

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 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 (I.R.S. Employer
incorporation or organization) 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 No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of May 14, 1998: 42,758,877 shares of Common Stock, \$3.75 par value. (All shares are owned by Enron Corp.)

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DEFINITIONS

AFDC.....Allowance For Funds Used During Construction
Bonneville Pacific.....Bonneville Pacific Corporation
BPA.....Bonneville Power Administration
Coyote Springs.....Coyote Springs Generation Plant

Enron.....Enron Corp.
ESP.....Energy Service Provider
FERC.....Federal Energy Regulatory Commission
Holdings.....Portland General Holdings, Inc.
kWh.....Kilowatt-Hour
Mill.....One tenth of one cent
Mwa.....Average megawatts
MWh.....Megawatt-hour
NYMEX.....New York Mercantile Exchange
OPUC or the Commission.....Oregon Public Utility Commission
Portland General or PGC.....Portland General Corporation
PGE or the Company.....Portland General Electric Company
PUHCA.....Public Utility Holding Company Act of 1935
Trojan.....Trojan Nuclear Plant
USDOE.....United States Department of Energy
WAPA.....Western Area Power Authority
WNP-3.....Washington Public Power Supply System Unit 3

Portland General Electric Company and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME FOR THE
THREE MONTHS ENDED MARCH 31, 1998 AND 1997
(UNAUDITED)

	Three Months Ended March 31	
	1998	1997
	(Millions of Dollars)	
OPERATING REVENUES	\$ 314	\$ 368
OPERATING EXPENSES		
Purchased power and fuel	123	157
Production and distribution	34	28
Administrative and other	27	24
Depreciation and amortization	37	40
Taxes other than income taxes	16	15
Income taxes	25	39
	262	303
NET OPERATING INCOME	52	65
OTHER INCOME (DEDUCTIONS)		
Miscellaneous	2	-
Income taxes	1	1
	3	1
INTEREST CHARGES		
Interest on long-term debt and other	17	17
Interest on short-term borrowings	1	1
	18	18
NET INCOME	37	48
PREFERRED DIVIDEND REQUIREMENT	1	1
INCOME AVAILABLE FOR COMMON STOCK	\$ 36	\$ 47

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS FOR THE
THREE MONTHS ENDED MARCH 31, 1998 AND 1997
(Unaudited)

	Three Months Ended March 31	
	1998	1997
	(Millions of Dollars)	
BALANCE AT BEGINNING OF PERIOD	\$ 270	\$ 292
NET INCOME	37	48
MISCELLANEOUS	-	(1)
	307	339
DIVIDENDS DECLARED		
Common stock	-	13
Preferred stock	1	1
	1	14
BALANCE AT END OF PERIOD	\$ 306	\$ 325

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

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 1998 AND DECEMBER 31, 1997

	(Unaudited) March 31 1998 (Millions of Dollars)	December 31 1997
ASSETS		
ELECTRIC UTILITY PLANT - ORIGINAL COST		
Utility plant (includes Construction Work in Progress of \$26 and \$27)	\$ 3,106	\$ 3,078
Accumulated depreciation and amortization	(1,289)	(1,260)
	1,817	1,818
OTHER PROPERTY AND INVESTMENTS		
Contract termination receivable	102	104
Receivable from parent	104	106
Trojan decommissioning trust, at market value	79	84
Corporate owned life insurance, less loans of \$27 and \$31	63	58
Miscellaneous	17	17
	365	369
CURRENT ASSETS		
Cash and cash equivalents	4	3
Accounts and notes receivable	125	125
Unbilled and accrued revenues	33	46
Inventories, at average cost	30	30
Prepayments and other	32	21
	224	225
DEFERRED CHARGES		
Unamortized regulatory assets	809	819
Miscellaneous	24	25
	833	844
	\$ 3,239	\$ 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	306	270
Cumulative preferred stock		
Subject to mandatory redemption	30	30
Long-term obligations	1,005	1,008
	1,981	1,948
CURRENT LIABILITIES		
Accounts payable and other accruals	134	167
Accrued interest	14	11
Dividends payable	1	1
Accrued taxes	54	63
	203	242
OTHER		
Deferred income taxes	363	363
Deferred investment tax credits	42	43
Trojan decommissioning and transition costs	307	313
Unamortized regulatory liabilities	254	258
Miscellaneous	89	89
	1,055	1,066
	\$ 3,239	\$ 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
THREE MONTHS ENDED MARCH 31, 1998 AND 1997
(Unaudited)

	Three Months Ended March 31	
	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	\$ 37	\$ 48
Non-cash items included in net income:		
Depreciation and amortization	33	31
Amortization of Trojan investment	9	9
Amortization of deferred charges (credits)	(3)	2
Deferred income taxes - net	-	(1)
Changes in working capital:		
(Increase) Decrease in receivables	12	(3)
(Increase) Decrease in inventories	-	(2)
Increase (Decrease) in payables and accrued taxes	(39)	42
Other working capital items - net	(11)	(10)
Other - net	1	1
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	39	117
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures & energy efficiency programs	(31)	(37)
Trojan decommissioning expenditures	(6)	(3)
Trojan decommissioning trust activity	4	(1)
Other - net	-	(2)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(33)	(43)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net increase (decrease) in short-term borrowings	-	(19)
Borrowings from Corporate Owned Life Insurance	(4)	-
Repayment of long-term debt	-	(25)
Dividends paid	(1)	(17)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(5)	(61)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1	13
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	19
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 4	\$ 32
Supplemental disclosures of cash flow information		
Cash paid during the period:		
Interest, net of amounts capitalized	\$ 14	\$ 17
Income taxes	40	5

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

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - PRINCIPLES OF INTERIM STATEMENTS

The interim financial statements have been prepared by Portland General Electric Company (PGE) and, in the opinion of management, reflect all material adjustments which are necessary to 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 for comparative purposes.

NOTE 2 - LEGAL MATTERS

TROJAN INVESTMENT RECOVERY - In April 1996 a circuit court judge in Marion County, Oregon found 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. The 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.

The 1994 ruling was appealed to the Oregon Court of Appeals and stayed pending the appeal of the Commission's March 1995 order. Both PGE and the OPUC have separately appealed the April 1996 ruling which was combined with the appeal of the November 1994 ruling at the Oregon Court of Appeals.

Management believes that the authorized recovery of and return on the Trojan investment and decommissioning costs will be upheld and that these legal challenges will not have a material adverse impact on the results of operations or financial condition of the Company for any 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.

NOTE 3 - COMPREHENSIVE INCOME

Effective January 1, 1998, PGE adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income". Items includable in Comprehensive Income are immaterial.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

RESULTS OF OPERATIONS

The following review of Portland General Electric Company's (PGE) results of operations should be read in conjunction with the Consolidated Financial Statements.

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.

1998 COMPARED TO 1997 FOR THE THREE MONTHS ENDED MARCH 31

PGE earned \$36 million during the first quarter of 1998 compared to earnings of \$47 million in 1997. Reduced earnings were the result of lower margins on electric sales and higher operating costs.

Revenues declined \$54 million compared to the first quarter 1997 due to the transfer of wholesale trading activities to a non-regulated affiliate. Retail revenues were flat. The number of retail customers increased by 15,000 since the first quarter of 1997. However, due to warmer temperatures, use per customer was down 5.5%.

MEGAWATT-HOURS SOLD (THOUSANDS)

	1998	1997
Retail	4,726	4,836
Wholesale	3,575	6,419

Energy purchases declined by 40 percent due to the decline in both wholesale demand and retail usage, contributing to a \$34 million reduction in power costs. Firm prices remained flat at 16.3 mills compared to last year. Below normal water conditions raised the spot market prices to an average 14.2 mills compared to 12.2 mills in 1997. As a result, PGE thermal and gas production increased 61 percent or 959,450 MWh and represented 30 percent of PGE's total power needs.

MEGAWATT/VARIABLE POWER COSTS

	Megawatt-Hours (thousands)		Average Variable Power Cost (Mills/kwh)	
	1998	1997	1998	1997
Generation	2,543	1,584	7.0	4.3
Firm Purchases	5,648	9,293	16.3	16.3
Spot Purchases	377	692	14.2	12.2
Total Send-Out	8,568	11,569		

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

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.

Operating expenses (excluding variable power, depreciation and income taxes) increased \$9 million due the January ice storm repair costs and higher administrative expense.

Depreciation and amortization expense increases resulted from normal asset additions (primarily distribution assets).

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 substantially due to current tax payments of \$40 million compared to \$5 million in first quarter 1997.

INVESTING ACTIVITIES include improvements to generation, transmission and distribution facilities and continued investment in energy efficiency programs. Through March 31, 1998, \$31 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 funds an external trust for Trojan decommissioning costs through customer collections 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. During the first quarter of 1998 nearly \$7 million was withdrawn from the trust.

FINANCING ACTIVITIES - Cash used for financing activities totaled \$5 million in the first quarter 1998 compared to \$61 million in 1997. PGE has issued no new long-term debt in 1997 and has instead relied on short-term borrowings and cash from operations to manage its day to day financing requirements. No long-term debt was retired during the first quarter 1998.

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 March 31, 1998 PGE has the capability to issue preferred stock and additional First Mortgage Bonds in amounts sufficient to meet its capital requirements.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

FINANCIAL AND OPERATING OUTLOOK

CUSTOMER CHOICE

PROPOSAL

In late 1997 PGE filed a proposal before the OPUC which would give all of its customers a choice of electricity providers and provide a price decrease of about 10 percent as early as first quarter 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 is asking for OPUC approval to sell all its generating assets, power supply and purchase contracts. A 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 transition costs.

PGE is dependent upon the regulatory process to ensure that future revenues will be provided for the recovery of regulatory assets, including the transition costs mentioned above. In the event that the regulatory process does not provide revenues for recovery of transition costs, PGE could be required to write off all or a portion of such amounts from its balance sheet.

INTRODUCTORY PROGRAM

PGE initiated the Customer Choice Introductory Program to allow over 50,000 PGE customers in four cities to buy their power from competing energy service providers. To date, over 8,600 or 16 percent of eligible retail customers have selected alternate energy service providers. There are fourteen certified energy service providers, with eight currently scheduling and selling power. This program, which terminates on December 31, 1998, is providing valuable information to PGE, the OPUC and legislators on the effects of retail competition on PGE and its customers. PGE does not expect that this program will have a material adverse impact on 1998 operating margins.

RETAIL CUSTOMER GROWTH AND ENERGY SALES

Weather adjusted retail energy sales grew by 1 percent for the three months ended March 31, 1998 compared to the same period last year. PGE expects 1998 retail energy sales growth of approximately 3 percent over 1997. Commercial and manufacturing sales were slightly higher in the first quarter compared to last year. For 1998, manufacturing is expected to grow 4 percent, which includes high tech, PGE's fastest growing segment.

RESIDENTIAL EXCHANGE PROGRAM - In January 1998 rates for PGE's residential and small farm customers increased 11.9 percent due to the Bonneville Power Administration's (BPA)

QUARTERLY INCREASE IN RETAIL CUSTOMERS

QUARTER/YEAR	RESIDENTIAL	COMMERCIAL/INDUSTRIAL
4Q95	5566	554
1Q96	3633	539
2Q96	3664	76
3Q96	3021	594
4Q96	5151	877
1Q97	3953	509
2Q97	4693	537
3Q97	3529	388
4Q97	3698	12
1Q98	2762	670

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

elimination of the Residential Exchange Credit. PGE contested this decision and has recently come to an agreement with BPA which allows PGE customers access to federal power in a manner comparable to the access provided public power customers. Under the agreement (expected to be finalized in late May 1998) BPA will pay PGE \$25.5 million, which will be used to reduce the retail rates of PGE's residential and small farm customers over the next few years.

In June 1998, rates for PGE's residential and small farm customers will decrease by 5 percent, incorporating the Residential Exchange benefits mentioned above.

POWER SUPPLY

Hydro conditions in the region are below normal. Current projections forecast the January-to-July runoff to be 86 percent of normal, assuming normal precipitation for the rest of the run-off season, compared to 150 percent of normal last year. Efforts to restore salmon has reduced the amount of water available for generation which, if continued, may mean less water available in the fall and winter for generation when demand for electricity in the Pacific Northwest is highest.

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

WHOLESALE MARKETING

Wholesale sales declined in the first quarter 1998 due to the transfer of PGE's long-term wholesale marketing activities to its non-regulated affiliates. PGE is participating in the wholesale marketplace to balance its supply of power to meet the needs of its retail customers, manage risk and to administer PGE's current long-term wholesale contracts.

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.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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.

COLUMBIA STEEL CASTING CO., INC. V. PGE, PACIFICORP, AND MYRON KATZ, NANCY RYLES AND RONALD EACHUS, NINTH CIRCUIT COURT OF APPEALS

On June 19, 1990 Columbia Steel filed a complaint for declaratory judgment, injunctive relief and damages in U.S. District Court for the District of Oregon contending that a 1972 territory allocation agreement between PGE and PacifiCorp, dba Pacific Power & Light Company (PP&L), which was subsequently approved by the OPUC and the City of Portland, does not give PGE the exclusive right to serve them nor does it allow PP&L to deny service to them. Columbia Steel is seeking an unspecified amount in damages amounting to three times the excess power costs paid over a 10 year period.

On July 3, 1991 the Court ruled that the Agreement did not allocate customers for the provision of exclusive services and that the 1972 order of the OPUC approving the Agreement did not order the allocation of territories and customers. Subsequently, on August 19, 1993 the Court ruled that Columbia Steel was entitled to receive from PGE approximately \$1.4 million in damages which represented the additional costs incurred by Columbia Steel for electric service from July 1990 to July 1991, trebled, plus costs and attorney's fees.

PGE appealed to the U.S. Court of Appeals for the Ninth Circuit which, on July 20, 1995, issued an opinion in favor of PGE, reversing the judgment and ordering judgment to be entered in favor of PGE. Columbia Steel filed a petition for reconsideration and on December 27, 1996, the Ninth Circuit Court of Appeals reversed its earlier decision, ruling in favor of Columbia Steel. In early 1997 PGE's request for reconsideration by the Ninth Circuit was denied. The case was remanded to the US District Court for a new determination of damages for service rendered from early 1987 to July 1991. On July 2, 1997 PGE filed a request for certiorari with the US Supreme Court. On August 2, 1997 the US District Court entered a new judgement in favor of Columbia Steel for approximately \$3.7 million.

On May 4, 1998, the US Supreme Court indicated it would not review the Ninth Circuit Court decision.

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.

UT

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS FILED ON FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 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

	3-MOS DEC-31-1997	MAR-31-1998	PER-BOOK
	1,817		
	365		
	224		
	833		
		0	
		3,239	
			160
	480		
	306		
946	30		
	1,000		0
	0		0
0	0		
0	0		
	3		
		2	
1,258			
3,239			
	314		
	25		
	237		
	262		
	52		
		3	
55			
	18		
			37
	1		
36			
	0		
	62		
	39		
			0
			0

Represents the 12 month-to-date figure ending December 31, 1997.