

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 JUNE 30, 1999
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 July 31, 1999: 42,758,877 shares of Common Stock, \$3.75 par value. (All shares are owned by Enron Corp.)

TABLE OF CONTENTS

	PAGE NUMBER
DEFINITIONS.....	2
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
Consolidated Statement of Income	3
Consolidated Statement of Retained Earnings	3
Consolidated Balance Sheet	4
Consolidated Statement of Cash Flow	5
Notes to Consolidated Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations ...	8
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	24
Item 6. Exhibits and Reports on Form 8-K	25
Signature Page	26

DEFINITIONS

FERC.....Federal Energy Regulatory Commission
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

PART I

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

Consolidated Income Statement
(Unaudited)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998

(MILLIONS OF DOLLARS)

OPERATING REVENUES	\$ 294	\$ 260	\$ 593	\$ 574
OPERATING EXPENSES				
PURCHASED POWER AND FUEL	118	89	218	212
PRODUCTION AND DISTRIBUTION	35	34	68	68
ADMINISTRATIVE AND OTHER	29	28	51	55
DEPRECIATION AND AMORTIZATION	40	37	79	74
TAXES OTHER THAN INCOME TAXES	14	13	31	29
INCOME TAXES	18	18	48	43
	254	219	495	481
NET OPERATING INCOME	40	41	98	93
OTHER INCOME (DEDUCTIONS)				
MISCELLANEOUS	2	1	6	3
INCOME TAXES	-	-	2	1
	2	1	8	4
INTEREST CHARGES				
INTEREST ON LONG-TERM DEBT AND OTHER	15	16	32	33
INTEREST ON SHORT-TERM BORROWINGS	2	2	4	3
ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION	(1)	-	(1)	-
	16	18	35	36
NET INCOME	26	24	71	61
PREFERRED DIVIDEND REQUIREMENT	1	-	2	1
INCOME AVAILABLE FOR COMMON STOCK	\$ 25	\$ 24	\$ 69	\$ 60

Consolidated Statement Of Retained Earnings
(Unaudited)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998

(MILLIONS OF DOLLARS)

BALANCE AT BEGINNING OF PERIOD	\$ 380	\$ 306	\$ 356	\$ 270
NET INCOME	26	24	71	61
	406	330	427	331

DIVIDENDS DECLARED				
COMMON STOCK	20	16	40	16
PREFERRED STOCK	1	-	2	1
	21	16	42	17
BALANCE AT END OF PERIOD	\$ 385	\$ 314	\$ 385	\$ 314

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

Consolidated Balance Sheet
(Unaudited)

JUNE 30,
1999

DECEMBER 31,
1998

(MILLIONS OF DOLLARS)

ASSETS

ELECTRIC UTILITY PLANT -
ORIGINAL COST

Utility plant (includes Construction Work in Progress of \$34 and \$35)	\$ 3,233	\$ 3,182
Accumulated depreciation and amortization	(1,426)	(1,363)
	1,807	1,819

OTHER PROPERTY AND

INVESTMENTS

Contract termination receivable	91	95
Receivable from parent	93	97
Nuclear decommissioning trust, at market value	59	72
Corporate owned life insurance, less loans of \$0 and \$30	96	63
Miscellaneous	15	15
	354	342

CURRENT ASSETS

Cash and cash equivalents	5	4
Accounts and notes receivable	112	135
Unbilled and accrued revenues	36	45
Inventories, at average cost	34	28
Prepayments and other	34	31
	221	243

DEFERRED CHARGES

Unamortized regulatory assets	707	731
Miscellaneous	28	27
	735	758
	\$ 3,117	\$ 3,162

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	385	356
Cumulative preferred stock		
Subject to mandatory redemption	30	30
Long-term obligations	974	951
	2,029	1,977

CURRENT LIABILITIES

Accounts payable and other accruals	123	145
Accrued interest	10	11
Dividends payable	1	1
Accrued taxes	12	35
	146	192

OTHER

Deferred income taxes	349	351
Deferred investment tax credits	37	39
Trojan decommissioning and transition costs	251	274
Unamortized regulatory liabilities	218	237
Miscellaneous	87	92
	942	993
	\$ 3,117	\$ 3,162

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

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW
(Unaudited)

SIX MONTHS
ENDED
JUNE 30,

1999 1998

(MILLIONS OF DOLLARS)

CASH FLOWS FROM OPERATING ACTIVITIES:		
Reconciliation of net income to net cash provided by (used in) operating activities		
Net Income	\$ 71	\$ 61
Non-cash items included in net income:		
Depreciation and amortization	79	74
Deferred income taxes	(4)	-
Changes in working capital:		
Decrease in receivables	32	30
Decrease in payables	(46)	(82)
Other working capital items - net	(9)	(8)
Other - net	(9)	13
NET CASH PROVIDED BY OPERATING ACTIVITIES	114	88
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(60)	(68)
Other - net	(4)	(4)
NET CASH USED IN INVESTING ACTIVITIES	(64)	(72)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(27)	(164)
Issuance of long-term debt	52	176
Dividends paid	(41)	(18)
Repayment of loans on corporate owned life insurance	(32)	-
Other	(1)	-
NET CASH USED IN FINANCING ACTIVITIES	(49)	(6)
INCREASE IN CASH AND CASH EQUIVALENTS	1	10
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4	3
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 5	\$ 13
Supplemental disclosures of cash flow information		
Cash paid during the period:		
Interest, net of amounts capitalized	\$ 29	\$ 33
Income taxes	77	78

The accompanying notes are an integral part of these consolidated financial 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 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 1998 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% of its remaining investment in Trojan.

On August 26, 1998, PGE and the OPUC filed petitions 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.

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.

On April 29, 1999, the Oregon Supreme Court accepted the petitions for review of the June 24, 1998, Oregon Court of Appeals decision.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

On June 16, 1999, Oregon's governor signed Oregon House Bill 3220 authorizing the OPUC to allow recovery of a return on the undepreciated investment in property retired from service. One of the effects of the bill is to affirm retroactively the OPUC's authority to allow PGE's recovery of a return on its undepreciated investment in the Trojan generating facility.

Relying on the new legislation, on July 2, 1999, the Company requested the Oregon Supreme Court to vacate the June 24, 1998, adverse ruling of the Oregon Court of Appeals and affirm the validity of the OPUC's order allowing PGE to recover a return on its undepreciated investment in Trojan. The Utility Reform Project and the Citizens Utility Board, another party to the proceeding, opposed such request on the ground that an effort is underway to gather signatures to place on the November 2000 ballot a referendum to negate the new legislation. By law, the petitioners would have to obtain 44,424 valid signatures within 90 days of the Legislature's July 24, 1999, adjournment to place the matter on the November 2000 statewide ballot. In its July 2, 1999 filing, the Company also requested the Oregon Supreme Court to reverse its decision to review the Utility Reform Project's challenge of the OPUC's determination that PGE should be allowed to recover its investment in Trojan.

At June 30, 1999, PGE's after-tax Trojan plant investment was \$161 million. PGE is presently collecting annual revenues of approximately \$21 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 of these matters 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.

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 PGE's 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 1999.

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.

1999 COMPARED TO 1998 FOR THE THREE MONTHS ENDED JUNE 30

PGE earned \$26 million during the second quarter of 1999 compared to earnings of \$24 million in 1998. The increase was primarily due to continued growth in PGE's retail customer base accompanied by higher margins on both retail and wholesale energy sales.

Revenues increased \$34 million compared to the second quarter of 1998, with significant increases in both retail and wholesale energy sales. Retail revenues increased \$14 million, or 7%, on energy sales that increased 10%; the number of retail customers increased by approximately 18,000 during the last year. Wholesale revenues increased \$20 million, or 51%, due to trading activity that increased 28% and average prices that increased 18%.

MEGAWATT-HOURS SOLD (THOUSANDS)

	1999	1998
Retail	4,447	4,027
Wholesale	3,053	2,382

Purchased power and fuel increased 33% due to both the increased load and higher power prices. Power costs averaged 15.5 mills as both firm and spot market prices increased compared to 1998 and significantly higher gas prices resulted in an increased average cost of company generation. Power purchases averaged 17.1 mills, up 21% from 1998, while company generation averaged 8.7 mills, up 32% from 1998.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

MEGAWATT/VARIABLE POWER COSTS

	Megawatt-Hours (thousands)		Average Variable Power Cost (Mills/kWh)	
	1999	1998	1999	1998
Generation	2,202	1,880	8.7	6.6
Firm Purchases	4,776	4,347	16.8	14.3
Spot Purchases	836	482	18.5	12.4
Total Send-Out	7,813	6,709	15.5*	13.2*

(*includes wheeling costs)

Operating expenses (excluding variable power and depreciation) were comparable to last year's second quarter.

Depreciation and amortization increased \$3 million, or 8%, due to both normal capital additions and to higher amortization of regulatory assets.

1999 COMPARED TO 1998 FOR THE SIX MONTHS ENDED JUNE 30

PGE earned \$71 million during the six months ended June 30, 1999, compared to earnings of \$61 million in 1998. The increase was due primarily to continued growth in PGE's retail customer base accompanied by a higher margin on retail energy sales.

Revenues increased \$19 million compared to the first half of 1998; with significantly higher retail revenues partially offset by lower wholesale revenues. Retail revenues increased \$38 million, or 9%, from last year, on 11% higher energy sales resulting primarily from an approximate 18,000 increase in customers served. Wholesale revenues decreased \$19 million, or 18%, due to a 26% decrease in trading activity; this was partially offset by average wholesale prices that increased 12%.

MEGAWATT-HOURS SOLD (THOUSANDS)

	1999	1998
Retail	9,625	8,648
Wholesale	4,391	5,957

Purchased power and fuel increased 3% due to increased power prices. Power costs averaged 15.2 mills, 9% higher than in 1998, with the average cost of both purchased power and company generation higher than in the first half of last year. Higher coal and gas production costs were

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

only slightly offset by the effect of increased hydro generation. As purchase power prices increased, PGE increased its generation to 32% of total load from 29% in the first half of 1998.

MEGAWATT/VARIABLE POWER COSTS

	Megawatt-Hours (thousands)		Average Variable Power Cost (Mills/kWh)	
	1999	1998	1999	1998
Generation	4,605	4,423	8.4	6.8
Firm Purchases	7,981	9,996	16.8	15.4
Spot Purchases	2,033	858	16.4	13.2
Total Send-Out	14,618	15,277	15.2*	13.9*

(*includes wheeling costs)

Operating expenses (excluding purchased power and fuel, depreciation, and income taxes) decreased \$2 million, or 2%. A \$5 million decrease related to a reduction in pension accruals from negotiated changes to union pension and Retirement Savings Plan enhancements was partially offset by an increase in city franchise fees related to higher retail revenues.

Depreciation and amortization expense increased \$5 million, or 7%, due to both normal capital additions and higher amortization of regulatory 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.

Cash provided by operating activities totaled \$114 million in the first half of 1999, compared to \$88 million in the same period last year. The increase is due primarily to decreased payments for power purchases and federal income taxes and to greater margins on increased retail energy sales.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

INVESTING ACTIVITIES consist primarily of improvements to PGE's distribution, transmission, and generation facilities, as well as continued energy efficiency program expenditures. Capital expenditures of \$60 million through June 30, 1999 were primarily for the expansion and improvement of PGE's distribution system to support both new and existing customers within PGE's service territory. In early August, PGE exercised its option to purchase the six combustion turbine generators at the Beaver generating plant, previously operated under terms of a 25-year lease, for \$37.3 million.

FINANCING ACTIVITIES provide supplemental cash for day-to-day operations and capital requirements as needed. PGE relies on commercial paper borrowings and cash from operations to manage its day-to-day financing requirements. During the first half of 1999, commercial paper borrowings increased \$52 million, of which \$32 million was utilized to repay policy loans on corporate owned life insurance. The Company paid common stock dividends of \$40 million to its parent and \$1 million in preferred stock dividends during the first half of 1999.

In April 1999, PGE filed a \$200 million shelf registration statement with the Securities and Exchange Commission for the purpose of issuing new long-term debt, the proceeds from which will be used to refund fixed and variable rate securities, reduce short-term debt, and fund planned construction and other expenditures; no debt has been issued under this registration. In July 1999, PGE received approval from the Federal Energy Regulatory Commission to issue short-term debt, including commercial paper, credit facilities, and other evidences of indebtedness up to \$350 million. This approval is effective for two years and replaces and supercedes PGE's prior approval from the FERC authorizing short-term borrowing of \$250 million.

In July 1999, Duff & Phelps Credit Rating Co. assigned initial ratings to PGE's debt, with senior secured debt rated 'AA-', senior unsecured debt rated 'A+', preferred stock and junior subordinated debt rated 'A', and commercial paper rated 'D1'. Also in July, Moody's Investor Services changed PGE's rating outlook from 'stable' to 'positive'.

On August 6, 1999, PGE completed a \$100 million revolving credit facility with two commercial banks. This facility, combined with the Company's existing \$200 million revolving credit facility, effectively increases the total committed credit for PGE to \$300 million. These facilities are used primarily as backup for commercial paper and borrowings from commercial banks under uncommitted lines of credit.

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 June 30, 1999, 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

OREGON REGULATORY MATTERS

In late 1997, PGE filed its "Customer Choice" proposal with the Oregon Public Utility Commission (OPUC), designed to give all of its customers a choice of electricity providers as early as 1999. In conjunction with its proposal, PGE initiated the Customer Choice Introductory Program as a one-year pilot to test deregulation readiness by allowing certain customers to buy their power from competing energy service providers; this program terminated as scheduled at the end of 1998, with all participating customers returned to PGE.

In response to PGE's proposal, the OPUC in January 1999 issued an order containing an alternate restructuring proposal significantly different from the fully competitive model proposed by PGE. The proposal recommends that PGE offer customers a limited set of options, including the ability to continue to purchase rate-regulated electricity. Most commercial and industrial customers (those with demand exceeding 30kW) would be able to choose their electricity provider through direct access. Although the order would allow PGE to sell its coal- and gas- fired generation plants, it rejected PGE's request to sell its hydroelectric assets. The Commission's order further requires PGE to refile a new rate case should it choose to adopt the plan recommended by the order, which is also contingent upon the adoption of certain statutory changes by the Oregon Legislature.

On July 23, 1999, Oregon's governor signed into law legislation that provides large industrial and commercial customers of investor-owned utilities direct access to competing energy suppliers no later than October 1, 2001. Residential customers will be able to purchase electricity from a "portfolio" of rate options that will include a regulated cost-of-service rate, a new renewable resource rate, and a market-based rate that would fluctuate with wholesale electricity prices. The new law also provides for a 10-year public purposes charge equal to 3% of retail revenues, designed to fund cost-effective conservation measures, new renewable energy resources, and weatherization measures for low-income housing; in addition, low income electric bill assistance is provided through proportionate collections by affected utilities.

Also included in the new law is a requirement that investor-owned utilities separate the costs of service into power generation, transmission, distribution, and retail services. The law also provides for "transition" charges and credits that would allow recovery on uneconomic utility investment or a refund of benefits from economic utility investment. Incentives for the divestiture of generation assets are authorized, provided any divestiture does not deprive customers of the benefit of the utility's or the region's low cost resources. The law further requires that its implementation have no material adverse impact on the ability of investor-owned utilities to access cost-based power from the Bonneville Power Administration for its residential and small farm customers.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

PGE will continue to evaluate the effects of the new law, assess its impact on the operations of the Company, and work closely with the OPUC in determining specific actions necessary to implement its provisions. It is not yet certain what affect the new law will have on the OPUC's January 1999 order issued in response to PGE's Customer Choice proposal, as described above.

RETAIL CUSTOMER GROWTH AND ENERGY SALES

Weather adjusted retail energy sales grew by 2.5% for the three months ended June 30, 1999, compared to the same period last year. PGE forecasts retail energy sales growth of approximately 3% in 1999. Commercial sales growth remains strong at 4.2% over last year; manufacturing sector sales have remained flat as a decline in energy sales to metals customers has offset growth in other industries.

QUARTERLY INCREASE IN RETAIL CUSTOMERS

	Residential	Commercial/Industrial
2Q99	2554	338
1Q99	3860	473
4Q98	5244	646
3Q98	3822	671
2Q98	4710	603
1Q98	2762	670
4Q97	3698	12
3Q97	3529	388
2Q97	4693	537
1Q97	3953	509
4Q96	5151	877
3Q96	3021	594
2Q96	3664	76

RESIDENTIAL EXCHANGE PROGRAM - The Regional Power Act (RPA) was passed in 1980 to reduce power supply and cost inequities between customers of government and publicly-owned utilities, who have priority access to low-cost power from the federal hydroelectric system, and the customers of investor-owned utilities. The RPA created the Residential Exchange Program to ensure that all residential and small farm customers in the region receive similar benefits from the publicly funded federal power system. Exchange program benefits, which have averaged in excess of \$60 million a year since inception of the program, are passed directly to PGE's residential and small farm customers in the form of price adjustments contained in OPUC-approved tariffs. In January 1998, the Bonneville Power Administration (BPA) eliminated the Residential Exchange Credit and rates for PGE's residential and small farm customers increased 11.9%. PGE contested this decision and in September 1998 signed a Residential Exchange Termination Agreement with BPA that 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 reduced the previous rate increase to approximately 5.7% for all eligible customers through the middle of the year 2001. The current customer credit under the Residential Exchange Program approximates 1% to 2% on the average monthly electricity bill; the total credit for 1998 was about \$3 million and is estimated at \$5 million for 1999.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

POWER SUPPLY

Hydro conditions in the region are significantly above normal this year. Current projections forecast the January-to-July runoff at 116% of normal, compared to 86% of normal last year. A significant number of salmon species in the Pacific Northwest have been granted or are being evaluated for protection under the federal Endangered Species Act (ESA). Although the impacts to date have been minimal for PGE and current hydro conditions are favorable, efforts to restore salmon will continue to reduce the amount of water available for generation.

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.

In conjunction with its federal relicensing process, PGE has reached agreement with the City of Portland, the State of Oregon, and the National Marine Fisheries Service to decommission its 22 MW Bull Run Hydroelectric Project, removing the Marmot and Little Sandy dams. The purpose of the agreement is to improve habitat for salmon, steelhead, and the other fish protected by the Endangered Species Act in the Little Sandy/Bull Run watersheds. The cost of removing the dams, constructed in the early 1900's, is estimated at \$8 million. The regulatory approval process and dam decommissioning are expected to take approximately three years. The agreement is not expected to have a material effect on the financial condition or results of operations of the Company. There are no current plans to remove any other of the Company's hydroelectric projects.

ASSET SALES

On November 1, 1998, PGE signed a definitive agreement to sell its 20% 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 \$230.4 million. On April 7, 1999, PGE filed an application for approval of the sale with the OPUC; such application includes a \$23.2 million (2.3%) retail rate reduction, to become effective upon approval and sale. Further approval by the Federal Energy Regulatory Commission (FERC) is required for the sale of associated transmission facilities. It is not anticipated that the sale will have an adverse effect on the financial condition or results of operations of the Company.

On May 10, 1999, the utilities who jointly own the 1,340 MW coal-fired Centralia Power Plant announced their intention to sell their interests in the plant. PGE owns a 2.5% share of the plant, which is operated by PacifiCorp. The sale, which is subject to regulatory approval, is not expected to have a material effect on the financial condition or results of operations of the Company.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

In June 1999, PGE reached an agreement for the sale of the Company's distribution system in four cities in Columbia County to West Oregon Electric Cooperative (West Oregon) for \$7.9 million. The agreement, subject to approval by the Oregon Public Utility Commission, provides for the transfer of approximately 7,200 PGE customers to West Oregon. In conjunction with the agreement, a new unregulated company has been formed to provide utility distribution services within West Oregon's service territory. The sale is not expected to have a material effect on the financial condition or results of operations of the Company.

In July 1999, petitions were submitted by voters within the four cities in Columbia County to annex these cities to the Columbia River People's Utility District (CRPUD), with an election to be held in September. A similar petition was submitted by voters in one of these four cities to annex to the Clatskanie People's Utility District; that election is to be held in September also. If one or more of these annexations are approved, the utility district could attempt to block the sale of the Company's distribution system to West Oregon.

WHOLESALE MARKETING

Wholesale sales have declined from 1997 and 1998 levels consistent with PGE's movement away from term trading to trading primarily for the purpose of balancing its supply of power to meet the needs of its retail customers, managing risk, and administering 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% 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.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

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.

On April 29, 1999, the Oregon Supreme Court accepted the petitions for review of the June 24, 1998, Oregon Court of Appeals decision.

On June 16, 1999, Oregon's governor signed Oregon House Bill 3220 authorizing the OPUC to allow recovery of a return on the undepreciated investment in property retired from service. One of the effects of the bill is to affirm retroactively the OPUC's authority to allow PGE's recovery of a return on its undepreciated investment in the Trojan generating facility.

Relying on the new legislation, on July 2, 1999, the Company requested the Oregon Supreme Court to vacate the June 24, 1998, adverse ruling of the Oregon Court of Appeals and affirm the validity of the OPUC's order allowing PGE to recover a return on its undepreciated investment in Trojan. The Utility Reform Project and the Citizens Utility Board, another party to the proceeding, opposed such request on the ground that an effort is underway to gather signatures to place on the November 2000 ballot a referendum to negate the new legislation. By law, the petitioners would have to obtain 44,424 valid signatures within 90 days of the Legislature's July 24, 1999, adjournment to place the matter on the November 2000 statewide ballot. In its July 2, 1999 filing, the Company also requested the Oregon Supreme Court to reverse its decision to review the Utility Reform Project's challenge of the OPUC's determination that PGE should be allowed to recover its investment in Trojan.

For further information, see Part II, Other Information, Item 1. - Legal Proceedings.

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.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

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. For purposes of implementing the Plan, PGE has defined "mission-critical" to be those functions necessary for PGE reliably and safely to deliver electric service.

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 entities ("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

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

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 August 6, 1999, PGE believes that its mission-critical internal systems (including embedded chips) are ready, with two exceptions, for date changes associated with the Year 2000; this was reported to the North American Electric Reliability Council on June 30, 1999. However, as explained elsewhere in this statement, that does not guarantee that these systems do not continue to contain hidden Year 2000 defects in computer code or in embedded devices. Completion dates of mission-critical internal and outside systems for the several phases of the plan are shown in the following table. Any notation of "complete" or reference to a "completion date" 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. Because PGE's Year 2000 Plan treats Year 2000 effort as an iterative process, PGE will commence additional cycles of inventory, assessment, remediation, and validation testing, which will be conducted in parallel, and in coordination, with PGE's Year 2000 contingency planning.

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	Complete	November 1998
Analysis	Complete	October 1998	Complete	June 1999
Conversion	Complete	June 1999	Complete	August 1999
Testing	In Process	August 1999	Complete	August 1999
Y2K-Ready	In Process	September 1999	Complete	August 1999
Contingency Plan	In Process	November 1999	Complete	August 1999

* The completion dates for Mission-Critical Outside Entities convey the date when PGE will have evaluated the process of Outside Entities with respect to their Conversion, Testing, Y2K-Ready, and Contingency Plan efforts.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

Two systems, identified as mission-critical, have not yet been completed. These are the Energy Management System, used by PGE's load dispatchers to monitor and control the Company's power system, and the Interactive Voice Response System, which helps route customer calls and provides automated services to callers. Enhancement of the current back-up Energy Management System and related production system, which could be used in the event the Company's main control center experiences problems, is scheduled for completion by August 31, 1999. The current Interactive Voice Response System, a new and enhanced system that will include high-volume call answering, is scheduled for completion by September 30, 1999.

COSTS TO ADDRESS YEAR 2000 ISSUES

Under the Plan, PGE currently estimates that it will spend approximately \$20-25 million relating to Year 2000 issues, about one-half of which has been spent to date; 1999 expenditures are currently estimated at approximately \$11 million. On April 19, 1999, PGE received an accounting order from the OPUC to capitalize 1999 incremental Y2K costs, to be amortized over a 5-year period beginning January 1, 2000. The order defers to a future proceeding whether PGE will be allowed to recover such costs in rates. PGE anticipates that its costs relating to Year 2000 issues will not have a material adverse effect on its financial condition or results of operations.

PGE continues to be concerned with hidden defects in computer code, including re-coding errors in remediated code; sabotage of remediated code; embedded devices with Year 2000 defects; and the potential failure of mission-critical external entities. PGE is developing reasonable contingency plans to prepare to the extent practicable to avoid substantial Year 2000-related disruptions that may have a material adverse effect on PGE. Because of the imponderable nature of potential Year 2000 deficiencies, their impact cannot be quantified. None of these problems is unique to PGE.

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.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

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.

U.S. Y2K ACT. PGE may face additional risk as a result of the uncertainties, and probable additional litigation, resulting from the enactment of the U.S. federal "Y2K Act". Because experience with this recently enacted legislation is very limited, PGE cannot at this time quantify the financial impact or potential business disruption that may result from this legislation. However, the adverse impact on PGE's business might be material.

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.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

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.

On June 15, 1999, PGE filed with the Western Systems Coordination Council (WSCC) its response to recommendations which, along with responses from other utilities, comprise a major portion of WSCC's contingency plan. PGE plans to perform additional contingency planning relating to its systems continually throughout the year.

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

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

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, or that may be subject to re-coding errors or sabotage; 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.

NEW ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement of Accounting Standards (SFAS) No. 133 ("Accounting for Derivative Instruments and Hedging Activities"). SFAS No. 133 establishes accounting and reporting 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 Statement

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

SFAS No. 133, as amended by SFAS No. 137, is effective for fiscal years beginning after June 15, 2000. A company may also implement the Statement as of the beginning of any fiscal quarter after issuance; however, SFAS No. 133 cannot be applied retroactively. PGE has not yet quantified the impacts of adopting SFAS No. 133 on its financial statements and has not determined the method of its adoption of SFAS No. 133 nor the effect on the accounting for its hedging activities or physical 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

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

PART II

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For further information, see PGE's report on Form 10-K for the year ended December 31, 1998.

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

On June 16, 1999, Oregon's governor signed Oregon House Bill 3220 authorizing the OPUC to allow recovery of a return on the undepreciated investment in property retired from service. One of the effects of the bill is to affirm retroactively the OPUC's authority to allow PGE's recovery of a return on its undepreciated investment in the Trojan generating facility.

Relying on the new legislation, on July 2, 1999, the Company requested the Oregon Supreme Court to vacate the June 24, 1998, adverse ruling of the Oregon Court of Appeals and affirm the validity of the OPUC's order allowing PGE to recover a return on its undepreciated investment in Trojan. The Utility Reform Project and the Citizens Utility Board, another party to the proceeding, opposed such request on the ground that an effort is underway to gather signatures to place on the November 2000 ballot a referendum to negate the new legislation. By law, the petitioners would have to obtain 44,424 valid signatures within 90 days of the Legislature's July 24, 1999, adjournment to place the matter on the November 2000 statewide ballot. In its July 2, 1999 filing, the Company also requested the Oregon Supreme Court to reverse its decision to review the Utility Reform Project's challenge of the OPUC's determination that PGE should be allowed to recover its investment in Trojan.

LLOYD K. MARBET AND LAURENCE TUTTLE V OREGON WATER RESOURCES DEPT. AND OREGON PUC On June 4, 1999, the plaintiffs voluntarily dismissed their complaint with respect to the two agencies of the State of Oregon, and on June 7, 1999, the plaintiffs voluntarily dismissed their complaint with respect to PGE.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

OTHER INFORMATION

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 registrant has duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

PORTLAND GENERAL ELECTRIC COMPANY
(Registrant)

Date August 12, 1999

By: /s/ Mary K. Turina
Mary K. Turina
Vice President
Treasurer, Controller and
Chief Accounting Officer
(Principal financial officer and
principal accounting officer)

UT

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS FILED ON FORM 10-Q FOR THE SIX MONTHS ENDED JUNE 30, 1999, FOR PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES (PGE) AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000784977

PORTLAND GENERAL ELECTRIC COMPANY

1,000,000

6-MOS	DEC-31-1999	JUN-30-1999
		PER-BOOK
1,807,000,000		
354,000,000		
221,000,000		
735,000,000		
0		
3,117,000,000		
		160,000,000
480,000,000		
385,000,000		
1,025,000,000		
30,000,000		
0		
817,000,000		
0		
0		
157,000,000		
0		
0		
0		
1,088,000,000		
3,117,000,000		
593,000,000		
48,000,000		
447,000,000		
495,000,000		
98,000,000		
8,000,000		
106,000,000		
35,000,000		
		71,000,000
2,000,000		
69,000,000		
40,000,000		
28,000,000		
114,000,000		
0		
0		