope with the mission-critical consequences of Year 2000 problems that have not been identified or remediated by that date.

The Plan recognizes that the computer, telecommunications, and other systems ("Outside Systems") of outside entitities ("Outside Entities") have the potential for major, mission-critical, adverse effects on the conduct of PGE's business. PGE does not have control of these Outside Entities or Outside Systems. However, the Plan includes an ongoing process of identifying and contacting Outside Entities whose systems in PGE's judgment have, or may have, a substantial effect on PGE's ability to continue to conduct the mission-critical aspects of its business without disruption from Year 2000 problems. The Plan envisions PGE's attempting to inventory and assess the extent to which these Outside Systems may not be "Year 2000 ready" or "Year 2000 compatible." PGE will attempt reasonably to coordinate with these Outside Entities in an ongoing effort to obtain assurance that the Outside Systems that are mission-critical to PGE will be Year 2000 compatible well before January 1, 2000. Consequently, PGE will work prudently with Outside Entities in a reasonable attempt to inventory, assess, analyze, convert (where necessary), test, and develop contingency plans for PGE's connections to these mission-critical Outside Systems and to ascertain the extent to which they are, or can be made to be, Year 2000 ready and compatible with PGE's mission-critical systems.

It is important to recognize that the processes of inventorying, assessing, analyzing, converting (where necessary), testing, and developing contingency plans for mission-critical items in anticipation of the Year 2000 event are necessarily iterative processes. That is, the steps are repeated as PGE learns more about the Year 2000 problem and its effects on PGE's internal systems and on Outside Systems, and about the effects that embedded chips may have on PGE's systems and Outside Systems. As the steps are repeated, it is likely that new problems will be identified and addressed. PGE anticipates that it will continue with these processes through January 1, 2000 and, if necessary based on experience, into the Year 2000 in order to assess and remediate problems that reasonably can be identified only after the start of the new century.

As of November 1998, PGE is at various stages in implementation of the Plan, as shown in the following table, which lists the status of both mission-critical internal systems (including embedded chips) and Outside Systems. Any notation of "complete" conveys the fact only that the initial iteration of this phase has been substantially completed. PGE will continue closely to monitor work under the Plan and to revise estimated completion dates for the initial iteration of each listed process.

YEAR 2000 READINESS PLAN

	MISSION-CRITICAL INTERNAL ITEMS		MISSION-CRITICAL OUTSIDE ENTITIES	
	STATUS	COMPLETION DATE	STATUS	COMPLETION DATE
Inventory	Complete	December 1997	Complete	October 1998
Assessment	Complete	October 1998	In Process	November 1998
Analysis	Complete	October 1998	In Process	November 1998
Conversion	In Process	June 1999	In Process	June 1999
Testing	In Process	September 1999	To Be Initiated	June 1999
Y2K-Ready	In Process	September 1999	To Be Initiated	June 1999
Contingency Plan	In Process	June 1999	To Be Initiated	June 1999

COSTS TO ADDRESS YEAR 2000 ISSUES

Under the Plan, PGE has not incurred material historical costs for Year 2000 awareness, inventory, assessment, analysis, conversion, testing, or contingency planning. Further, PGE anticipates that its future costs for these purposes, including those for implementing its Year 2000 contingency plans, will not have a material adverse effect on the results of operations.

Although management believes that its estimates are reasonable, there can be no assurance, for the reasons stated in the "Outlook" section, below, that the actual costs of implementing the plan will not differ materially from the estimated costs or that PGE will not be materially adversely affected by Year 2000 issues.

YEAR 2000 RISK FACTORS

REGULATORY REQUIREMENTS. PGE expects to satisfy all requirements of regulatory authorities for achieving Year 2000 readiness. If its reasonable expectations in this regard are in error, the adverse effect on PGE could be material.
Outside Entities could force temporary cessation of operations that materially adversely affect PGE.

SHORTAGE OF RESOURCES. Between now and 2000 there will be increased competition for people skilled in the technical and managerial skills necessary to deal with the Year 2000
taking substantial precautions to recruit and retain sufficient people skilled in dealing with the Year 2000 problem and has hired consultants who bring additional skilled people to deal with the Year 2000 problem as it

affects PGE, PGE could face shortages of skilled personnel or other resources, such as Year 2000 ready computer chips, and these shortages might delay or otherwise impair PGE's ability to assure that its mission-critical systems are Year 2000 ready. Outside Entities could force similar problems that materially adversely affect PGE. PGE believes that the possible import of the shortage of skilled people is not, and will not be, unique to PGE.

POTENTIAL SHORTCOMING. PGE estimates that its mission-critical systems, will be Year 2000-ready substantially before January 1, 2000. However, there is no assurance that the Plan will succeed in accomplishing its purposes or that unforeseen circumstances will not arise during implementation of the Plan that would materially and adversely affect PGE.

CASCADING EFFECT. PGE is taking reasonable steps to identify, assess, and where appropriate, replace devices that contain embedded chips. Despite these reasonable efforts, there is no assurance that PGE will be able to find and remediate all embedded chips in its systems. Further, there is no assurance that Outside Entities on which PGE depends will be able to find and remediate all embedded chips in their systems. Some of the embedded chips that fail to operate or that produce anomalous results may create system disruptions or failures. Some of these disruptions or failures may spread from the systems in which they are located to other systems in a cascade. These cascading failures may have adverse effects upon PGE's ability to maintain safe operations and may also have adverse effects upon PGE's ability to serve its customers and otherwise to fulfill certain contractual and other legal obligations. The embedded chip problem is widely recognized as one of the more difficult aspects of the Year 2000 problem across industries and throughout the world. PGE believes that the possible adverse impact of the embedded chip problem is not, and will not be, unique to PGE.

THIRD PARTIES. PGE cannot assure that suppliers upon which it depends for essential goods and services will convert and test their mission-critical systems and processes in a timely manner. Failure or delay by all or some of these entities, including U.S. federal, state or local governments, could create substantial disruptions having a material adverse effect on PGE's business.

CONTINGENCY PLANS

As part of the Plan, PGE is developing contingency plans that deal with two aspects of the Year 2000 problem: (1) that PGE, despite its good-faith, reasonable efforts, may not have satisfactorily remediated all of its internal mission-critical systems; and (2) that Outside Systems may not be Year 2000 ready, despite PGE's good-faith, reasonable efforts to work with Outside Entities. PGE's contingency plans are being designed to minimize the disruptions or other adverse effects resulting from Year 2000 incompatibilities regarding these mission-critical functions or systems, and to facilitate the early identification and remediation of mission-critical Year 2000 problems that first manifest themselves after January 1, 2000.

PGE's contingency plans will contemplate an assessment of all its mission-critical internal information technology systems and its internal operational systems that use computer-based controls. This process will commence in the early minutes of January 1, 2000, and continue for hours, days, or weeks as circumstances require. Further, PGE will in that time frame assess any mission-critical disruptions due to Year 2000-related failures that are external to PGE. The assessment process will cover, for example, loss of electrical power from other utilities; telecommunications services from carriers; or building access, security, or elevator service in facilities occupied by PGE.

PGE's contingency plans will include the creation of teams that will be standing by on the eve of the new millennium, prepared to respond rapidly and otherwise as necessary to mission-critical Year 2000-related problems as soon as they become known. The composition of teams that are assigned to deal with Year 2000 problems will vary according to the nature, mission-criticality, and location of the problem.

WORST CASE SCENARIO

The Securities and Exchange Commission requires that companies must forecast the most reasonably likely worst case Year 2000 scenario, assuming that the company's Year 2000 plan is not effective. Analysis of the most reasonably likely worst case Year 2000 scenarios PGE may face leads to contemplation of the following possibilities which, though unlikely in some or many cases, must be included in any consideration of worst cases: widespread failure of electrical, gas, and similar supplies by utilities serving PGE; widespread disruption of the services of communications common carriers; similar disruption to means and modes of transportation for PGE and its employees, contractors, suppliers, and customers; significant disruption to PGE's ability to gain access to, and remain working in, office buildings and other facilities; the failure of substantial numbers of PGE's mission-critical information (computer) hardware and software systems, including both internal business systems and systems (such as those with embedded chips) controlling operational facilities such as electrical generation, transmission, and distribution systems; and the failure of Outside Systems, the effects of which would have a cumulative material adverse impact on PGE's mission-critical systems. Among other things, PGE could face substantial claims by customers or loss of revenues due to service interruptions, inability to fulfill contractual obligations, inability to account for certain revenues or obligations or to bill customers accurately and on a timely basis, and increased expenses associated with litigation, stabilization of operations following mission-critical failures, and the execution of contingency plans. PGE could also experience an inability by customers, traders, and others to pay, on a timely basis or at all, obligations owed to PGE. Under these circumstances, the adverse effect on PGE, and the diminution of PGE's revenues, would be material, although not quantifiable at this time. Further in this scenario, the cumulative effect of these failures could have a substantial adverse effect on the economy, domestically and internationally. The adverse effect on PGE, and the diminution of its revenues, from a domestic or global recession or depression also is likely to be material, although not quantifiable at this time.

PGE will continue to monitor business conditions with the aim of assessing and quantifying material adverse effects, if any, that result from the Year 2000 problem.

SUMMARY

PGE has a Plan to deal with the Year 2000 challenge and believes that it will be able to achieve substantial Year 2000 readiness with respect to the mission critical systems that it controls. From a forward-looking perspective, the extent and magnitude of the Year 2000 problem as it will affect PGE, both before and for some period after January 1, 2000, are difficult to predict or quantify for a number of reasons. Among these are: the difficulty of locating "embedded" chips that may be in a great variety of mission-critical hardware used for process or flow control, environmental, transportation, access, communications and other systems; the difficulty of inventorying, assessing, remediating, verifying and testing Outside Systems; the difficulty in locating all mission-critical software (computer code) internal to PGE that is not Year 2000 compatible; and the unavailability of certain necessary internal or external resources, including but not limited to trained hardware and software engineers, technicians and other personnel to perform adequate remediation, verification and testing of PGE systems or Outside Systems. Accordingly, there can be no assurance that all of PGE's systems and all Outside Systems will be adequately remediated so that they are Year 2000 ready by January 1, 2000, or by some earlier date, so as not to create a material disruption to PGE's business. If, despite PGE's reasonable efforts under the Plan, there are mission-critical Year 2000-related failures that create substantial disruptions to PGE's business, the adverse impact on PGE's business could be material. Additionally, Year 2000 costs are difficult to estimate accurately because of unanticipated vendor delays, technical difficulties, the impact of tests of Outside Systems and similar events. Moreover, the estimated costs of implementing the Plan do not take into account the costs, if any, that might be incurred as a result of Year 2000-related failures that occur despite PGE's implementation of the Plan.

INFORMATION REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although PGE believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Important factors that could cause actual results to differ materially from those in the forward looking statements herein include, but are not limited to, political developments affecting federal and state regulatory agencies, the pace of electric industry deregulation in Oregon and in the United States, environmental regulations, changes in the cost of power, adverse weather conditions, and the effects of the Year 2000 date change during the periods covered by the forward looking statements.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For further information, see PGE's report on Form 10-K for the year ended December 31, 1997.

CITIZENS' UTILITY BOARD OF OREGON V. PUBLIC UTILITY COMMISSION OF OREGON and UTILITY REFORM PROJECT, COLLEEN O'NEILL AND LLOYD MARBET V. OREGON PUBLIC UTILITY COMMISSION, the Court of Appeals of the State of Oregon.

On August 26, 1998, PGE and the OPUC filed a Petition for Review with the Oregon Supreme Court, supported by amicus briefs filed by three other major utilities seeking review of that portion of the Oregon Court of Appeals decision relating to PGE's return on its undepreciated investment in Trojan. If the Supreme Court declines to hear the case, it would be referred back to the OPUC.

Also on August 26, 1998, the Utility Reform Project filed a Petition for Review with the Oregon Supreme Court seeking review of that portion of the Oregon Court of Appeals decision relating to PGE's recovery of its undepreciated investment in Trojan.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

NUMBER	EXHIBIT
27	Financial Data Schedule - UT (Electronic Filing Only)

b. Reports on Form 8-K

None.

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 ELECTRIC COMPANY
(Registrants)

November 12, 1998 By /s/ Bradley K. Alford
Bradley K. Alford
Vice President
Chief Financial Officer and
Treasurer

November 12, 1998 By /s/ Mary K. Turina
Mary K. Turina
Controller
Chief Accounting Officer

UT

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS FILED ON FORM 10-Q FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 FOR PORTLAND GENERAL ELECTRIC (PGE) AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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0000784977
PORTLAND-GENERAL-ELECTRIC

9-MOS
DEC-31-1997
SEP-30-1998
PER-BOOK
1,817
380
237
774
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3,208
160
480
323
963
30
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986
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2
1,225
3,208
848
60
654
714
134
8
142
54
88
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86
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60
206
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Represents the 12 month-to-date figure ending September 30, 1998.