SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1994

or

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Portland General Corporation	
Common Stock, par value $3.75 per share	New York Stock Exchange Pacific Stock Exchange
Portland General Electric Company	
None	

Securities registered pursuant to Section 12(g) of the Act:

Portland General Corporation
None

Portland General Electric Company,
Cumulative Preferred Stock, par value $100 per share
7.75% Series, Cumulative Preferred Stock, no par value

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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 .

The aggregate market value of Portland General Corporation voting stock held by non-affiliates of the registrant as of February 28, 1995 is $1,031,163,041

The number of shares outstanding of the registrants' common stocks as of February 28, 1995 are:

Portland General Corporation	50,609,229
Portland General Electric Company	42,758,877
(owned by Portland General Corporation)	

Document Incorporated by Reference

The information required to be included in Part III hereof is incorporated by reference from Portland General Corporation's definitive proxy statement to be filed on or about March 27, 1995.

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DEFINITIONS

The following abbreviations or acronyms used in the text and notes are defined

below:

Abbreviations

or Acronyms Term

Beaver . . . . Beaver Combustion Turbine
Plant
Bethel . . . . Bethel Combustion Turbine
Plant
Boardman . . . . Boardman Coal Plant
Bonneville Pacific . . . . Bonneville Pacific
Corporation
BPA . . . . Bonneville Power
Administration
Centralia . . . . Centralia Coal Plant
Colstrip . . . . Colstrip Units 3 and 4 Coal
Plant
Coyote Springs . . . . Coyote Springs Generation
Project
CWDC . . . . Columbia Willamette
Development Company
CWL . . . . Columbia Willamette Leasing,
Inc.
DEQ . . . . Oregon Department of
Environmental Quality
EPA . . . . Environmental Protection
Agency
FASB . . . . Financial Accounting
Standards Board
FERC . . . . Federal Energy Regulatory
Commission
Financial Statements . . . . Refers to Financial
Statements of Portland General
included in Part II, Item 8
of this report.
Holdings . . . . Portland General Holdings,
Inc.
Intertie . . . . Pacific Northwest Intertie
Transmission Line
IOUs . . . . Investor-Owned Utilities
IRS . . . . Internal Revenue Service
ITC . . . . Investment Tax Credits
kWh . . . . Kilowatt-Hour
MMBtu . . . . Million British thermal units
MW . . . . Megawatt
MWa . . . . Average megawatts
NRC . . . . Nuclear Regulatory Commission
PGE . . . . Portland General Electric
Company
PRP . . . . Potentially Responsible Party
PUC . . . . Oregon Public Utility
Commission
Portland General or PGC . . . . . . Portland General Corporation
Regional Power Act . . . . Pacific Northwest Electric
Power Planning
and Conservation Act
SFAS . . . . Statement of Financial
Accounting Standards
issued by the FASB
Supply System . . . . Washington Public Power
Supply System
Trojan . . . . Trojan Nuclear Plant
Tule . . . . Tule Hub Services Company
USDOE . . . . United States Department of
Energy
WNP-3 . . . . Washington Public Power
Supply System Unit 3
Nuclear Project
WSA . . . . WNP-3 Settlement Exchange
Agreement

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Part 1

Item 1. Business

Portland General Corporation - Holding Company

Portland General Corporation (Portland General), an electric utility holding company, was organized in December 1985. Portland General Electric Company (PGE or the Company), an electric utility company and Portland General's principal operating subsidiary, accounts for substantially all of Portland General's assets, revenues and net income. Portland General is also the parent company of Portland General Holdings, Inc. (Holdings), which provides organizational separation for Portland General's nonutility businesses (see page 16). Portland General is exempt from regulation under the Public Utility Holding Company Act of 1935, except Section 9(a)(2) thereof relating to the acquisition of securities of other public utility companies.

As of December 31, 1994, Portland General and its subsidiaries had 2,536 regular employees compared to 2,618 and 3,253 at December 31, 1993 and 1992, respectively.

Portland General Electric Company - Electric Utility

General

PGE, incorporated in 1930, is an electric utility engaged in the generation, purchase, transmission, distribution, and sale of electricity in the State of Oregon. PGE also sells energy in the wholesale market to other utilities, primarily in the State of California. PGE's Oregon service area is 3,170 square miles, including 54 incorporated cities of which Portland and Salem are the largest, within a state-approved service area allocation of 4,070 square miles. PGE estimates that at the end of 1994 its service-area population was approximately 1.35 million, constituting approximately 45% of the state's population. At December 31, 1994 PGE served over 637,000 customers.

In early 1993 PGE ceased commercial operation of the Trojan Nuclear Plant (Trojan) of which it is a 67.5% owner. PGE is seeking to recover its investment in Trojan and the plant decommissioning costs in its electric rates. See Oregon Regulatory Matters below and Note 5, Trojan Nuclear Plant, in the Notes to Financial Statements for further discussion.

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Portland General Electric Company

Operating Revenues

PGE's operating revenues from customers peak during the winter season. The following table summarizes operating revenues and kWh sales for the years ended December 31:

	1994	1993	1992
Operating Revenues (thousands)			
Residential	$360,651	$339,174	$311,213
Commercial	315,156	303,783	293,768
Industrial	147,347	147,274	137,901
Public Street Lighting	11,205	11,002	10,998
Tariff Revenues	834,359	801,233	753,880
Accrued Revenues	10,644	57,160	12,053
Retail	845,003	858,393	765,933
Wholesale	105,911	79,035	108,793
Other	8,041	7,103	5,372
Total Operating Revenues	$958,955	$944,531	$880,098
Kilowatt-Hours Sold (millions)			
Residential	6,704	6,760	6,285
Commercial	6,142	5,885	5,737
Industrial	3,863	3,764	3,615
Public Street Lighting	93	98	99
Retail	16,802	16,507	15,736
Wholesale	2,701	1,599	2,739
Total Kwh Sold	19,503	18,106	18,475

Improved wholesale sales, retail load growth and the pass through of a Bonneville Power Administration (BPA) price increase resulted in higher operating revenues for 1994. These were partially offset by a decline in accrued revenues due to a $48 million decrease in power cost deferrals.

Total kilowatt-hour sales increased a total of 8% supported by PGE's active wholesale marketing throughout the Western United States and the availability of low cost power for resale. While commercial and industrial sales remained strong, residential sales were flat due to mild first quarter weather.

Regulation

PGE is subject to regulation by the Oregon Public Utility Commission (PUC), which consists of a three-member commission appointed by the Governor. The PUC approves PGE's retail rates and establishes conditions of utility service. The PUC ensures that prices are fair and equitable and provides PGE an opportunity to earn a fair return on its investment. In addition, the PUC regulates the issuance of securities and prescribes the system of accounts to be kept by Oregon utilities. PGE is also subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC) with regard to the transmission and sale of wholesale electric energy, licensing of hydroelectric projects and certain other matters.

Construction of new generating facilities requires a permit from the Energy Facility Siting Council (EFSC).

The Nuclear Regulatory Commission (NRC) regulates the licensing and decommissioning of nuclear power plants. In 1993 the NRC issued a possession-only license amendment to PGE's Trojan operating license. Trojan will be subject to NRC regulation until Trojan is fully decommissioned, all nuclear fuel is removed from the site and the license is terminated. The Oregon Department of Energy also monitors Trojan.

Oregon Regulatory Matters

General Rate Filing

On November 8, 1993 PGE filed a general rate case with the PUC requesting an increase in electric prices by an average of 5.1% beginning January 1, 1995. PGE's request included a return on equity of 11.5% and 11.8% for the years 1995 and 1996, respectively, down from the prior authorized return of 12.5%, and full recovery of the Trojan investment and decommissioning costs.

In mid-1994 PGE and the PUC Staff reached settlement on the majority of non-Trojan issues.

In July 1994 PGE agreed to delay a final order addressing all rate case matters to no later than March 31, 1995 in return for approval of a first quarter 1995 power cost deferral. Recovery of power cost deferrals is addressed in separate rate proceedings (see discussion below).

On November 11, 1994 PGE and the PUC Staff stipulated to a joint recommendation to the PUC on all outstanding cost of capital issues including an 11.6% return on equity for 1995 and 1996.

The PUC Staff recommended

that PGE be allowed to recover 100% of Trojan decommissioning and transition costs and 85.9% of the remaining Trojan investment. Hearings were held in January 1995 and PGE expects a rate order no later than March 31, 1995. See General Rate Filing discussion in Management's Discussion and Analysis of Financial Condition and Results of Operations for further details.

Trojan Replacement Power Cost Deferrals

PGE operates without a power cost adjustment provision which necessitates separate filings with the PUC to recover increases in power costs not reflected in current rates. The PUC authorized PGE to defer, for later collection, 80% of the incremental power costs incurred from December 4, 1992 to March 31, 1993 to replace power no longer generated by Trojan. The PUC authorized PGE to start collecting this power cost deferral over a three year period beginning in April 1994.

The PUC authorized PGE to defer, for later collection, 50% of the incremental power costs incurred from July 1, 1993 to March 31, 1994, subject to a review of PGE earnings.

The first quarter 1995 power cost deferral (see General Rate Filing discussion above) authorizes PGE to defer, for later collection, 40% of the incremental power costs incurred from January 1, 1995 to March 31, 1995, subject to a review of PGE earnings. PGE will file for recovery of this and its prior power cost deferral on June 30, 1995.

1993 Residential and Small Farm Customer Price Increase

Under provisions of the Regional Power Act (RPA), PGE exchanges with BPA higher-cost power for lower-cost federal hydroelectric power and passes the benefits to residential and small farm customers.

In September 1993 the PUC approved PGE's request to raise its electricity prices to residential and small farm customers an average of 7.8%, or approximately $29 million in annual revenues, effective October 1, 1993. This allowed PGE to

pass through the BPA's nearly 16% price increase which reduced the power exchange credit to PGE's residential and small farm customers.

1992 Temporary Rate Increase

The PUC authorized PGE to recover a portion of the incremental power costs it incurred during Trojan's 1991 extended outage. PGE was allowed to recover 90% of the excess power costs incurred from November 1, 1991 until Trojan returned to service in early

March 1992. Revenue collections started on January 1, 1992, with commercial and industrial rates increasing 4.8% and residential rates increasing 0.6%. On April 7, 1992, the PUC approved the Company's request to decrease the rate at which it was recovering excess power costs. Residential rates decreased by 0.5% while commercial and industrial rates decreased by 3.3%. Revenue collections were completed in June 1993. The PUC's temporary rate increase order has been challenged by the Utility Reform Project. See Item 3, Legal Proceedings.

Energy Efficiency

PGE and the PUC work together to provide the appropriate financial incentives for PGE's energy efficiency programs. PGE is allowed a return of and a return on energy efficiency program expenditures. PGE and the PUC also developed the Share All Value Equitably (SAVE) program to remove a financial disincentive and encourage PGE to aggressively pursue cost-effective energy efficiency measures. SAVE consisted of a lost revenue component, an energy efficiency investment true-up mechanism, and a shared savings incentive that rewards PGE with additional revenues for a portion of the difference between the equivalent cost of new generation and the cost of the energy efficiency measures. The shared savings component of the SAVE tariff can result in a penalty if the amount of energy savings falls short of the established benchmark levels. During the four years of the program, PGE exceeded benchmarks set by the PUC, and qualified programs achieved an annualized 55 average megawatts of saved energy.

SAVE, which began as a three-year tariff in 1991, was extended for 1994. A program for 1995 and beyond is being discussed with the PUC.

Litigation Settlement

In July 1990, PGE reached an out-of-court settlement with the PUC on two of three rate matters being litigated. PGE had sought judicial review of the three rate matters related to a 1987 general rate order.

The settlement did not resolve the issue related to the gain on PGE's sale of a portion of the Boardman Coal Plant (Boardman) and the Pacific Northwest Intertie transmission line (Intertie). PGE's position is that 28% of the gain should be allocated to customers. The 1987 rate order allocated 77% of the gain to customers over a 27-year period. In accordance with the 1987 rate order the unamortized gain, $119 million before taxes, at December 31, 1994, is being distributed as a reduction of customer revenue requirements.

On January 23, 1995 the Marion County Circuit Court affirmed the PUC's decision in the 1987 rate order discussed above. PGE has sixty days from the date of the decision to appeal.

Least Cost Energy Planning

The PUC adopted Least Cost Energy Planning for all energy utilities in Oregon with the goal of selecting the mix of options that yields an adequate and reliable supply of energy at the least cost to the utilities and customers. "Demand side" options (e.g., conservation and load management) as well as traditional "supply side" options (e.g., generation and purchase of power) are evaluated. Although utility management continues to be fully responsible for decision-making, the process allows the PUC and the public to participate in resource

planning. Ratemaking decisions are not made in the planning process. However, participation by the PUC and the public may reduce the uncertainty regarding the ratemaking treatment of the acquisition of new resources. PGE will file its next Least Cost Plan (LCP) in 1995.

Competition and Marketing

The passage of the Energy Policy Act of 1992 (Energy Act) fostered increased competition in the electric utility industry. Currently, wholesale markets are reflecting the greatest competitive challenges. The Energy Act created new entrants in the wholesale market by facilitating the ownership and operation of generating facilities by exempt wholesale generators (which may include independent power producers as well as affiliates of electric utilities). The Energy Act also authorized FERC to require a utility to provide transmission service for other entities generating electric energy for sale or resale. In addition, the Energy Act granted states the authority to adopt retail wheeling, the transmission by an electric utility of electric power from another supplier to a customer located within the utilities service area. Certain states, including California, are considering proposals which would allow customers to select their electricity provider. The Oregon PUC has not yet considered similar measures.

Retail Competition and Marketing

PGE operates within a state-approved service area and is substantially free from direct retail competition with other electric utilities. However, a local natural gas utility competes with PGE for residential and commercial customers' space and water heating. Additionally, industrial and commercial customers have become more aggressive in managing their energy costs.

PGE is working to be the energy expert and utility of choice for its retail customers. A key initiative is PGE's Power Smart Program which is targeted at residential and commercial customers. It includes a program which offers home buyers high energy efficiency homes built with the use of construction techniques and materials specifically designed to minimize the impact of construction on the environment, programs to influence market growth through high value electrical applications and managing capacity demand through load shaping, an Energy Resource Center to provide customers with technical assistance and training for energy-related business issues, and a joint program with the Oregon Superintendent of Public Instruction and other utilities to develop a curriculum to encourage teachers, students, and parents to use energy more efficiently in their homes.

Wholesale Competition and Marketing

PGE's generating resources, coupled with its transmission rights on the Pacific Northwest Intertie (Intertie) provides the Company with flexibility to buy and sell power in California, the desert Southwest, the Northwest and Canada.

The ability to make wholesale energy sales depends on the availability and price of surplus power, access to transmission systems, changing prices of fossil fuels, competition from alternative suppliers, and the demand for power by other parties.

The Intertie is a transmission line with a total capacity of 4,800 megawatts that links winter-peaking northwest utilities with summer-peaking wholesale customers in the South. PGE has scheduling capability for 850 megawatts on the Intertie and 100 megawatts of scheduling capability on BPA's DC Intertie.

The federal Energy Act established competition in bulk power generation as national policy. FERC can now order wholesale transmission of electric power, called wholesale wheeling. Wholesale wheeling allows independent power producers, utilities, and brokers with little or no generating capacity to market power over wide geographic areas. Ownership of 950 megawatts of transmission rights secures the Company's presence in the increasingly competitive wholesale market by providing access to power and wholesale customers beyond PGE's service territory.

Power Supply

PGE's decision in January 1993 to immediately cease operation of Trojan (see Note 5, Trojan Nuclear Plant in the Notes to Financial Statements) ended 17 years of operation during which the plant provided 745 megawatts of capacity, and supplied about one quarter of PGE's annual energy requirements.

PGE is replacing this output and meeting new load growth with a mix of energy purchases, new generating resources and demand-side programs.

Generating Capability

PGE's existing hydroelectric, coal-fired and gas-fired plants are key economic resources for the Company providing 1,911 megawatts of generating capability. PGE's lowest-cost producers are its eight hydroelectric projects on the Clackamas, Sandy, Deschutes, and Willamette rivers in Oregon.

The gas-fired Beaver Combustion Turbine Plant (Beaver) set operating records in 1994, providing 13% of PGE's energy requirements at a cost competitive with the Company's spot market purchases. The Boardman Coal-Fired Plant (Boardman) also set records in 1994, operating at an 86% capacity factor.

Purchased Power

PGE relies on long-term power contracts with four hydro projects on the mid-Columbia River which provide PGE with 667 megawatts. PGE also purchases surplus energy, primarily hydro-generated, from other Pacific Northwest utilities with firm contracts for 1,377 megawatts ranging in term from one to 22 years. In addition, PGE has long-term exchange contracts with summer-peaking California utilities to help meet its winter-peaking requirements.

PGE has a total of 2,299 megawatts of firm capacity to serve PGE's peak loads. PGE also has access to surplus energy in the spot market, called secondary energy, which is utilized to meet customers' needs when it is economical to do so, and to provide replacement energy during plant outages.

Reserve Margin

Reserve margin is the amount of firm resource capacity in excess of customer demand during a period of peak loads. Based on its generating plants and firm purchased power contracts in place as of December 31, 1994, capacity available to PGE compared with historical peak loads is:

Source:	Megawatts
Hydro plants	610
Coal-fired plants	651
Gas-fired plants	650
Firm power purchases contracts	2,299
Total	4,210
Peak Load:	
System record (Dec. 1990)	3,698
1994 peak (February)	3,332

Year in Review

PGE generated 47% of its load requirements in 1994 compared with 42% in 1993. Firm and secondary purchases met the remaining load.

Below average precipitation in some parts of the Columbia River basin reduced the availability of inexpensive hydro power on the secondary market in 1994. Regional water conditions were about 71% of normal. However, mild weather, increased thermal-unit production, and lower gas prices mitigated the effect of poor water conditions.

1995 Outlook

The early predictions of water conditions indicate they will be about 95% of normal. While this should improve PGE hydro generation, efforts to restore salmon runs on the Columbia and Snake Rivers may affect the supply and price of purchased power (see the Restoration of Salmon Runs discussion below).

Commercial operation of The Coyote Springs Generation Project (Coyote Springs), a 220 megawatt cogeneration facility being constructed

near Boardman, Oregon is planned for late 1995. See Item 3, Legal Proceedings for discussion of legal challenges to the development of Coyote Springs.

Even with the addition of Coyote Springs, PGE will continue to purchase power in 1995 and beyond. Price and supply of power purchases will continue to be of particular importance. Adequate supplies of secondary energy are expected to be available to meet customer demand. The Company will proceed with obtaining required site permits for potential new generating resources but does not anticipate new construction in the foreseeable future.

Restoration of Salmon Runs - Several species of Snake River salmon are protected as threatened under the Endangered Species Act (ESA). In an attempt to save the endangered fish the federal government has taken emergency actions that have reduced the amount of electricity generated at the Columbia and Snake River dams. In January 1995 the National Marine Fisheries Service (NMFS) released, for public comment, a draft plan calling for altering the management of federal dams and reservoirs in the Columbia River basin in order to protect dwindling salmon stocks. The plan proposes to boost river flows while young salmon are migrating which reduces the water available for hydropower generation. NMFS is empowered by the ESA to require salmon-protection measures by the Bureau of Reclamation and the Army Corps of Engineers, the agencies which operate the federal dams on the river.

The Columbia river and its tributaries produce nearly two thirds of the electricity used in the region. PGE purchases power from many sources, including the mid-Columbia dams. Reductions in the amount of water allowed to flow through the dams' turbines reduces generation and increases the cost of power available to purchase on a non-contract or secondary basis. The attempt to improve fish passage by releasing more water from the reservoirs in the spring and summer could mean less water available in the fall and winter, when the demand for electricity in the Pacific Northwest is the highest. This could lead to higher power costs.

By utilizing its transmission system to increase seasonal power exchanges with California and the Southwest PGE could partially offset the cost of reduced hydro generation on the Columbia and Snake Rivers. California energy demand peaks in

the summer, while the Pacific Northwest demand peaks in winter. Furthermore, PGE is less vulnerable to operational changes on the Columbia and Snake Rivers' hydro projects because of its base of thermal generating resources.

PGE's fish biologists are working with state and federal agencies to ensure that PGE's hydro operations located on several Columbia River tributaries are compatible with the survival of wild salmon and other wildlife. PGE does not expect the ESA process to significantly impact its own hydro generation.

Fuel Supply

Coal

Boardman. PGE has an agreement to supply coal to Boardman through the year 2000. The agreement does not require a minimum amount of coal to be purchased. PGE did not take deliveries under this agreement during 1994 but utilized several short and medium term contracts to supply coal for Boardman generation. Coal purchased in 1994 contained less than 0.5% of sulfur by weight and emitted less than the EPA allowable limit of 1.2 pounds of sulfur dioxide per million British thermal units (MMBtu) when burned. The coal is from both surface mining operations and underground operations, each subject to federal, state, and local regulations. Coal is delivered to Boardman by railroad.

Colstrip. Coal for Units 3 and 4, located in southeastern Montana, is provided under contract with Western Energy Company, a wholly-owned subsidiary of Montana Power Company. The contract provides that the coal delivered will not exceed a maximum sulfur content of 1.5% by weight. The Colstrip plant has sulfur dioxide removal equipment to allow operation in compliance with EPA's source performance emission standards.

Centralia. Coal for Units 1 and 2, located in southwestern Washington, is provided under contract with PacifiCorp doing business as PacifiCorp Electric Operations. Most of Centralia's coal requirements are expected to be provided under this contract.

About one quarter of PGE's firm resources comes from coal-fired plants:

Plant	PGE's % Ownership and MWs	Sulfur Content	Type of Pollution Control Equipment
Boardman, OR	65%; 330 MW	0.4%	Electrostatic precipitators
Centralia, WA	2.5%; 33 MW	0.6%	Electrostatic precipitators
Colstrip, MT	20%; 288 MW	0.7%	Scrubbers and precipitators

Natural Gas

In addition to the agreements discussed below the Company utilizes short-term agreements and spot-market purchases to secure transportation capacity and gas supplies sufficient to fuel plant operations.

Beaver. PGE owns 90% of a pipeline which directly connects Beaver to Northwest Pipeline (NWP), an interstate gas pipeline operating between British Columbia and New Mexico. PGE presently has access to 30,000 MMBtu per day of firm capacity on NWP or enough to operate Beaver at approximately a 30% capacity. The contracted firm capacity on NWP increases to 76,000 MMBtu per day in late 1995 or enough to operate Beaver at approximately 70% capacity.

Coyote Springs. During 1994 PGE took assignment of existing firm transportation capacity on the interconnected systems of various suppliers sufficient to deliver 41,000 MMBtu per day of natural gas from Alberta, Canada to Coyote Springs. This service should be sufficient to fuel 100% of plant operations and will start in late 1995 when the plant is expected to come on-line. In late 1995 PGE will begin purchasing under two-year contracts for the supply of natural gas to Coyote Springs at a 75 percent load factor.

Environmental Matters

PGE operates in a state recognized for environmental leadership. PGE's environmental stewardship policy emphasizes minimizing waste in its operations, minimizing environmental risk and promoting energy efficiency.

Environmental Regulation

PGE is subject to regulation by federal, state, and local authorities with regard to air and water quality, noise, waste disposal and other environmental issues. PGE is also subject to the Rivers and Harbors Act of 1899 and similar Oregon laws under which it must obtain permits from the U.S. Army Corps of Engineers or the Oregon Division of State Lands to construct facilities or perform activities in navigable waters or in waters of the State. The EPA regulates the proper use, transportation, clean up and disposal of polychlorinated biphenyls (PCBs). State agencies or departments which have direct jurisdiction over environmental matters include the Environmental Quality Commission, the Department of Environmental Quality (DEQ), the Oregon Department of Energy, and the Energy Facility Siting Council. Environmental matters regulated by these agencies include the siting and operation of generating facilities and the accumulation, clean-up and disposal of toxic and hazardous wastes.

Air/Water Quality

Congress passed amendments to the Clean Air Act (Act) in 1990 that will renew and intensify national efforts to reduce air pollution. Significant reductions in emissions of sulfur dioxide, nitrogen oxide and other contaminants will be required over the next several years. Coal-fired plant operations will be affected by these emission limitations.

Federal implementing standards under the Act are being drafted at the present time. State governments are also charged with monitoring and administering certain portions of the Act. Each state is required to set guidelines that at least equal the federal standards.

In 1993, the EPA issued its final allocation of emission allowances. Boardman was assigned sufficient allowances to operate after the year 2000 at a 60 to 67% capacity factor without having to further reduce emissions or to buy additional credits. Centralia will be required to reduce emissions by the year 2000 and the owners are examining several options such as installing scrubbers, converting to lower-sulfur coal or natural gas, or purchasing emission allowances. It is not anticipated that Colstrip will be required to reduce emissions because it utilizes scrubbers. However, future legislation, if adopted, could affect plant operations and increase operating costs or reduce coal-fired capacity.

Boardman's air contaminant discharge permit, issued by the DEQ, has no restrictions on plant operations. This permit expired in 1994 and is being renewed in 1995. Plant operations have not been affected as a result of this routine renewal process.

The water pollution control facilities permit for Boardman expired in May 1991. The DEQ is processing the permit application and renewal is expected. In the interim, Boardman is permitted to continue operating under the terms of the original permit. The waste-water discharge permit for Beaver was approved in 1994.

DEQ air contaminant discharge permits for the combustion turbine generators at Bethel expire in 1995 but are expected to be replaced by new permits during the year. The current permits allow unrestricted plant operations during the day. Due to noise limitations only one unit may operate at night. The combustion turbines are allowed to operate on either natural gas or oil.

PGE has developed an emergency oil spill response plan for the fuel oil storage tanks and unloading dock at Beaver. This plan has been submitted to the Coast Guard, EPA and DEQ in compliance with new federal and state oil spill regulations. The plan includes employee training and the acquisition of clean up equipment.

Environmental Clean Up

PGE is involved with others in environmental clean up of PCB contaminants at various sites as a potentially responsible party (PRP). The clean up effort is considered complete by the PRP's at several sites which are awaiting consent orders from the appropriate regulatory agencies. Future clean-up costs associated with these sites are not expected to be material.

Human Resources

As of December 31, 1994, PGE had 2,502 regular employees, including 164 employees at Trojan. This compares to 2,577 and 3,157 regular PGE employees at December 31, 1993 and 1992, respectively.

Portland General Holdings, Inc. - Nonutility Businesses

General

Portland General Holdings, Inc. (Holdings) is a wholly-owned subsidiary of Portland General and is the parent company of Portland General's subsidiaries presently engaged in leveraged leasing and administrative services for electric futures trading. Holdings has provided organizational separation from PGE and financial flexibility and support for the operation of non-utility businesses. The assets and businesses of Holdings are its investments in its subsidiaries.

Leasing

Columbia Willamette Leasing

Columbia Willamette Leasing (CWL) acquires and leases capital equipment on a leveraged basis. During 1994 and 1993, CWL made no new investments in leveraged leases. CWL's investment portfolio consists of six commercial aircraft, two container ships, 5,500 containers, coal, tank, and hopper railroad cars, a truck assembly plant, an acid treatment facility, and a wood chipping facility, totaling $153 million of net investment. No new investments are expected or planned for the foreseeable future.

Electricity Trading Administrative Services

Tule Hub Services Company (Tule)

Tule, incorporated in Oregon during 1994, was created to provide administrative services to facilitate the trading of electric futures at the California-Oregon border. Tule is modeled after similar companies in the crude oil and natural gas industries which evolved as a result of deregulation and trading of related futures contracts.

Independent Power

Investment in Bonneville Pacific Corporation

In October 1990, Holdings purchased 20% of the common stock of Bonneville Pacific, an independent power producer headquartered in Salt Lake City, Utah. Over the next six months, Holdings purchased additional shares of Bonneville Pacific common stock, increasing its investment to 46% of the outstanding stock. Holdings also has outstanding loans of $28 million to Bonneville Pacific and its subsidiaries. In November 1991, Portland General announced that it was halting further investments, and Holdings wrote off its equity investment in and loans to Bonneville Pacific. In addition, Holdings' representatives resigned from Bonneville Pacific's board of directors. These decisions were based in part on Bonneville Pacific underperforming expectations, the impairment of the investment in Bonneville Pacific and the inability of Bonneville Pacific to meet project sell-down commitments under the original purchase agreement. Bonneville Pacific has filed for protection under Chapter 11 of the Federal Bankruptcy Code. Holdings has instituted legal proceedings with regard to its investment in Bonneville Pacific. Numerous lawsuits have been filed in this matter by Bonneville Pacific and other parties since late 1991. See Note 13, Legal Matters, in the Notes to the Financial Statements and Item 3. Legal Proceedings for more information.

Real Estate

Columbia Willamette Development Company

The process of liquidating real estate

projects was substantially completed during 1994. See Note 2, Real Estate - Discontinued Operations, in Notes to the Financial Statements.

Item 2. Properties

Portland General Corporation

Discussion regarding nonutility properties is included in the previous section.

Portland General Electric Company

Generating facilities owned by PGE are set forth in the following table:

Facility	Location	Fuel	Net MW Capability	PGE % Interest
Wholly owned:				
Sullivan	Willamette River	Hydro	16	
Faraday	Clackamas River	Hydro	43	
River Mill	Clackamas River	Hydro	23	
Bull Run	Sandy River	Hydro	22	
Oak Grove	Clackamas River	Hydro	44	
Pelton	Deschutes River	Hydro	108	
North Fork	Clackamas River	Hydro	54	
Round Butte	Deschutes River	Hydro	300	
Bethel*	Salem, OR	Gas/Oil	116	
Beaver*	Clatskanie, OR	Gas/Oil	534	
Coyote Springs**	Boardman, OR	Gas/Oil	220	
Jointly Owned:				
Boardman	Boardman, OR	Coal	508	65.0
Colstrip 3 & 4	Colstrip, MT	Coal	1,440	20.0
Centralia	Centralia, WA	Coal	1,310	2.5
Trojan***	Rainier, OR	Nuclear	-	67.5

<FN>
* Combustion turbine generators at Bethel and Beaver are leased by PGE
** The facility is under construction and is expected to be completed in late 1995
*** Trojan ceased commercial operation in early 1993
</FN>

PGE holds licenses under the Federal Power Act (which expire during the years 2001 to 2006) for all of its hydroelectric generating plants and state licenses covering all or portions of certain plants. Following the 1993 closure, PGE has been granted a possession-only license amendment for Trojan by the NRC. In addition, in early 1995 PGE filed its Trojan decommissioning plan with the NRC.

PGE's principal plants and appurtenant generating facilities and storage reservoirs are situated on land owned by PGE in fee or land under the control of PGE pursuant to valid existing leases, federal or state licenses, easements, or other agreements. In some cases meters and transformers are located upon the premises of customers. The Indenture securing PGE's first mortgage bonds constitutes a direct first mortgage lien on substantially all utility property and franchises, other than expressly excepted property.

Leased Properties

Combustion turbine generators at Bethel and Beaver are leased by PGE. These leases expire in 1999. PGE leases its headquarters complex in downtown Portland and the coal-handling facilities and certain railroad cars for Boardman.

Item 3. Legal Proceedings

Nonutility

Gerhard W. Gohler, IRA, et al v. Robert L. Wood et al, U.S. District Court for the District of Utah

This case was originally filed on August 31, 1992 as the consolidation of various class actions filed on behalf of certain purchasers of Bonneville Pacific Corporation common (Bonneville Pacific) shares and subordinated debentures. In April 1994 the Court dismissed certain of the plaintiffs' claims and thereafter plaintiffs filed a second amended consolidated class action complaint. The defendants in the action are certain Bonneville Pacific insiders and other individuals associated with Bonneville Pacific, Portland General Corporation (Portland General), Portland General Holdings, Inc. (Holdings), certain Portland General individuals, Deloitte & Touche (Bonneville Pacific's independent auditors) and one of its partners, Mayer, Brown & Platt, a law firm used by Bonneville Pacific, and two partners of that firm, three underwriters of a Bonneville Pacific offerings of convertible subordinated debentures (Kidder, Peabody & Co., Piper Jaffray & Hopwood Incorporated, and Hanifen, Imhoff Inc.), and Norwest Bank, Minnesota, N.A., indenture trustee on a Bonneville Pacific's offering of convertible subordinated debentures. The amount of damages sought is not specified.

The claims asserted against Portland General, Holdings, and the Portland General individuals allege violations of federal and Utah state securities laws and of the Racketeer Influenced and Corrupt Organizations Act (RICO).

Further motions to dismiss have been filed in response to the amended complaint, however hearing on the motions of Portland General, Holdings, and the Portland General individuals has been deferred pending ongoing settlement discussions between those parties and the plaintiffs.

Roger G. Segal, as the Chapter 11 Trustee for Bonneville Pacific Corporation v. Portland General Corporation, Portland General Holdings, Inc. et al, U.S. District Court for the District of Utah

This action was originally filed on April 24, 1992 by Bonneville Pacific against Portland General, Holdings, and certain individuals affiliated with Portland General or Holdings alleging breach of fiduciary duty, tortious interference, breach of contract, and other actionable wrongs related to Holdings' investment in Bonneville Pacific.

On August 2, 1993 an amended complaint was filed by the Bonneville Pacific bankruptcy trustee against Portland General, Holdings, certain individuals affiliated with Portland General or Holdings and over 50 other defendants unrelated to Portland General or Holdings. This complaint and another subsequent amended version were dismissed by the Court in whole or in part. The Trustee has currently on file his Fifth Amended Complaint. The complaint includes allegations of RICO violations and RICO conspiracy, collusive tort, civil conspiracy, common law fraud, negligent misrepresentation, breach of fiduciary duty, liability as a partner for the debts of partnership, and other actionable wrongs. Although the amount of damages sought is not specified in the Complaint, the Trustee has filed a damage disclosure calculation which purports to compute damages in amounts ranging from $340 million to $1 billion - subject to possible increase based on various factors. The Portland General parties have again filed motions to dismiss. Arguments were heard in December, 1994, and the motions are awaiting decision by the Court.

Portland General Holdings, Inc. v. Deloitte & Touche, et al, Third Judicial District Court for Salt Lake County

On January 22, 1992, Holdings filed a complaint alleging Deloitte & Touche and certain individuals associated with Bonneville Pacific misrepresented the financial condition of Bonneville Pacific. The complaint alleges that Holdings relied on fraudulent statements and omissions by Deloitte & Touche and the individual defendants in acquiring a 46% interest in and making loans to Bonneville Pacific starting in September 1990. Holdings alleges, among other things, the existence of transactions in which generation projects developed or purchased by Bonneville Pacific were transferred at exaggerated valuations or artificially inflated prices to Bonneville Pacific's affiliated entities, Bonneville Pacific related parties or third parties. The suit claims that Bonneville Pacific's books, as audited by Deloitte & Touche, led Holdings to conclude wrongly that Bonneville Pacific's management was effective and could

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achieve the profitable sale of certain assets, as called for in Holdings purchase agreement with Bonneville Pacific. Holdings is seeking approximately $228 million in damages.

This case has been consolidated for all purposes with Portland General Holdings, Inc. v. Bonneville Group and Raymond L. Hixson noted below. Some of the defendants in the consolidated case have asserted counterclaims against Holdings. Certain counterclaims do not presently specify an amount of damages. The remaining counterclaims, taken together, seek approximately $80 million in specified and punitive damages. The Company believes the counterclaims have little merit.

Portland General Holdings, Inc. v. The Bonneville Group and Raymond L. Hixson, Third Judicial District Court for Salt Lake County

On June 1, 1993 Holdings filed a complaint alleging The Bonneville Group and Raymond L. Hixson misrepresented the financial condition of Bonneville Pacific. The complaint contains substantially the same allegations against these defendants as claimed in Portland General Holdings, Inc. v. Deloitte & Touche, et al and seeks the same damages.

Utility

BPA v. WPPSS (WPPSS v. 88 Participants), U.S. District Court for the Western District of Washington

Cost Sharing Litigation
On October 26, 1982 the Washington Public Power Supply System filed suit against Portland General Electric Company (PGE) and other entities that are participants in Supply System Units 1, 3, 4 and 5 (the Participants), and the Morgan Guaranty Trust Company of New York seeking a declaration of the respective rights and obligations of the parties for the proper allocation of shared costs between and among the various Supply System Units (the Cost-Sharing Litigation).

While the Cost-Sharing Litigation was pending, the Supply System ceased work on Unit 3, the unit owned by PGE, Puget, PacifiCorp, and other investor owned utilities (IOUs) in common with the Supply System. In August 1983 PGE and two IOUs filed counterclaims, cross-claims, third-party claims and a motion for a preliminary injunction against the Supply System, BPA, and certain of the Participants.

PGE and the IOUs also sought a declaratory judgment against the Supply System, PacifiCorp and the Unit 4 and 5 Participants requiring costs between Units 3 and 5 to be allocated in accordance with a 1976 Policy Statement or if the Policy Statement was found to be non-binding, damages from the Supply System and others for misrepresentations and omissions. Following decisions by the Washington Supreme Court that certain of the Unit 4 and 5 Participants were not responsible for Unit 4 and 5 costs, Chemical Bank, as trustee for the Unit 4 and 5 bondholders, intervened in this litigation.

On February 25, 1992 the Ninth Circuit Court of Appeals ruled in support of PGE and the IOUs. A trial remains necessary to assure that the allocations were properly performed.

PGE has agreed to a tentative settlement in the case which would result in a $1 million payment by the Company. Any final settlement will require court approval.

PGE v. Ronald Eachus, Myron Katz, Nancy Ryles (Oregon Public Utility Commissioners) and the Oregon Public Utility Commission, Marion County Circuit Court

In July 1990 PGE reached an out-of-court settlement with the Oregon Public Utility Commission (PUC) on two of three matters arising from the 1987 rate case. The settlement resolved the dispute regarding the treatment of certain investment tax credits and the 1986-1987 interim relief. The settlement did not resolve the issue related to the gain on PGE's sale of a portion of Boardman and the Intertie. On January 23, 1995, the judge affirmed the PUC decision allocating 77% of the gain to customers over a 27 year period. See Note 12, Regulatory Matters, in the Notes to the Financial Statements for more details. PGE has sixty days to appeal from the date of the decision.

Utility Reform Project v. Oregon Public Utility Commission, Multnomah County Circuit Court

On February 18, 1992 the Utility Reform Project (URP) filed a complaint in Multnomah County Oregon Circuit Court asking the PUC to set aside and rescind PUC Order No. 91-1781 that authorized PGE a temporary rate increase to recover a portion of the excess power costs incurred during the 1991 Trojan outage. URP and the PUC agreed to stay the case pending PUC hearings on the PUC order. On February 22, 1992

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the PUC issued an order approving the rate increase. The case is currently under a stay. PGE has not intervened in this case.

Pacificorp v. PGE, Columbia Steel Casting Co., Inc., and Public Utility Commission of Oregon, U.S. District Court for the District of Oregon

In 1972, PGE and PacifiCorp, dba Pacific Power & Light Company (PP&L) entered into an agreement (Agreement) subsequently approved by the PUC and the City of Portland, which PGE and the PUC believe created exclusive service territory for PGE and PP&L in defined areas within the City of Portland. Columbia Steel Casting Co. (Columbia Steel), an industrial customer of PGE located inside the area allocated to PGE, requested that PP&L provide it with electric service.

On May 31, 1990 PP&L filed a complaint for declaratory judgment in the US District Court for the District of Oregon seeking a determination of the respective rights and responsibilities of the parties under the Agreement and the Sherman Antitrust Act with regard to Columbia Steel's request. On June 19, 1990, Columbia Steel also filed a complaint in US District Court for the District of Oregon with regard to the allocation of the service territories between PGE and PP&L. (See Columbia Steel Casting Co., Inc. v. PGE, et al below.) These two cases were consolidated.

On July 2, 1990 PGE requested the PUC, the governmental agency charged with allocating the service territories among utilities, to affirm the exclusive territories allocated under the 1972 Agreement. Columbia Steel intervened.

On May 2, 1991 PGE and PP&L entered into an agreement to settle the District Court litigation filed by PP&L. The settlement provided, among other things, that the parties would file a joint application to the PUC for exclusive territories within the City of Portland and that PP&L would serve Columbia Steel in exchange for certain assets. On April 16, 1992 the PUC issued an order which corrected and affirmed the 1972 Order, approved the Agreement, and the 1992 territorial allocation agreement between PGE and PP&L.

Columbia Steel requested reconsideration by the PUC of the 1992 Order, which the PUC denied on August 7, 1992.

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 the 1972 territory allocation agreement (Agreement) (see above case for background information) 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 ten 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 PUC approving the Agreement did not order the allocation of territories and customers.

On August 19, 1993 the Court ruled that Columbia Steel was entitled to receive from PGE approximately $1.3 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. Both PGE and Columbia Steel have appealed the ruling.

Portland General Electric Company v. Westinghouse Electric Corporation, U.S. District Court for the Western District of Pennsylvania

On February 17, 1993 PGE filed a complaint against Westinghouse Electric Corporation (Westinghouse), the manufacturer of Trojan's steam generators, alleging breach of contract, negligence, fraud, negligent misrepresentation and violation of federal and state racketeering statutes relating to Westinghouse's design, manufacture and installation of the steam generators.

On June 28, 1993 the Court dismissed PGE's claims of negligence and negligent misrepresentation. A Trial date has not been set.

In the Matter of Portland General Electric Company, U.S. Environmental Protection Agency

PGE and the U.S. Environmental Protection Agency (EPA) have settled a civil complaint against PGE, for a nominal amount. The complaint alleged violations of environmental standard with

respect to storage of materials and related recordkeeping at a transmission substation.

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

On August 3, 1994, Southern California Edison (SCE) filed a complaint in Multnomah County Circuit Court in Portland, Oregon claiming PGE's decision to close Trojan violated the terms of a long-term firm power sales and exchange agreement entered into in 1986. The 25-year contract is for 75 megawatts of firm energy and capacity plus a 225 megawatt seasonal exchange. Under the agreement SCE is obligated to pay to PGE a reservation fee for system capacity, seasonal exchange and other services equal to $16.9 million annually.

SCE is seeking termination of the agreement and damages including a return of payments made to PGE from the date of PGE's alleged default (approximately $34 million).

PGE has filed a petition with FERC asking FERC to assume jurisdiction and seeking a Declaratory Order and Motion for Summary

Disposition. PGE also removed the case from the State court to federal court. Subsequent to removal, SCE filed a motion for remand to the state court. The motion was granted. PGE's motion for the state court to stay or dismiss the case pending a decision by FERC was denied. Trial in the state court has been set for October 1995.

The Company will vigorously defend itself and believes it will succeed in the defense of these claims.

Utility Reform Project and Don't Waste Oregon Council v. Energy Facility Siting Council, Portland General Electric Company and Oregon Department of Fish and Wildlife, Supreme Court of the State of Oregon

On November 16, 1994 and November 17, 1994, Utility Reform Project (URP) and Don't Waste Oregon Council (DWOC), respectively, filed Petitions for Judicial Review of the order of the Energy Facility Siting Council (EFSC) granting a site certificate for the Coyote Springs Generation Plant. The Petitions have been consolidated. URP and DWOC seek to have the order remanded to EFSC for reconsideration. They allege that EFSC did not adequately address standards related to the need for power and financial assurances, and erred in its treatment of certain confidential information. Briefs have been filed and argument is set for early March.

Item 4. Submission of Matters to a Vote of Security Holders

None.

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Executive Officers of Portland General Corporation and Portland General Electric (*)

Name Age Business
Experience

Ken L. Harrison 52 Appointed to current
position of Chairman of the
Board and
Chief
Chairman of the Board, Chief Executive Officer on
December 1, 1988 and
President of
Portland General
Executive Officer - PGC/PGE since August 4, 1992.
Served as President of
Portland General
Electric
President - PGC from June 1987 until
September 1989.

Richard G. Reiten 55 Appointed to current
position on August 4, 1992.
Served as
President of
President and Chief Operating Portland General from

January 1989 until appointed
to current
position.
Officer - PGE

Leonard A. Girard 52 Appointed to current
position on September 1, 1988.
Served as
Vice
Senior Vice President, President, Legal and
Regulatory Affairs, and
Secretary from
January 1988
General Counsel and Secretary until appointed to current
position.
PGC/PGE

Joseph M. Hirko 38 Appointed to current
position on December 3,
1991. Served
as Treasurer
Vice President-Finance, Chief beginning in June 1989.
Served as Vice President,
Portland
General
Financial Officer, Chief Financial Services, Inc.
from November 1985 until
June 1989.
Accounting Officer and Treasurer
PGC/PGE

Donald F. Kielblock 53 Appointed to current
position on October 4,
1989.
Previously served as
Vice President - PGC/PGE General Manager,
Information Services of PGE
until
appointed to current
Human Resources position.

Alvin Alexanderson 47 Appointed to current
position on February 5,
1991. Served
as President of
Vice President - PGE Portland General Exchange
from May 1988 until
appointed to
current position.
Rates and Regulatory Affairs

David K. Carboneau 48 Appointed to current
position on October 1, 1991.
Served as Vice
President,
Vice President - PGE Information Resources from
October 1989 until
appointed to
current
Administration position. For four years
prior to October 1989,
served as an
executive
officer of PGE.

Richard E. Dyer 52 Appointed to current
position on July 17, 1991.
Served as PGC
Vice
Vice President - PGE President and Assistant to
the Chairman of the Board

from October
1990
Marketing and Supply until appointed to current

position. Prior to October 1990 served as Vice President, PGE Power Management.

Peggy Y. Fowler Vice President - PGE Distribution	43	Appointed to current position on January 1, 1990 (assumed responsibility for Distribution on February 15, 1994). Served as General Manager, Hydro Production and Transmission from September 1989 until appointed to current position. Previously served as General Manager, Service and Installation.
Frederick H. Lamoureaux Vice President - PGE Hydro Production and Utility Services	55	Appointed to current position on July 17, 1991 (assumed responsibility for Hydro Production and Utility Services on February 15, 1994). Served as Vice President, Distribution from September 1989 until appointed to current position. Previously served as General Manager, Hydro Production and Transmission.
Frederick D. Miller Vice President - PGE	53	Appointed to current position on October 15, 1992. Served as Director of Executive Department, State of Oregon, from 1987 until appointed to current position.

<FN>
(*) Officers are listed as of January 31, 1995. The officers serve for a term of one year or until their successors are elected and qualified.
</FN>

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Part II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

Portland General Corporation

Portland General's common stock is publicly held and traded on the New York and Pacific Stock Exchanges. The table below reflects the dividends on Portland General's common stock and the stock price ranges as reported by The Wall Street Journal for 1994 and 1993.

	1994				1993			
Quarter	1st	2nd	3rd	4th	1st	2nd	3rd	4th
High	20-1/2	18-7/8	18-1/4	19-3/4	21-1/8	22-1/4	23-1/8	22 7/8
Low	17-1/4	16-3/8	16-1/2	16-1/2	16	19-7/8	21-1/2	18 3/4
Closing price	17-1/2	17	16-7/8	19-1/4	21	22-1/8	22-1/4	20 1/2
Cash dividends declared (cents)	30	30	30	30	30	30	30	30

The approximate number of shareholders of record as of December 31, 1994 was 45,152.

Portland General Electric Company

PGE is a wholly owned subsidiary of Portland General. PGE's common stock is not publicly traded. Aggregate cash dividends declared on common stock were as follows (thousands of dollars):

Quarter	1994	1993
First	$ 15,393	$ 18,206
Second	15,393	18,206
Third	12,828	18,206
Fourth	12,828	18,206

PGE is restricted, without prior PUC approval, from making any dividend distributions to Portland General that would reduce PGE's common equity capital below 36% of total capitalization.

Item 6. Selected Financial Data

Portland General Corporation

	For the Years Ended December 31				
	1994	1993	1992	1991	1990
	(Thousands of Dollars except per share amounts)				
Operating Revenues	$959,409	$946,829	$883,266	$889,876	$852,105
Net Operating Income	154,296	158,181	163,500	136,531	176,457
Income (loss) from Continuing Operations	93,058	89,118	89,623	(20,698) [1]	99,952 [2]
Gain (loss) from Discontinued Operations [3]	6,472	-	- -	(29,169)	- -
Net Income (loss)	$99,530	$ 89,118	$ 89,623	$(49,867)	$ 99,952
Earnings (loss) per Average Common Share					
Continuing Operations	$ 1.86	$ 1.88	$ 1.93 [4]	$ (.43) [4]	$2.17
Discontinued Operations [3]	.13	-	- -	(.63)	- -
	$ 1.99	$ 1.88	$ 1.93 [4]	$(1.06) [4]	$2.17
Dividends Declared per Common Share	$ 1.20	$ 1.20	$ 1.20	$1.20	$1.20
Total Assets	$3,559,271	$3,449,328	$3,140,625	$3,092,596	$3,104,736
Long-Term Obligations [5]	885,814	912,994	937,938	967,968	820,538

Portland General Electric Company

	For the Years Ended December 31				
	1994	1993	1992	1991	1990

(Thousands of Dollars)

Operating Revenues	$958,955	$944,531	$880,098	$885,578	$884,720
Net Operating Income	153,208	154,200	160,037	139,257	181,344
Net Income	106,118	99,744	105,562	74,075	121,949 2
Total Assets	$3,354,151	$3,226,674	$2,920,980	$2,912,254	$2,855,809
Long-Term Obligations 5	855,814	872,994	887,938	887,952	810,538

<FN>

1 Includes a loss of $74 million from independent power.
2 Includes a gain of $16 million for settlement of certain regulatory issues in 1990.
3 Portland General discontinued its real estate operations. Current and prior years' amounts are not reflected in operating revenues and net operating income.
4 Includes $.02 for tax benefits from ESOP dividends.
5 Includes long-term debt, preferred stock subject to mandatory redemption requirements and long-term capital lease obligations.
</FN>

Item 7. Management's Discussion and Analysis of Condition and Results of Operations

General

Results of Operations

Portland General Corporation (Portland General) reported 1994 earnings of $100 million or $1.99 per share. Portland General Electric (PGE or the Company), an electric utility company and Portland General's principal operating subsidiary, performed well, contributing $95 million to Portland General's earnings.

1994 Compared to 1993

PGE accounts for substantially all of Portland General's assets, revenues and net income. The following discussion focuses on utility operations, unless noted.

Portland General's 1994 earnings of $100 million, $1.99 per share, compared favorably to 1993 earnings of $89 million, $1.88 per share. In 1994 previously recorded real estate reserves of $6 million, after tax, or $.13 per share, were restored to income as a result of the substantial completion of divestiture of real estate investments. Income from continuing operations was $93 million compared to $89 million in 1993.

Customer growth and increased wholesale activity resulted in strong energy sales for the year. Kilowatt-hour (kWh) sales increased 8% over the prior year, adding $60 million to revenues. Weather adjusted retail load grew approximately 2.5% with the addition of nearly 13,700 retail customers. Wholesale kWh sales escalated 69% reflecting the availability of low cost

power for resale and the Company's active wholesale marketing of energy throughout the Western United States.

Accrued revenues of $19 million, relating to power cost deferrals, were down substantially from the $67 million in 1993. PGE deferred for later collection a portion of incremental Trojan Nuclear Plant (Trojan) replacement power costs for nine months during 1993. Nuclear cost savings allowed PGE to operate the last nine months of 1994 without the need for additional power cost deferrals.

An 8% increase in total sales combined with a 14% decline in PGE's hydro generation contributed to a $35 million increase in variable power costs. Strong performance at PGE's thermal generating facilities allowed PGE to generate 47% of its total system load compared to 42% in 1993. Generation at coal fired plants increased 20%, with all plants producing above last year's levels. Despite the increased generation at its thermal plants, average fuel costs decreased by 4% due to low natural gas prices. These factors contributed to a reduction in total average variable power costs to 19.1 mills/Kwh from

19.4 mills/Kwh (10 mills = 1 cent) in 1993.

Operating expenses (excluding variable power costs, depreciation, decommissioning and amortization) decreased by $24 million. Continued emphasis on cost reductions at Trojan resulted in $30 million in decreased nuclear operating expenses. Since plant closure in 1993, the number of PGE nuclear employees has dropped from 984 to 166 and correspondingly, annual nuclear operating expenses have declined from

approximately $96 million to $15 million. Increases in operating costs on PGE's distribution system partially offset nuclear cost savings.

The $4 million increase in other income reflects an increase in accrued interest on deferred power costs and a gain on the sale of non-utility property, partially offset by provisions for litigation costs.

Allowance for funds used during construction increased $4 million primarily due to the level of construction expenditures at the Coyote Springs Generation Project (Coyote Springs) in 1994, which helped offset increased interest costs on short-term borrowings.

1993 Compared to 1992

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

Operating revenues increased $64 million over 1992.

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

Retail load growth of 2.6% and cooler weather during the early part of the year increased Kwh sales 5% for 1993.
Wholesale revenue declined $30 million due to the lack of low-cost power for resale.

Operating expenses (excluding variable power costs, depreciation, decommissioning and amortization) declined 14% for 1993 due to a $53 million decline in nuclear expenses from closing Trojan. Nuclear operating expenses for 1993 reflect the amortization of Trojan miscellaneous closure and transition costs (which were accrued and capitalized at December 31, 1992). These costs are amortized as payments are made. During 1993 the Company amortized $45 million to nuclear operating expenses.

Variable power costs increased $90 million in 1993. The average variable power cost increased from 15 mills per kWh in 1992 to 19 mills per Kwh in 1993.
Trojan generated 16% of the Company's 1992 power needs at an average fuel cost of 4 mills per Kwh. This generation was primarily replaced by power purchases at an average price of 24 mills per Kwh.
However, good performance at PGE's generating plants helped control the increase of variable power costs. PGE's Beaver plant operated well in 1993, generating 13% more power than in 1992. Company-owned hydro production rose 21%. Additional maintenance outage time caused generation at Units 3 and 4 of the Colstrip Coal Plant (Colstrip) to decline which slightly reduced the Company's 1993 thermal generation from the 1992 level (excluding Trojan). Fuel cost increased from 9 mills per Kwh to 10 mills per Kwh driving 1993 fuel expense up $5 million.

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

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

Cash Flow

Portland General Corporation

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

In 1994 Portland General replaced its expiring committed borrowing facilities with a $15 million committed borrowing facility.

Portland General received $62 million in dividends from PGE. In February 1994 Portland General issued 2.3 million shares of common stock. The $41 million of proceeds were used to purchase additional shares of PGE common stock. In addition, Portland General received $9 million in proceeds from the issuance of shares of common stock under its Dividend Reinvestment and Optional Cash Payment Plan.

Portland General Electric Company

Cash Provided by Operations is the primary source of cash used for day to day operating needs of PGE. The Company also obtains cash from external borrowings, as needed.

A significant portion of cash from operations comes from depreciation and amortization of utility plant, charges which are recovered in customer revenues but require no current cash outlay. Cash provided by operations increased primarily due to growth in operating revenues which were comprised of fewer non-cash revenues. This was partially offset by a related increase in tax payments and a $20 million prepayment made to the IRS (see below). Cash provided by operations increased slightly in 1993 as compared to 1992 reflecting lower income tax payments.

Future cash requirements may be affected by the ultimate outcome of the IRS audit of PGE's 1985 WNP-3 abandonment loss deduction. The IRS has issued a statutory notice of tax deficiency, which PGE is contesting. In September 1994, PGE made a $20 million prepayment to the IRS to mitigate the interest cost exposure, if any, related to the alleged tax deficiency. The prepayment is refundable with interest should PGE prevail. See Notes 4 and 4A, Income Taxes, in the Notes to Financial Statements for further information.

Investing Activities are primarily for generation, transmission and distribution facilities and energy efficiency improvements at PGE. PGE's capital expenditures for 1994 of $247 million were primarily for new generating resources and expansion and upgrade of its transmission and distribution system. PGE's capital expenditures for 1995 are expected to be at similar levels.

Capital expenditures for distribution, system improvements and energy efficiency investmentsare expected to be approximately $180 million in 1996 .
At this time the Company will proceed with obtaining required site permits for potential new generating resources but does not anticipate new construction in the foreseeable future.

PGE pays $11 million per year into an external trust for the future costs of Trojan decommissioning.

Financing Activities provide supplemental cash for day-to-day operations and PGE's capital requirements. Internal funding will cover the majority of the Company's 1995 capital expenditures. PGE anticipates continued access to capital markets to finance the remainder.

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

PGE has committed borrowing facilities of $120 million and $80 millon which are used primarily as backup for PGE's $200 million commercial paper facility.

The issuance of additional preferred stock and First Mortgage Bonds requires PGE to meet earnings coverage and security provisions set forth in the Articles of Incorporation and the Indenture securing its First Mortgage Bonds. As of December 31, 1994, PGE could issue $370 million of preferred stock and $430 million of additional First Mortgage Bonds.

During 1994 PGE received proceeds of $41 million from the issuance of 2.3 million shares of $3.75 par value common stock to Portland General. PGE redeemed 200,000 shares of its $100 par value 8.10% preferred stock series.

In late 1994, the Company issued $30 million of three year notes and $45 million of seven year notes. PGE also borrowed $22 million against the assets of its Corporate Owned Life Insurance (COLI) program at variable rates. Proceeds from these activities were used to fund PGE's construction program.

The Company has engaged in the limited use of derivative financial instruments as a means of managing its exposure to interest rate fluctuations. The Company does not use these financial instruments for speculative purposes.

In November 1994, PGE entered into two $25 million interest rate swap agreements to hedge the cost of new long-term debt expected to be issued in mid-1995. See Note 8, Long-Term Debt in the Notes to Financial Statements for further discussion.

Financial and Operating Outlook

General Rate Filing

In late 1993, PGE filed a general rate case with the PUC requesting an increase in electric rates by an average of 5.1% to take effect January 1, 1995. PGE's request included a return on equity of 11.5% and 11.8% for the years 1995 and 1996 respectively, down from the current authorized return of 12.5%, and full recovery of the Trojan investment and decommissioning costs.

In early 1994 PGE and the PUC staff reached settlement on the majority of non-Trojan issues.

In July 1994, PGE agreed to the PUC staff's request to delay a final order addressing all rate case matters to no later than March 31, 1995 in return for approval of a first quarter 1995 power cost deferral. Recovery of power cost deferrals is addressed in separate rate proceedings, not in the general rate case (see the discussion of Power Cost Recovery below).

In early November 1994, PGE and the PUC staff entered into a stipulation jointly recommending to the PUC a settlement on all outstanding cost of capital issues which included an 11.6% return on equity for the years 1995 and 1996.

The PUC staff recommended that PGE be allowed to recover 100% of Trojan decommissioning and transition costs and 85.9% of the remaining Trojan investment. If the PUC staff's recommendation on Trojan were the ultimate outcome of the regulatory process, PGE estimates that it could record a loss of up to approximately $39 million. Hearings were held in January 1995 and PGE expects a rate order no later than March 31, 1995.

Trojan Related Issues

Plant Shutdown and Transition Costs - In early 1993, PGE ceased commercial operation of Trojan.

Since plant closure PGE has committed itself to a safe and economical transition toward a decommissioned plant.

Transition costs associated with operating and maintaining the spent fuel pool and securing the plant until dismantlement begins are estimated at $51 million for the period 1995 through 1998 inclusive. These costs are paid from current operating funds.

Investment Recovery - PGE's pending general rate case addresses recovery of Trojan plant costs (see General Rate Filing discussion above), including decommissioning. In the interim, the PUC authorized PGE to continue recovery of depreciation and decommissioning costs at previously approved rates.

PGE made the decision to permanently cease commercial operation of Trojan as part of its least cost planning process. Management determined that continued operation of Trojan was not cost effective. Least cost analysis assumed that recovery of the Trojan plant investment, including future decommissioning costs, would be granted by the PUC. Regarding the authority of the PUC to grant recovery, the Oregon Department of Justice (Attorney General) issued an opinion that the PUC may allow rate recovery of total plant costs, including operating expenses, taxes, decommissioning costs, return of capital invested in the plant and return on the undepreciated investment. While the Attorney General's opinion does not guarantee recovery of costs associated with the shutdown, it does clarify that under current law the PUC has authority to allow recovery of such costs in rates.

PGE asked the PUC to resolve certain legal and policy questions regarding the statutory framework for future ratemaking proceedings related to the recovery of the Trojan investment and decommissioning costs. In 1993, the PUC issued a declaratory ruling agreeing with the Attorney General's opinion discussed above. The ruling also stated that the PUC will favorably consider allowing PGE to recover in rates some or all of its return on and return of its undepreciated investment in Trojan, including decommissioning costs, if PGE meets certain conditions. PGE believes that its general rate filing provides evidence that satisfies the conditions established by the PUC.

Management believes that the PUC will grant future revenues to cover all, or substantially all, of Trojan plant costs with an appropriate return. However, recovery of the Trojan plant investment and decommissioning costs requires PUC approval in a public regulatory process. Although the PUC has allowed PGE to continue, on an interim basis, collection of these costs in the same manner as prescribed in its last general rate proceeding, the PUC has not previously addressed recovery of costs related to a prematurely retired plant when the decision to close the plant was based upon a least cost planning process. While the PUC Staff has recommended recovery of 85.9% of the Trojan investment and full recovery of decommissioning costs, the ultimate decision will be made by the PUC. Due to uncertainties inherent in a public process, management cannot predict, with certainty, whether the PUC will allow recovery of all, or substantially all, of the $342 million Trojan plant investment and $339 million of decommissioning costs. Management believes the ultimate outcome of this public regulatory process will not have a material adverse effect on the financial condition, liquidity or capital resources of Portland General. However, it may have a material impact on the results of operations for a future reporting period.

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

Decommissioning - In January 1995 PGE submitted a decommissioning plan to the Nuclear Regulatory Commission (NRC) and Energy Facility Siting Council of Oregon (EFSC). PGE estimates the cost to decommission its share of Trojan is $351 million in nominal dollars (actual dollars expected to be spent in each year). The decommissioning cost estimate reflects expected cost savings from PGE's plan for the early removal of some of Trojan's large components. Since the large component removal project (LCRP) will be completed prior to NRC and EFSC approval of PGE's decommissioning plan, specific approval of the LCRP was obtained from EFSC in November 1994.

The decommissioning estimate represents a site specific decommissioning cost estimate performed for Trojan by an experienced decommissioning engineering firm. This cost estimate assumes that the majority of decommissioning activities will occur between 1997 and 2001, beginning with the removal of certain large plant components while

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construction of a temporary dry spent fuel storage facility is taking place. The plan anticipates final site restoration activities will begin in 2018 after PGE completes shipment of spent fuel to a United States Department of Energy (USDOE) facility. The federal repository which was originally scheduled to begin operations in 1998 is now estimated to commence no earlier than 2010. On-site storage capacity is able to accommodate fuel until the federal facilities are available.

PGE collects revenues from customers for decommissioning costs and deposits them into an external trust fund. PGE expects any future changes in estimated decommissioning costs to be incorporated in revenues to be collected from customers.

SCE Complaint - Southern California Edison (SCE) filed a complaint claiming PGE's decision to close Trojan violated the terms of a long-term firm power sales and exchange agreement under which SCE is obligated to pay to PGE a reservation fee equal to $16.9 million annually, through 2010. SCE is seeking termination of the agreement and damages.

Competition

The Energy Policy Act of 1992 and the California Public Utility Commission Industry Restructuring Proposal (Restructuring Proposal) have caused utilities to address their competitive environment. The 1994 Restructuring Proposal outlines an electric services industry in which consumers are gradually allowed direct access to generation suppliers, marketers, brokers and other service providers in the competitive marketplace for energy services.

Although presently operating in a cost-based regulated environment, PGE expects increasing competition from other forms of energy and other suppliers of electricity. PGE's ownership of 950 megawatts of transmission rights on the Pacific Northwest Intertie (Intertie) provides it access to power and wholesale customers beyond its service territory.

Customer Growth and Revenues

PGE's customer base grew by 13,700 retail customers in 1994, which led to a 2.5% increase in weather-adjusted retail Kwh sales. In 1994, 11,900 residential customers were added to the system

compared to 9,300 in 1993. The Company estimates retail load growth in 1995 to be approximately the same level as 1994. In addition, PGE plans to actively market wholesale energy throughout the Western United States.

Power Cost Recovery

PGE operates without a power cost adjustment tariff, therefore adjustments for power costs above or below those used in existing general tariffs are not automatically reflected in customers' rates. As a result, PGE has obtained PUC approval to defer incremental replacement power costs related to the closure of Trojan. The following table sets out the amounts deferred and the collection status of the 1993 and 1994 deferrals. In accordance with Oregon law, collection of the deferrals is subject to PUC review of PGE's reported earnings, adjusted for the regulatory treatment of unusual and/or non-recurring items, as well as the determination of an appropriate rate of return on equity for a given review period.

Synopsis of Power Cost Deferrals

Period Covered	Deferral Rate	Earnings Review	Amounts Deferred	Amounts Collected
December 4, 1992 - March 31, 1993	80%	Approved (1)	$53 million (4)(a)	$12 million
July 1, 1993 - March 31, 1994	50%	Mid-1995 (2)	$55 million (4)(b)	N/A
January 1, 1995 - March 31, 1995	40%	Mid-1995 (3)	N/A	N/A

<FN>

(1) Approved for collection which began on 4/1/94.

(2) Subject to earnings review for the period 4/1/93

through 3/31/94 to be filed
on June 30,
1995.

(3) Subject to earnings review for the period 4/1/94 through 3/31/95 to be filed on June 30, 1995.

(4) Includes accrued interest of (a) $9 million and (b) $6 million.

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Power Supply

PGE expects to generate approximately 50% of its 1995 load requirements from company owned resources. Coyote Springs, a 220 megawatt cogeneration facility under construction near Boardman, Oregon is expected to be completed and on-line in late 1995. PGE expects to purchase the remainder of its 1995 load requirement. Although early predictions of 1995 water conditions indicate they will be about 95% of normal, efforts to restore salmon runs on the Columbia and Snake Rivers may affect the supply and price of purchased power. Additional factors that could affect purchased power include weather conditions in the Northwest during winter months and in California and the Southwest during the summer months, and the performance of major generating facilities in those regions.

Restoration of Salmon Runs - Several species of Snake River salmon are protected as threatened under the Endangered Species Act (ESA). The federal government has taken emergency actions that have reduced the amount of electricity generated at the Columbia and Snake River dams in an attempt to save the endangered fish. In January 1995 the National Marine Fisheries Service (NMFS) released a draft plan calling for altering the management of federal dams and reservoirs in the Columbia River basin in order to protect dwindling salmon stocks. The plan takes steps to boost river flows while young salmon are migrating and further reduces the water available for generation. NMFS is empowered by the ESA to require salmon protection measures by the Bureau of Reclamation and the Army Corps of Engineers, which operate the federal dams.

The Columbia river and its tributaries produce nearly two thirds of the electricity used in the region. PGE purchases power from many sources, including the mid-Columbia dams. Reductions in the amount of water allowed to flow through the dams' turbines reduces generation and increases the cost of power available to purchase on a non-contract or secondary basis. The attempt to improve fish passage by releasing more water from the reservoirs in the spring and summer could mean less water available in the fall and winter, when the demand for electricity in the Pacific Northwest is the highest. This could lead to higher power costs.

Hydro Relicensing - PGE's licenses for its hydroelectric generating plants under the Federal Power Act will expire during the years 2001 to 2006. PGE is actively pursuing relicensing of these low-cost power resources.

Fuel Supply

Natural Gas - In addition to the agreements discussed below the Company utilizes short-term agreements and spot-market purchases to secure transportation capacity and gas supplies sufficient to fuel plant operations.

PGE seeks to manage a portion of market risk associated with the fluctuations in the price of natural gas through its hedging program. PGE entered into hedge agreements to fix the price of a portion of the natural gas purchased to fuel operations at its Beaver plant during October 1994 through February 1995.

Additional natural gas hedging activity is expected in 1995. The Company does not enter into natural gas hedging agreements for speculative purposes. See Note 9, Commitments in Notes to Financial Statements for further discussion.

Beaver - PGE owns 90% of a pipeline which directly connects Beaver Beaver to Northwest Pipeline (NWP), an interstate gas pipeline operating between British Columbia and New Mexico. PGE presently has access to 30,000 MMBtu per day of firm capacity on NWP or enough to operate Beaver at approximately 30% of capacity. The contracted firm capacity on NWP increases in late 1995 to 76,000 MMBtu per day or enough to operate Beaver at approximately 70% capacity.

Coyote Springs - During 1994 PGE took assignment of existing firm transportation capacity

on the interconnected systems of various shippers sufficient to deliver 41,000 MMBtu per day of natural gas from Alberta, Canada to Coyote Springs. This service should be sufficient to fuel 100% of plant operations and will start in late 1995 when the plant is expected to come on-line. In late 1995 PGE will begin purchasing under two-year contracts for the supply of natural gas to Coyote Springs at a 75% load factor.

Nonutility

Bonneville Pacific Litigation - Portland General, Portland General Holdings, Inc. (Holdings), and certain affiliated individuals, along with others, have been named as defendants in a class action by investors in Bonneville Pacific Corporation (Bonneville Pacific) and in a suit filed by the bankruptcy trustee for Bonneville Pacific. The class action includes allegations of various violations of federal and Utah securities laws and of the Racketeer Influenced and Corrupt Organizations Act (RICO). The suit by the bankruptcy trustee for Bonneville Pacific alleges RICO violations and RICO conspiracy, collusive tort, civil conspiracy, common law fraud, negligent misrepresentation, breach of fiduciary duty, liability as a partner for the debts of a partnership and other actionable wrongs.

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

A detailed report released in June 1992, by a U.S. Bankruptcy examiner outlined a number of questionable transactions that resulted in gross exaggeration of Bonneville Pacific's assets prior to Holdings' investment. This report includes the examiner's opinion that there was significant mismanagement and very likely fraud at Bonneville Pacific.

For background information and further details, see Note 13, Legal Matters in the Notes to Financial Statements.

Appendix (Electronic Filing Only)

Omitted graphic material:

Page 8 Retail Price v. Inflation graph comparing PGE retail price (cents per KWh) to Portland CPI:

	Retail Price	CPI
1985	5.12	106.7
1986	5.0	108.2
1987	4.93	110.9
1988	4.77	114.7
1989	4.69	120.3
1990	4.57	127.4
1991	4.69	134
1992	4.78	140
1993	4.86	143.6
1994	4.97	147.7

Page 10 1994 Actual Power Sources pie chart:
(megawatt hours)

PGE Hydro: 10% (2,022,000)
Coal: 24% (4,918,000)
Secondary Purchases: 20% (4,036,000)
Firm Purchases: 33% (6,905,000)
Combustion Turbines: 13% (2,766,000)

Page 11 1995 Forecasted Power Sources pie chart:
(megawatt hours)

PGE Hydro: 12% (2,356,000)
Coal: 24% (4,810,000)
Secondary Purchases: 16% (3,173,000)
Firm Purchases: 34% (6,784,000)
Combustion Turbines: 14% (2,912,000)

Page 11 Loads v. Firm Resources graph:
(average MW)

	Loads	Firm Resources
1990	1973	2078
1991	2018	2071
1992	2138	2225
1993	2195	2022
1994	2350	1887
1995	2398	2068
1996	2431	2073
1997	2481	2017
1998	2531	2049
1999	2583	2038

Page 24 Operating Revenue and Net Income (Loss) graph:
($ Millions):

	Operating Revenue	Net Income
1990	852	100
1991	890	-50
1992	883	90
1993	947	89
1994	959	100

Page 24 PGE Electricity Sales graph:
(Billions of KWh)

1990	Residential	6.4
	Commercial	5.5
	Industrial	3.6
	Wholesale	4.3

1991	Residential	6.5
	Commercial	5.6
	Industrial	3.6
	Wholesale	3.9
1992	Residential	6.3
	Commercial	5.8
	Industrial	3.6
	Wholesale	2.7
1993	Residential	6.8
	Commercial	6.0
	Industrial	3.8
	Wholesale	1.6
1994	Residential	6.7
	Commercial	6.2
	Industrial	3.9
	Wholesale	2.7

Page 25 Retail Revenues and Power Costs Graph:
(Mills/KWh)

	Net Variable Power	Retail Revenues
1990	8	50
1991	10	52
1992	11	53
1993	17	56
1994	16	53

Page 25 Operating Expenses graph:
($ Millions)

1990	Operating Costs	302
	Variable Power	200
	Depreciation	90
1991	Operating Costs	361
	Variable Power	226
	Depreciation	112
1992	Operating Costs	327
	Variable Power	222
	Depreciation	99
1993	Operating Costs	283
	Variable Power	311
	Depreciation	122
1994	Operating Costs	262
	Variable Power	347
	Depreciation	124

Page 26 Utility Capital Expenditures graph:
($ Millions)

1990	115
1991	150
1992	159
1993	149
1994	247

Page 27 Capitalization graph:
($ Millions)

1990	Long-term Debt	763
	Common Equity	771
	Preferred Stock	152
1991	Long-term Debt	913

	Common Equity	679
	Preferred Stock	150
1992	Long-term Debt	874
	Common Equity	724
	Preferred Stock	152
1993	Long-term Debt	803
	Common Equity	744
	Preferred Stock	140
1994	Long-term Debt	806
	Common Equity	834
	Preferred Stock	120

Page 29 Residential Customers graph:
(Thousands)

1984	454732
1985	461076
1986	470136
1987	476481
1988	484293
1989	496165
1990	512913
1991	526699
1992	536111
1993	545410
1994	557338

Management's Statement of Responsibility

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

Management has established, and maintains, a system of internal accounting controls. The controls provide reasonable assurance that assets are safeguarded, transactions receive appropriate authorization, and financial records are reliable.

Accounting controls are supported by written policies and procedures, an operations planning and budget process designed to achieve corporate objectives, and internal audits of operating activities.

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

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

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

Report of Independent Public Accountants

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

We have audited the accompanying consolidated balance sheets and statements of capitalization of Portland General Corporation and subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of income, retained earnings and cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As more fully discussed in Note 5 to the consolidated financial statements, the realization of assets related to the abandoned Trojan Nuclear Plant in the amount of $681 million is dependent upon the ratemaking treatment as determined by the Public Utility Commission of Oregon.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Portland General Corporation and subsidiaries as of December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

Arthur Andersen LLP
Portland, Oregon,
February 7, 1995

Item 8. Financial Statements and Supplementary Data

Portland General Corporation and Subsidiaries
Consolidated Statements of Income

For the Years Ended December 31	1994	1993	1992
(Thousands of Dollars except per share amounts)			
Operating Revenues	$959,409	$946,829	$883,266
Operating Expenses			
Purchased power and fuel	347,125	311,713	222,127
Production and distribution	61,891	73,576	93,677
Maintenance and repairs	47,391	55,320	70,496
Administrative and other	100,596	100,321	112,010
Depreciation, decommissioning and amortization	124,081	122,218	98,706
Taxes other than income taxes	52,151	55,730	55,515
	733,235	718,878	652,531
Operating Income Before Income Taxes	226,174	227,951	230,735
Income Taxes	71,878	69,770	67,235
Net Operating Income	154,296	158,181	163,500
Other Income (Deductions)			
Interest expense	(71,653)	(70,802)	(73,895)
Allowance for funds used during construction	4,314	785	2,769
Preferred dividend requirement - PGE	(10,800)	(12,046)	(12,636)
Other - net of income taxes	16,901	13,000	9,885
Income From Continuing Operations	93,058	89,118	89,623
Discontinued Operations			
Gain on disposal of real estate operations - net of income taxes of $4,226	6,472	-	-
Net Income	$ 99,530	$ 89,118	$ 89,623
Common Stock			
Average shares outstanding	49,896,685	47,392,185	46,887,184
Earnings per average share			
Continuing operations	$1.86	$1.88	$1.93 *
Discontinued operations	0.13		

	-	-	
Earnings per average share	$1.99	$1.88	$1.93 *
Dividends declared per share	$1.20	$1.20	$1.20

<FN>
* Includes $.02 for tax benefits from ESOP dividends.
</FN>

Portland General Corporation and Subsidiaries
Consolidated Statements of Retained Earnings

For the Years Ended December 31	1994	1993	1992
(Thousands of Dollars)			
Balance at Beginning of Year	$ 81,159	$ 50,481	$19,635
Net Income	99,530	89,118	89,623
ESOP Tax Benefit & Amortization of Preferred Stock Premium	(1,705)	(1,524)	(2,505)
	178,984	138,075	106,753
Dividends Declared on Common Stock	60,308	56,916	56,272
Balance at End of Year	$118,676	$ 81,159	$ 50,481

<FN>
The accompanying notes are an integral part of these consolidated statements.
</FN>

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Portland General Corporation and Subsidiaries
Consolidated Balance Sheets

At December 31	1994	1993
(Thousands of Dollars)		

Assets

Electric Utility Plant - Original Cost		
Utility plant (includes Construction Work in Progress of $148,267 and $46,679)	$2,563,476	$2,370,460
Accumulated depreciation	(958,465)	(894,284)
	1,605,011	1,476,176
Capital leases - less amortization of $25,796 and $23,626	11,523	13,693
	1,616,534	1,489,869
Other Property and Investments		
Leveraged leases	153,332	155,618
Net assets of discontinued real estate operations	11,562	31,378
Trojan decommissioning trust, at market value	58,485	48,861
Corporate Owned Life Insurance, less loan of $21,731 in 1994	65,687	72,612
Other investments	28,626	29,552
	317,692	338,021
Current Assets		
Cash and cash equivalents	17,542	3,202
Accounts and notes receivable	91,418	91,641
Unbilled and accrued revenues	158,259	133,476
Inventories, at average cost	43,269	46,534
Prepayments and other	38,347	22,128
	348,835	296,981
Deferred Charges		
Unamortized regulatory assets		
Trojan abandonment - plant	342,276	366,712
Trojan abandonment - decommissioning	338,718	355,718
Trojan - other	65,922	66,387
Income taxes recoverable	217,967	228,233
Debt reacquisition costs	32,245	34,941
Energy efficiency programs	58,894	39,480
Other	30,182	33,857
WNP-3 settlement exchange agreement	173,308	178,003
Miscellaneous	16,698	21,126
	1,276,210	1,324,457
	$3,559,271	$3,449,328

Capitalization and Liabilities

Capitalization		
Common stock	$ 189,358	$ 178,630
Other paid-in capital	563,915	519,058
Unearned compensation	(13,636)	(19,151)
Retained earnings	118,676	81,159
	858,313	759,696
Cumulative preferred stock of subsidiary		
Subject to mandatory redemption	50,000	70,000
Not subject to mandatory redemption	69,704	69,704
Long-term debt	835,814	842,994
	1,813,831	1,742,394
Current Liabilities		
Long-term debt and preferred stock due within one year	81,506	51,614
Short-term borrowings	148,598	159,414
Accounts payable and other accruals	104,254	109,479
Accrued interest	19,915	18,581
Dividends payable	18,109	17,657
Accrued taxes	27,778	25,601
	400,160	382,346
Other		
Deferred income taxes	687,670	660,248
Deferred investment tax credits	56,760	60,706
Deferred gain on sale of assets	118,939	120,410
Trojan decommissioning and transition costs	396,873	407,610
Miscellaneous	85,038	75,614
	1,345,280	1,324,588
	$3,559,271	$3,449,328

<FN>
The accompanying notes are an integral part of these consolidated balance sheets.
</FN>

Portland General Corporation and Subsidiaries
Consolidated Statements of Capitalization

At December 31

1994

1993

(Thousands of Dollars)

Common Stock Equity
Common stock, $3.75 par value per
share 100,000,000 shares authorized,
50,495,492 and 47,634,653 shares outstanding $

189,358 $
178,630
Other paid-in capital - net

563,915
519,058
Unearned compensation

(13,636)
(19,151)
Retained earnings

118,676
81,159

858,313 47.3%
759,696 43.6%

Cumulative Preferred Stock
Subject to mandatory redemption
No par value, 30,000,000 shares authorized
7.75% Series, 300,000 shares outstanding

30,000
30,000
$100 par value per share, 2,500,000 shares authorized
8.10% Series, 300,000 and 500,000 shares outstanding

30,000
50,000
Current sinking fund

(10,000)
(10,000)

50,000 2.8
70,000 4.0

Not subject to mandatory redemption, $100 par value
7.95% Series, 298,045 shares outstanding

29,804
29,804
7.88% Series, 199,575 shares outstanding

19,958
19,958
8.20% Series, 199,420 shares outstanding

19,942
19,942

69,704 3.8
69,704 4.0

Long Term Debt
First mortgage bonds

Maturing 1994 through 1999				
4-3/4% Series due April 1, 1994	-		8,119	
4.70% Series due March 1, 1995	3,045		3,220	
5-7/8% Series due June 1, 1996	5,216		5,366	
6.60% Series due October 1, 1997	15,363		15,363	
Medium-term notes - 5.65%-9.27%	251,000		242,000	
Maturing 2001 through 2005 - 6.47%-9.07%	210,845		166,283	
Maturing 2021 through 2023 - 7-3/4%-9.46%	195,000		195,000	
Pollution control bonds				
Port of Morrow, Oregon, variable rate (Average 2.7% for 1994), due 2013	23,600		23,600	
City of Forsyth, Montana, variable rate (Average 2.9% for 1994), due 2013 through 2016	118,800		118,800	
Amount held by trustee	(8,355)		(8,537)	
Port of St. Helens, Oregon, due 2010 and 2014 (Average variable 2.7%-2.9% for 1994)	51,600		51,600	
Medium-term notes maturing 1994 through 1996 - 7.19%-8.09%	30,000		50,000	
Capital lease obligations	11,523		13,693	
Other	(317)		101	
	907,320		884,608	
Long-term debt due within one year	(71,506)		(41,614)	
	835,814	46.1	842,994	48.4

Total capitalization	$1,813,831	100.0%
	$1,742,394	100.0%

<FN>
The accompanying notes are an integral part of these consolidated statements.
</FN>

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Portland General Corporation and Subsidiaries
Consolidated Statements of Cash Flow

For the Years Ended December 31	1994	1993	1992
(Thousands of Dollars)			
Cash Provided (Used) By -			
Operations:			
Net income	$ 99,530	$ 89,118	$ 89,623
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	94,217	89,749	113,405
Amortization of WNP-3 exchange agreement	4,695	4,489	5,658
Amortization of deferred charges - Trojan plant	24,417	24,015	-
Amortization of deferred charges - Trojan decomm.	11,220	11,220	-
Amortization of deferred charges - Trojan other	2,321	2,314	1,609
Amortization of deferred charges - other	2,712	6,713	7,080
Deferred income taxes - net	37,396	61,086	26,480
Other noncash income	(677)	(1,926)	(2,659)
Changes in working capital:			
(Increase) in receivables	(24,440)	(72,837)	(12,736)
(Increase) Decrease in inventories	3,264	15,017	(4,181)
(Decrease) in payables	(1,300)	(29,837)	(6,231)
Other working capital items - net	(18,509)	12,473	7,020

Gain from discontinued operations	(6,472)	-	-
Deferred items	10,258	(7,174)	(12,835)
Miscellaneous - net	12,369	17,728	21,260
	251,001	222,148	233,493
Investing Activities:			
Utility construction - new resources	(91,342)	(28,666)	-
Utility construction - general	(131,675)	(101,692)	(148,348)
Energy efficiency programs	(23,745)	(18,149)	(10,705)
Rentals received from leveraged leases	20,886	15,530	9,007
Trojan decommissioning trust	(11,220)	(11,220)	(11,220)
Other investments	(14,058)	(10,763)	(7,245)
	(251,154)	(154,960)	(168,511)
Financing Activities:			
Short-term debt - net	(10,816)	18,736	48,273
Borrowings from Corporate Owned Life Insurance	21,731	-	-
Long-term debt issued	75,000	252,000	123,000
Long-term debt retired	(49,882)	(279,986)	(143,902)
Repayment of nonrecourse borrowings for leveraged leases	(18,046)	(13,095)	(9,035)
Preferred stock issued	- -	-	30,000
Preferred stock retired	(20,000)	(3,600)	(31,225)
Common stock issued	50,074	9,520	9,753
Dividends paid	(59,856)	(56,850)	(56,230)
	(11,795)	(73,275)	(29,366)
Net Cash Provided By (Used In) Continuing Operations	(11,948)	(6,087)	35,616
Discontinued Operations	26,288	2,600	(30,948)

Increase (Decrease) in Cash and Cash Equivalents	14,340	(3,487)	4,668
Cash and Cash Equivalents at the Beginning of Year	3,202	6,689	2,021
Cash and Cash Equivalents at the End of Year	$ 17,542	$ 3,202	$ 6,689
Supplemental disclosures of cash flow information			
Cash paid during the year:			
Interest	$ 64,895	$ 74,261	$ 72,535
Income taxes	31,539	12,259	22,241

<FN>
The accompanying notes are an integral part of these consolidated statements.
</FN>

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Portland General Corporation and Subsidiaries Notes to Financial Statements

Note 1

Summary of Significant Accounting Policies

Consolidation Principles

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

Basis of Accounting

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

Revenues

PGE accrues estimated unbilled revenues for services provided from the meter read date to month-end.

Purchased Power

PGE credits purchased power costs for the net amount of benefits received through a power purchase and sale contract with the Bonneville Power Administration (BPA).

Reductions in purchased power costs that result from this exchange are passed directly to PGE's residential and small farm customers in the form of lower prices.

Depreciation

PGE's depreciation is computed on the straight-line method based on the estimated average service lives of the various classes of plant in service. Excluding the Trojan Nuclear Plant (Trojan), depreciation expense as a percent of the related average depreciable plant in service was approximately 3.8% in 1994, 3.9% in 1993 and 3.8% in 1992.

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

Allowance for Funds Used During Construction (AFDC)

AFDC represents the pretax cost of borrowed funds used for construction purposes and a reasonable rate for equity funds. AFDC is capitalized as part of the cost of plant and is credited to income but does not represent current cash earnings. The average rates used by PGE were 4.65%, 3.52%, and 4.72% for the years 1994, 1993 and 1992, respectively.

Income Taxes

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

Income tax provisions are adjusted, when appropriate, for potential tax adjustments. Deferred income taxes are provided for temporary differences between financial and income tax reporting. See Notes 4 and 4A, Income Taxes, for more details.

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

Nuclear Fuel

Amortization of nuclear fuel (reflected only in 1992 expenses) was based on the quantity of heat produced for the generation of electric energy.

Investment in Leases

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

The components of CWL's net investment in leases as of December 31, 1994 and 1993, are as follows (thousands of dollars):

	1994	1993
Lease contracts receivable	$ 550,620	$ 600,710
Nonrecourse debt service	(434,542)	(481,988)
Net contracts receivable	116,078	118,722
Estimated residual value	86,202	88,047
Less - Unearned income	(39,391)	(41,395)
Investment in leveraged leases	162,889	165,374
Less - Deferred ITC	(9,557)	(9,756)
Investment in leases, net	$ 153,332	$ 155,618

Cash and Cash Equivalents

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

WNP-3 Settlement Exchange Agreement

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

Regulatory Assets

PGE defers, or accrues revenue for, certain costs which would otherwise be charged to expense, if it is probable that future rates will permit recovery of such costs. These costs are reflected as deferred charges or accrued revenues in the financial statements and are amortized over the period in which revenues are collected. Trojan plant and decommissioning costs are currently covered in customer rates. Of the remaining regulatory assets of approximately $500 million, 78% have been treated by the Oregon Public Utility Commission (PUC) as allowable cost of service items in PGE's most recent rate processes. The remaining amounts, primarily comprised of power cost deferrals, are subject to regulatory confirmation in future ratemaking proceedings.

Hedge Accounting

PGE may use derivative products to hedge against exposures to interest rate and commodity price risks. The objective is to mitigate risks due to market fluctuations associated with external financings or the purchase of natural gas, electricity and related products. PGE's hedging programs are intended to reduce such risks.

Gains and losses from derivatives that reduce commodity price risks are recognized as fuel or purchased power expense. Gains and losses from derivatives that reduce interest rate risk of future debt issuances are deferred and amortized over the life of the related debt.

Reclassifications

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

Note 2

Real Estate - Discontinued Operations

Portland General has substantially completed divestiture of its real estate operations in Columbia Willamette Development Company (CWDC). In June 1994, CWDC sold the largest remaining property in its real estate holdings for

$16 million. As a result, the real estate reserve was liquidated.

Note 3

Employee Benefits

Pension Plan

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

Portland General determines net periodic pension expense according to the principles of SFAS No. 87, Employers' Accounting for Pensions. Differences between the actual and expected return on plan assets is included in net amortization and deferral and is considered in the determination of future pension expense.

The following table sets forth the Plan's funded status and amounts recognized in

Portland General's financial statements
(thousands of dollars):

	1994	1993
Actuarial present value of benefit obligations:		
Accumulated benefit obligation, including vested benefits of $142,082 and $151,334	$154,320	$166,301
Effect of projected future compensation levels	35,134	32,608
Projected benefit obligation (PBO)	189,454	198,909
Plan assets at fair value	245,225	262,412
Plan assets in excess of PBO	55,771	63,503
Unrecognized net experience gain	(54,391)	(60,445)
Unrecognized prior service costs	12,935	14,147
Unrecognized net transition asset being recognized over 18 years	(19,575)	(21,533)
Pension - prepaid cost (liability)	$ (5,260)	$ (4,328)

	1994	1993	1992
Assumptions:			
Discount rate used to calculate PBO	8.50%	7.25%	8.00%
Rate of increase in future compensation levels	6.50	5.25	6.00
Long-term rate of return on assets	8.50	8.50	8.50

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Net pension expense for 1994, 1993 and 1992 included the following components (thousands of dollars):

	1994	1993	1992
Service cost	$ 6,199	$ 6,151	$ 6,082
Interest cost on PBO	14,693	14,241	13,792
Actual return on plan assets	6,011	(48,231)	(18,272)
Net amortization and deferral	(25,971)	29,839	1,496
Net periodic pension expense	$ 932	$ 2,000	$ 3,098

Other Post-Retirement Benefit Plans
Portland General accrues for health, medical and life insurance costs during the employees' service years, per SFAS No. 106. PGE receives recovery for the annual provision in customer rates. Employees are covered under a Defined Dollar Medical Benefit Plan which limits Portland General's obligation by establishing a maximum contribution per employee. The accumulated benefit obligation for postretirement health and life insurance benefits at December 31, 1994 was $27 million, for which there were $25 million of assets held in trust. The benefit obligation for postretirement health and life insurance benefits at December 31, 1993 was $31 million.

Portland General also provides senior officers with additional benefits under an unfunded Supplemental Executive Retirement Plan (SERP). Projected benefit obligations for the SERP are $15 million and $16 million at December 31, 1994 and 1993, respectively.

Deferred Compensation

Portland General provides certain employees with benefits under an unfunded Management Deferred Compensation Plan (MDCP). Obligations for the MDCP are $21 million and $18 million at December 31, 1994 and 1993, respectively.

Employee Stock Ownership Plan

Portland General has an Employee Stock Ownership Plan (ESOP) which is a part of its 401(k) retirement savings plan. Employee contributions up to 6% of base pay are matched by employer contributions in the form of ESOP common stock. Shares of common stock to be used to match contributions of PGE employees were purchased from a $36 million loan from PGE to the ESOP trust in late 1990. This loan is presented in the common equity section as unearned compensation. Cash contributions from PGE and dividends on shares held in the trust are used to pay the debt service on PGE's loan. As the loan is retired, an equivalent amount of stock is allocated to employee accounts. In 1994, total contributions to the ESOP of $5 million combined with dividends on unallocated shares of $1 million were used to pay debt service and interest on PGE's loan. Shares of common stock used to match contributions by employees of Portland General and its subsidiaries are purchased on the open market.

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Note 4

Income Taxes

The following table shows the detail of taxes on income and the items used in computing the differences between the statutory federal income tax rate and Portland General's effective tax rate. Note: The table does not include income taxes related to 1994 gains on discontinued real estate operations (thousands of dollars):

	1994	1993	1992
Income Tax Expense:			
Currently payable	$ 48,905	$ 2,989	$ 44,057
Deferred income taxes	26,741	72,889	27,648
Investment tax credit adjustments	(4,145)	(4,356)	(6,981)
	$ 71,501	$ 71,522	$ 64,724
Provision Allocated to:			
Operations	$ 71,878	$ 69,770	$ 67,235
Other income and deductions	(377)	1,752	(2,511)
	$ 71,501	$ 71,522	$ 64,724
Effective Tax Rate Computation:			
Computed tax based on statutory federal income tax rates applied to income before income taxes	$ 57,596	$ 56,224	$ 52,478
Increases (Decreases) resulting from:			
Accelerated depreciation	8,283		

		10,748	9,462
State and local taxes - net	8,953	3,288	10,117
Investment tax credits	(4,145)	(4,356)	(6,981)
Excess deferred taxes	(767)	(3,419)	(1,816)
USDOE nuclear fuel assessment	-	5,075	-
Preferred dividend requirement	3,526	3,935	4,296
Other	(1,945)	27	(2,832)
	$ 71,501	$ 71,522	$ 64,724
Effective tax rate	43.5%	44.5%	41.9%

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As of December 31, 1994 and 1993, the significant components of the Company's deferred income tax assets and liabilities were as follows (thousands of dollars):

	1994	1993
Deferred Tax Assets		
Plant-in-service	$ 72,012	$ 73,625
Deferred gain on sale of assets	47,134	47,718
Other	51,924	74,334
	171,070	195,677
Deferred Tax Liabilities		
Plant-in-service	(444,546)	(448,559)
Energy Efficiency programs	(23,024)	(15,395)
Trojan abandonment	(80,944)	(75,948)
WNP-3 exchange contract	(68,698)	(70,542)
Replacement power costs	(38,136)	(29,574)
Leasing	(146,468)	(147,101)
Other	(40,829)	(41,451)
	(842,645)	(828,570)
Less current deferred taxes	4,040	842

Less valuation allowance	(20,135)	(28,197)
Total	$(687,670)	$(660,248)

Portland General has recorded deferred tax assets and liabilities for all temporary differences between the financial statement bases and tax bases of assets and liabilities.

Portland General has benefits of capital loss carryforwards that presently cannot be offset with capital gains and accordingly has recorded a valuation allowance totalling $20.1 million at December 31, 1994 to fully reserve against these assets.

The IRS completed its examination of Portland General's tax returns for the years 1985 to 1987 and has issued a statutory notice of tax deficiency which Portland General is contesting. As part of this audit, the IRS has proposed to disallow PGE's 1985 WNP-3 abandonment loss deduction on the premise that it is a taxable exchange. PGE disagrees with this position and will take appropriate action to defend its deduction. Management believes that it has appropriately provided for probable tax adjustments and is of the opinion that the ultimate disposition of this matter will not have a material adverse impact on the financial condition of Portland General.

Note 5

Trojan Nuclear Plant

Plant Shutdown and Transition Costs - PGE is the 67.5% owner of Trojan. In early 1993 PGE ceased commercial operation of Trojan. Since plant closure PGE has committed itself to a safe and economical transition toward a decommissioned plant.

Transition costs associated with operating and maintaining the spent fuel pool and securing the plant until dismantlement begins are estimated at $51 million for the period 1995 through 1998 inclusive. These costs are recorded as part of the Trojan decommissioning reserve and transition costs on the Company's balance sheet. Unlike decommissioning costs which will utilize funds from PGE's Nuclear Decommissioning Trust (NDT), transition costs are paid from current operating funds.

Decommissioning - In January 1995 PGE submitted a decommissioning plan to the Nuclear Regulatory Commission (NRC) and Energy Facility Siting Council of Oregon (EFSC). The plan estimates PGE's cost to decommission Trojan at $351 million reflected in nominal dollars (actual dollars expected to be spent in each year). The decommissioning estimate represents a site specific decommissioning cost estimate performed for Trojan by an experienced decommissioning engineering firm. This cost estimate assumes that the majority of decommissioning activities will occur between 1997 and 2001, beginning with the removal of certain large plant components while construction of a temporary dry spent fuel storage facility is taking place. The plan anticipates final site restoration activities will begin in 2018 after PGE completes shipment of spent fuel to a United States Department of Energy (USDOE) facility (see the Nuclear Fuel Disposal discussion below).

As noted above, the decommissioning plan reflects PGE's current efforts to remove some of Trojan's large components which is expected to result in overall decommissioning cost savings. Since the Trojan large component removal project (LCRP) will be completed prior to NRC and EFSC approval of PGE's formal decommissioning plan, specific approval of the LCRP was obtained from EFSC in November 1994.

Decommissioning activities reflected in the cost estimate include the cost of

decommissioning planning, removal and disposal of radioactively contaminated equipment and facilities as required by the NRC; building demolition; nonradiological site remediation; and extended fuel management costs including licensing and surveillance through the year 2018.

The Trojan decommissioning plan filed with the NRC was the culmination of a two-year process undertaken by PGE to evaluate the most economical way to safely decommission Trojan in a regulated environment. Both the 1994 update and the 1993 site specific cost estimates are reflected in the financial statements in nominal dollars (actual dollars expected to be spent in each year). The $17 million difference between the 1993 $334 million estimate and the 1994 $351 million estimate, stated in nominal dollars, is due to refinement of the timing and scope of certain dismantlement activities. Stated in 1994 dollars the current estimate of $234 million is not significantly changed from the previous estimate of $230 million.

Following is a reconciliation of the decommissioning cost estimate from December 31, 1992 to December 31, 1994 (thousands of dollars):

Decommissioning estimate - 12/31/92	$281,779
Adjustments:	
Site specific cost estimate - 12/31/93	52,431
Rate case testimony filed with PUC - 9/30/94	16,556
NRC decommissioning plan filed -	

12/31/94	528
	351,294
Decommissioning expenditures through 12/31/94	(4,986)
Decommissioning liability - 12/31/94	$346,308
Decommissioning liability	$346,308
Transition costs	50,565
Trojan decommissioning liability and transition costs	$396,873

PGE expects any future changes in estimated decommissioning costs to be incorporated in future revenues to be collected from customers. PGE collects revenues from customers for decommissioning costs and deposits them into an

external trust fund.
Earnings on the trust fund will be used to adjust the amount of decommissioning costs to be collected from customers.

Trojan decommissioning trust assets are invested primarily in investment grade tax-exempt bonds which are available for sale. Year-end balances are valued at market which approximates cost. For the year ended December 31, 1994 and 1993 the trust reflected the following activity (thousands of dollars):

	1994	1993
Beginning Balance	$48,861	$32,945
Activity		
Contributions	11,220	11,220
Gain (loss)	(1,596)	4,696
Disbursements	-	-
Ending Balance	$58,485	$48,861

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

PGE made the decision to permanently cease commercial operation of Trojan as part of its least cost planning process. Management determined that continued operation of Trojan was not cost effective. Least cost analysis assumed that recovery of the Trojan plant investment, including future decommissioning costs, would be granted by the PUC. Regarding the authority of the PUC to grant recovery, the Oregon Department of Justice (Attorney General) issued an opinion that the PUC may allow rate recovery of total plant costs, including operating expenses, taxes, decommissioning costs, return of capital invested in the plant and return on the undepreciated investment. While the Attorney General's opinion does not guarantee recovery of costs associated with the shutdown, it does clarify that under current law the PUC has authority to allow recovery of such costs in rates.

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

Management believes that the PUC will grant future revenues to cover all, or substantially all, of Trojan plant costs with an appropriate return. However, recovery of the Trojan plant investment and decommissioning costs requires PUC approval in a public regulatory process. Although the PUC has allowed PGE to continue, on an interim basis, collection of these costs in the same manner as prescribed in its last general rate proceeding, the PUC has not previously addressed recovery of costs related to a prematurely retired plant when the decision to close the plant was based upon a least cost planning process. While the PUC Staff has recommended recovery of 85.9% of the Trojan investment and full recovery of decommissioning costs, the ultimate decision will be made by the PUC. If the PUC staff's recommendation on Trojan were the ultimate outcome of the regulatory process, PGE estimates that it could record a loss of up to approximately $39 million. Due to uncertainties inherent in a public process, management cannot predict, with certainty, whether the PUC will allow recovery of all, or substantially all, of the $342 million Trojan plant investment and $339 million of decommissioning costs. Management believes the ultimate outcome of this public regulatory process will not have a material adverse effect on the financial condition, liquidity or capital resources of Portland General. However, it may have a material impact on the results of operations for a future reporting period.

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

Nuclear Fuel Disposal and Clean up of Federal Plants - PGE contracted with the USDOE for permanent disposal of its spent nuclear fuel in USDOE facilities at a cost of .1 cent per net kilowatt-hour sold at Trojan which PGE pre-paid during the period of Trojan's operations. Significant

delays are expected in the USDOE acceptance schedule of spent nuclear fuel from domestic utilities. The federal repository which was originally scheduled to begin operations in 1998 is now estimated to commence no earlier than 2010. Based on this projection, PGE anticipates the possibility of difficulties in disposing of its high-level radioactive waste by 2018. However, on-site storage capacity is able to accommodate fuel until the federal facilities are available.

The Energy Policy Act of 1992 provided for the creation of a Decontamination and Decommissioning Fund (DDF) to provide for the clean up of the USDOE gas diffusion plants. The DDF is to be funded by domestic nuclear utilities and the Federal Government. The legislation provided that each utility pays based on the ratio of the amount of enrichment services the utility purchased to

the total amount of enrichment services purchased by all domestic utilities prior to the enactment of the legislation. Based on Trojan's 1.1% usage of total industry enrichment services, PGE's portion of the funding requirement is approximately $17.3 million. Amounts are funded over 15 years beginning with the USDOE's fiscal year 1993. Since enactment PGE has made the first three of the 15 annual payments with the first annual payment made in September 1993.

Nuclear Insurance - The Price-Anderson Amendment of 1988 limits public liability claims that could arise from a nuclear incident to a maximum of $9.0 billion per incident. PGE has purchased the maximum primary insurance coverage currently available of $200 million. The remaining $8.8 billion is covered by secondary financial protection required by the NRC. This secondary coverage provides for loss sharing among all owners of nuclear reactor licenses.

In the event of an incident at any nuclear plant in which the amount of the loss exceeds $200 million, PGE could be assessed retrospective premiums of up to $53.5 million per incident, limited to a maximum of $6.75 million per incident in any one year under the secondary financial protection coverage.

Based upon Trojan's permanently defueled condition and following the NRC and other regulators' approval, PGE and co-owners carry property insurance coverage on the Trojan plant in the amount of $155 million and selfinsure for on-site decontamination.

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Note 6

Common and Preferred Stock

(Thousands of Dollars except share amount)	Common Stock		Cumulative Preferred of Subsidiary				Other	
	Number of Shares	$3.75 Par Value	Number of Shares	$100 Par Value	$25 Par Value	No-Par Value	Paid-in Capital	Unearned Compensation*
December 31, 1991	46,525,163	$174,469	2,269,040	$ 126,904	$ 25,000	-	$502,559	$(30,070)
Sales of stock	574,538	2,155	300,000	-	-	$30,000	7,293	-
Redemption of stock	-	-	(1,036,000)	(3,600)	(25,000)	-	871	-
Repayment of ESOP loan and other	-	-	-	-	-	-	(921)	6,592

December 31, 1992	47,099,701	176,624	1,533,040	123,304	-	30,000	509,802	(23,478)
Sales of stock	534,952	2,006	-	-	-	-	8,802	-
Redemption of stock	-	-	(36,000)	(3,600)	-	-	2,130	-
Repayment of ESOP loan and other	-	-	-	-	-	-	(1,676)	4,327
December 31, 1993	47,634,653	178,630	1,497,040	119,704	-	30,000	519,058	(19,151)
Sales of stock	2,864,839	10,743	-	-	-	-	40,390	-
Redemption of stock	(4,000)	(15)	(200,000)	(20,000)		-	2,055	-
Repayment of ESOP loan and other	-	-	-	-	-	-	2,412	5,515
December 31, 1994	50,495,492	$189,358	1,297,040	$ 99,704	$ -	$30,000	$563,915	$(13,636)

<FN>
* See the discussion of stock compensation plans below and Note 3, Employee Benefits for a discussion of the ESOP.
</FN>

Common Stock

As of December 31, 1994, Portland General had reserved 2,872,476 authorized but unissued common shares for issuance under its dividend reinvestment plan. In addition, new shares of common stock are issued under an employee stock purchase plan.

Cumulative Preferred Stock of Subsidiary

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

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

The 8.10% Series preferred stock has an annual sinking fund requirement which requires the redemption of 100,000 shares at $100 per share which began in 1994. At its option, PGE may redeem, through the sinking fund, an additional 100,000 shares each year. This Series is redeemable at the option of PGE at $102 per share to April 14, 1995 and at reduced amounts thereafter.

Common Dividend Restriction of Subsidiary

PGE is restricted from paying dividends or making other distributions to Portland General, without prior PUC approval, to the extent such payment or distribution would reduce PGE's common stock equity capital below 36% of its total capitalization. At December 31, 1994, PGE's common stock equity capital was 47% of its total capitalization.

Stock Compensation Plans

Portland General has a plan under which 2.3 million shares of Portland General common stock are available for stock-based incentives. Upon termination, expiration or lapse of certain types of awards, any shares remaining subject to the award are again available for grant under the plan. As of December 31, 1994, stock options for 835,300 shares of common stock were outstanding. Options for 15,000 shares are currently exercisable: 2,500 at $17.375 per share; 7,500 at $14.75 per share and 5,000 shares at $17.125 per share. The options for the remaining 820,300 shares are exercisable beginning in 1995 through 1999 at prices ranging from $13 to $22.25 per share.

During 1994, Portland General issued 60,882 restricted common shares for officers and selected employees of both Portland General and PGE. As of December 31, 1994, 120,882 restricted common shares under the plan were outstanding for officers and employees.

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Note 7

Short-Term Borrowings

At December 31, 1994, Portland General had total committed lines of credit of $215 million. Portland General has a $15 million committed facility expiring in July 1995. PGE has committed facilities of $120 million expiring in July 1997 and $80 million expiring in July 1995. These lines of credit have annual fees ranging from 0.125% to 0.15% and do not require compensating cash balances. The facilities are used primarily as backup for both commercial paper and borrowings from commercial banks under uncommitted lines of credit. At December 31, 1994, there were no outstanding borrowings under the committed facilities.

PGE has a $200 million commercial paper facility. Unused committed lines of credit must be at least equal to the amount of PGE's commercial paper outstanding.

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

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

	1994	1993	1992
As of year end:			
Aggregate short-term debt outstanding			
Bank loans	-	-	$ 10,002
Commercial paper	$148,598	$159,414	130,676
Weighted average interest rate			
Bank loans	-	-	4.4%
Commercial paper	6.2%	3.5%	4.1
Unused committed lines of credit	$215,000	$240,000	$180,000
For the year ended:			
Average daily amounts of short-term debt outstanding			
Bank loans	$ 1,273	$ 10,949	$ 7,671
Commercial paper	138,718		

		123,032	89,077
Weighted daily average interest rate			
Bank loans	4.3%	3.6%	5.0%
Commercial paper	4.5	3.5	4.2
Maximum amount outstanding during the year	$174,082	$171,208	$144,056

<FN>
Interest rates exclude the effect of commitment fees, facility fees and other financing fees.
</FN>

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Note 8

Long-Term Debt

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

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

	1995	1996	1997	1998	1999
Sinking Funds	$ 1,138	$ 988	$ 688	$ 688	$ 688
Maturities:					
PGC (Parent only)	-	$30,000	-	- -	-
PGE	$71,356	17,528	$86,385	$64,745	$44,000
	$71,356	$47,528	$86,385	$64,745	$44,000

The sinking funds include $988,000 a year for 1995 and 1996 and $688,000 for 1997 through 1999, which, in accordance with the terms of the Indenture, PGE may satisfy by pledging available property additions equal to 166-2/3% of the sinking fund requirements.

Interest Rate Swap Agreements

In November 1994, PGE entered into two 10 year forward interest rate swap agreements, each with a notional amount of $25 million. The agreements are used to hedge against interest rate movements on long-term debt which PGE anticipates issuing in mid-1995. PGE is committed to terminate the agreements on or before May 15, 1995.

PGE is exposed to credit risks in the event of nonperformance by the counterparties to these interest rate swap agreements. PGE anticipates that the counterparties will be able to fully satisfy their obligations.

Note 9

Commitments

Natural Gas Agreements
PGE has two long-term agreements for transmission of natural gas from domestic and Canadian sources to PGE's existing and proposed natural gas-fired generating facilities. One agreement provides PGE firm pipeline capacity beginning June, 1993 and increased pipeline capacity in November 1995. The second agreement will give PGE capacity on a second interstate gas pipeline. Under the terms of these two agreements, PGE is committed to paying capacity charges of approximately $5 million during 1995, $14 million annually in 1996 through 1999, and $140 million over the remaining years of the contract which expires in 2015. Under these agreements PGE has the right to assign unused capacity to other parties. In addition, PGE will make a capital contribution for pipeline construction of approximately $3 million in 1995.

For the period of October 1994 through February 1995, PGE hedged an average of 38,000 MMBtus per day of physical gas purchases which represented approximately 40% of gas usage for the period. The effect of these agreements was to fix the prices of gas.

Railroad Service Agreement

In October 1993, PGE entered into a railroad service agreement to deliver coal from Wyoming to the Boardman Coal Plant (Boardman) and is required to contribute $7 million over the 5 years remaining in the contract.

Purchase Commitments

Other purchase commitments outstanding (principally construction at PGE) totaled approximately $69 million at December 31, 1994.
Cancellation of these purchase agreements could result in cancellation charges.

Purchased Power

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

Selected information is summarized as follows (thousands of dollars):

	Rocky Reach	Priest Rapids	Wanapum	Wells	Portland Hydro
Revenue bonds outstanding at December 31, 1994	$218,246	$131,163	$186,425	$195,320	$ 39,190
PGE's current share of output, capacity, and cost					
Percentage of output	12.0%	13.9%	18.7%	22.7%	100%
Net capability in megawatts	155	127	194	191	36
Annual cost, including debt service					
1994	$4,500	$3,400	$4,800	$6,600	$4,600
1993	4,000	3,800	5,400	5,500	4,800
1992	3,900	3,100	4,400	4,800	4,400
Contract expiration date	2011	2005	2009	2018	2017

PGE's share of debt service costs, excluding interest, will be approximately $6 million for 1995 and 1996, $7 million for 1997, and $6 million for 1998 and 1999. The minimum payments through the remainder of the contracts are estimated to total $97 million.

PGE has entered into long-term contracts to purchase power from other utilities in the west. These contracts will require fixed payments of up to $67 million in 1995, $32 million in 1996, and $22 million in 1997. After that date, capacity contract charges will be up to $25 million annually until 2001. From 2001 until 2016 capacity charges total $19 million annually.

Leases

PGE has operating and capital leasing arrangements for its headquarters complex, combustion turbines and the coal-handling facilities and certain railroad cars for Boardman. PGE's aggregate rental payments charged to expense amounted to $22 million in 1994 and 1993, and $20 million in 1992. PGE has capitalized its combustion turbine leases. However, these leases are considered operating leases for ratemaking purposes.

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As of December 31, 1994, the future minimum lease payments under non-cancelable leases are as follows (thousands of dollars):

Year Ending December 31	Capital Leases	Operating Leases (Net of Sublease Rentals)	Total
1995	$ 3,016	$ 18,224	$21,240
1996	3,016	18,331	21,347
1997	3,016	18,821	21,837
1998	3,016	18,618	21,634
1999	1,388	19,604	20,992
Remainder	-	167,015	167,015
Total	13,452	$260,613	$274,065
Imputed Interest	(1,929)		
Present Value of Minimum Future Net Lease Payments	$11,523		

Included in the future minimum operating lease payments schedule above is approximately $135 million for PGE's headquarters complex.

Note 10

WNP-3 Settlement Exchange Agreement

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

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

Note 11

Jointly-Owned Plant

At December 31, 1994, PGE had the following investments in jointly-owned generating plants (thousands of dollars):

Facility	Location	Fuel	MW Capacity	PGE % Interest	Plant In Service	Accumulated Depreciation
Boardman	Boardman, OR	Coal	508	65.0	$364,947	$164,199
Colstrip 3&4	Colstrip, MT	Coal	1,440	20.0	447,053	174,075
Centralia	Centralia, WA	Coal	1,310	2.5	9,588	5,435

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

Note 12

Regulatory Matters

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

The settlement, however, did not resolve the issue related to the gain on PGE's sale of a portion of Boardman and the Intertie. PGE's position is that 28% of the gain should be allocated to customers. The 1987 rate order allocated 77% of the gain to customers over a 27-year period. In accordance with the 1987 rate order, the unamortized gain, $119 million at December 31, 1994, is being distributed as a reduction of customer revenue requirements .

On January 23, 1995 the Marion County Circuit Court affirmed the PUC's decision in the 1987 rate order discussed above. PGE has sixty days from the date of the decision to appeal.

Note 13

Legal Matters

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

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

PGE has agreed to a tentative settlement in the case which would result in a $1 million payment by the Company. Any final settlement will require court approval.

Bonneville Pacific Class Action and Lawsuit
A complaint was originally filed on August 31, 1992 as the consolidation of various class actions filed on behalf of certain purchasers of Bonneville Pacific Corporation common shares and subordinated debentures. In April 1994 the Court dismissed certain of the plaintiffs' claims and thereafter plaintiffs filed a second amended consolidated class action complaint. The defendants in the action are certain Bonneville Pacific Corporation insiders and other individuals associated with Bonneville Pacific, Portland General Corporation (Portland General), Portland General Holdings, Inc. (Holdings), certain Portland General individuals, Deloitte & Touche (Bonneville's independent auditors) and one of its partners, Mayer, Brown & Platt, a law firm used by Bonneville, and two partners of that firm, three underwriters of a Bonneville offering of convertible subordinated debentures (Kidder, Peabody & Co., Piper Jaffray & Hopwood Incorporated, and Hanifen, Imhoff Inc.), and Norwest Bank, Minnesota, N.A., indenture trustee on a Bonneville Pacific's offering of convertible subordinated debentures.
The amount of damages sought is not specified.

The claims asserted against Portland General, Holdings, and the Portland General individuals allege violations of federal and Utah state securities laws and of Racketeer Influenced and Corrupt Organizations Act (RICO).

Further motions to dismiss have been filed in response to the amended complaint, however hearing on the motions of Portland General, Holdings, and the Portland General individuals has been deferred pending ongoing settlement discussions between those parties and the plaintiffs.

A separate legal action was filed on April 24, 1992 by Bonneville Pacific Corporation against Portland General, Holdings, and certain individuals affiliated with Portland General or Holdings alleging breach of fiduciary duty, tortious

interference, breach of contract, and other actionable wrongs related to Holdings' investment in Bonneville Pacific. On August 2, 1993 an amended complaint was filed by the Bonneville Pacific bankruptcy trustee against Portland General or Holdings and over 50 other defendants unrelated to Portland General or Holdings. This complaint and another subsequent amended version were dismissed by the Court in whole or in part. The Trustee has currently on file his Fifth Amended Complaint. The complaint includes allegations of RICO violations and RICO conspiracy, collusive tort, civil conspiracy, common law fraud, negligent misrepresentation, breach of fiduciary duty, liability as a partner for the debts of a partnership, and other actionable wrongs. Although the amount of damages sought is not specified in the Complaint, the Trustee has filed a damage disclosure calculation which purports to compute damages in amounts ranging from $340 million to $1 billion - subject to possible increase based on various factors. The Portland General parties have again filed motions to dismiss. Arguments were heard in December, 1994, and the motions are awaiting decision by the Court.

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

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

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

Note 14

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

Cash and cash equivalents

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

Other investments

Other investments approximate market value.

Redeemable preferred stock

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

Long-term debt

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

Interest Rate/Natural Gas Hedging

The fair value of interest rate and natural gas derivatives is the estimated amount that the Company would receive or pay to terminate the agreements at the reporting date, taking into account current market rates. At year-end 1994 this amount was not material.

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

	1994		1993	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Preferred stock subject to mandatory redemption	$ 60,000	$ 60,000	$ 80,000	$ 84,815
Long-term debt				
PGC (Parent only)	$ 30,000	$ 29,887	$ 50,000	$ 53,363
PGE	866,114	824,211	820,814	848,696
	$896,114	$854,098	$870,814	$902,059

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QUARTERLY COMPARISON FOR 1994 AND 1993
(Unaudited)

Portland General Corporation

	March 31	June 30	September 30	December 31
	(Thousands of Dollars except per share amounts)			
1994				
Operating revenues	$278,014	$202,110	$214,180	$265,105
Net operating income	57,116	31,012	28,667	37,501
Net income	39,165	23,965	11,887	24,513
Common stock				
Average shares outstanding	48,670,211	50,145,565	50,285,669	50,461,348
Earnings per average share 1	$.80	$.48	$.24	$.49
1993				
Operating revenues	$276,832	$192,146	$209,250	$268,601
Net operating income	55,187	31,174	23,816	48,004
Net income	36,556	13,328	6,349	32,885
Common stock				
Average shares outstanding	47,243,743	47,354,072	47,458,575	47,564,862
Earnings per average share 1	$.77	$.28	$.13	$.69

<FN>
1 As a result of dilutive effects of shares issued during the period, quarterly earnings per share cannot be added to arrive at annual earnings per share.
</FN>

Portland General Electric Company

	March 31	June 30	September 30	December 31
	(Thousands of Dollars except per share amounts)			

1994				
Operating revenues	$277,672	$201,773	$213,897	$265,613
Net operating income	54,751	28,727	27,484	42,246
Net income	41,187	18,540	14,807	31,584
Income available for common stock	38,199	15,894	12,224	29,001

1993				
Operating revenues	$276,304	$191,632	$208,534	$268,061
Net operating income	51,369	30,385	27,656	44,790
Net income	37,382	16,704	14,302	31,356
Income available for common stock	34,314	13,703	11,314	28,367

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Part III

Items 10-13 Information Regarding Directors and Executive Officers of the Registrant

Portland General Corporation

Information for items 10-13 are incorporated by reference to Portland General's definitive proxy statement to be filed on or about March 27, 1995. Executive officers of Portland General are listed on page 21 of this report.

Portland General Electric Company

Information for items 10-13 are incorporated by reference to Portland General's definitive proxy statement to be filed on or about March 27, 1995. Executive officers of Portland General Electric are listed on page 21 of this report.

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Part IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

Portland General Corporation and Portland General Electric Company

(a) Index to Financial Statements and Financial Statement Schedules

Financial Statement Schedules

Schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the financial statements or notes thereto.

Exhibits
See Exhibit Index on Page 60 of this report.

(b) Report on Form 8-K

PGC PGE
December 7, 1994 - Item 5. Other Events:

X X
Deferred accounting application withdrawn by PGE.

December 29, 1994 - Item 5. Other Events:

X X
PUC staff recommends that PGE recover 85.9% of Trojan investment.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Portland General Corporation

March 2, 1995 By /s/ Ken L. Harrison

Ken L. Harrison

Chairman of the Board and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Ken L. Harrison Ken L. Harrison	Chairman of the Board and Chief Executive Officer	March 2, 1995
/s/ Joseph M. Hirko Joseph M. Hirko	Vice President Finance, Chief Financial Officer, Chief Accounting Officer and Treasurer	March 2, 1995
*Gwyneth Gamble Booth *Peter J. Brix *Carolyn S. Chambers *John W. Creighton, Jr. *Ken L. Harrison *Jerry E. Hudson *Warren E. McCain *Jerome J. Meyer	Directors	March 2, 1995

*Randolph L. Miller
*Richard G. Reiten
*Bruce G. Willison

*By /s/ Joseph E. Feltz
(Joseph E. Feltz, Attorney-in-Fact)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Portland General Electric Company

March 2, 1995 By /s/ Ken L. Harrison
Ken L. Harrison

Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Ken L. Harrison Ken L. Harrison	Chairman of the Board and Chief Executive Officer	March 2, 1995
/s/ Joseph M. Hirko Joseph M. Hirko	Vice President Finance Chief Financial Officer, Chief Accounting Officer and Treasurer	March 2, 1995
*Gwyneth Gamble Booth *Peter J. Brix *Carolyn S. Chambers *John W. Creighton, Jr. *Ken L. Harrison *Jerry E. Hudson *Warren E. McCain *Jerome J. Meyer *Randolph L. Miller *Bruce G. Willison	Directors	March 2, 1995

*By /s/ Joseph E. Feltz
(Joseph E. Feltz, Attorney-in-Fact)

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Note: Although the Exhibits furnished to the Securities and Exchange Commission with the Form 10-K have been omitted herein, they will be supplied upon written request and payment of a reasonable fee for reproduction costs. Requests should be sent to:

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

Portland General Corporation
121 SW Salmon Street
Portland, OR 97204

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PORTLAND GENERAL CORPORATION AND SUBSIDIARIES

EXHIBIT INDEX

Number		Exhibit	PGC	PGE
(3)	*	Restated Articles of Incorporation of Portland General Corporation [Pre-effective Amendment No. 1 to Form S-4, Registration No. 33-1987, dated December 31, 1985, Exhibit (B)].	X	
	*	Certificate of Amendment, dated July 2, 1987, to the Articles of Incorporation limiting the personal liability of directors of Portland General Corporation [Form 10-K for the fiscal year ended December 31, 1987, Exhibit (3)].	X	
	*	Copy of Articles of Incorporation of Portland General Electric Company [Registration No. 2-85001, Exhibit (4)].		X
	*	Certificate of Amendment, dated July 2, 1987, to the Articles of Incorporation limiting the personal liability of directors of Portland General Electric Company [Form 10-K for the fiscal year ended		

December 31, 1987, Exhibit (3)].

X

* Form of Articles of Amendment of the New Preferred Stock of Portland General Electric Company [Registration No. 33-21257, Exhibit (4)].

X

* Bylaws of Portland General Corporation as amended on February 5, 1991 [Form 10-K for the fiscal year ended December 31, 1990, Exhibit (10)].

X

* Bylaws of Portland General Electric Company as amended on October 1, 1991 [Form 10-K for the fiscal

X

year ended December 31, 1991, Exhibit (3)].

(4) * Portland General Electric Company Indenture of Mortgage and Deed of Trust dated July 1, 1945;

* Fourteenth Supplemental Indenture dated March 1, 1965 (Form 8, Amendment No. 1, dated June 14, 1965).

X X

* Fifteenth Supplemental Indenture, dated June 1, 1966;
Sixteenth Supplemental Indenture, dated October 1, 1967;
Eighteenth Supplemental Indenture, dated November 1, 1970;
Twentieth Supplemental Indenture, dated November 1, 1972;
Twenty-First Supplemental Indenture, dated April 1, 1973;
(Registration No. 2-61199, Exhibit 2.d-1).

X X

PORTLAND GENERAL CORPORATION AND SUBSIDIARIES

EXHIBIT INDEX

Number Exhibit

PGC PGE

* Fortieth Supplemental Indenture, dated October 1, 1990 [Form 10-K for the fiscal year ended December 31, 1990, Exhibit (4)].

X X

* Forty-First Supplemental Indenture dated December 31, 1991 [Form 10-K for the fiscal year ended December 31,

X X

1991, Exhibit (4)].

* Forty-Second Supplemental Indenture dated April 1, 1993

[Form 10-Q for the quarter ended March 31,1993, Exhibit (4)].

X X

* Forty-Third Supplemental Indenture dated July 1, 1993 [Form 10-Q for the quarter ended September 30, 1993, Exhibit (4)].

X X

* Forty-Fourth Supplemental Indenture dated August 1, 1994 [Form 10-Q for the quarter ended September 30, 1994, Exhibit (4)].

X X

Other instruments which define the rights of holders of long-term debt not required to be filed herein will be furnished upon written request.

(10) * Residential Purchase and Sale Agreement with the Bonneville Power Administration [Form 10-K for the fiscal year ended December 31, 1981, Exhibit (10)].

X X

* Power Sales Contract and Amendatory Agreement Nos. 1 and 2 with Bonneville Power Administration [Form 10-K for the fiscal year ended December 31, 1982, Exhibit (10)].

X X

The following 12 exhibits were filed in conjunction with the 1985 Boardman/Intertie Sale:

* Long-term Power Sale Agreement, dated November 5, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].

X X

* Long-term Transmission Service Agreement, dated November 5, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].

X X

* Participation Agreement, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].

X X

PORTLAND GENERAL CORPORATION AND SUBSIDIARIES

EXHIBIT INDEX

Number Exhibit

PGC PGE

* Lease Agreement, dated December 30, 1985 [Form 10-K

for the fiscal year ended December 31, 1985, Exhibit (10)].

X X

* PGE-Lessee Agreement, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].

X X

* Asset Sales Agreement, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].

X X

* Bargain and Sale Deed, Bill of Sale and Grant of Easements and Licenses, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].

X X

* Supplemental Bill of Sale, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].

X X

* Trust Agreement, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)]. X X

* Tax Indemnification Agreement, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].

X X

* Trust Indenture, Mortgage and Security Agreement, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].

X X

* Restated and Amended Trust Indenture, Mortgage and Security Agreement, dated February 27, 1986 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)]. X X

* Portland General Corporation Outside Directors' Deferred Compensation Plan, 1990 Restatement dated November 1, 1990 [Form 10-K for the fiscal year ended December 31, 1990, Exhibit (10)].

X X

* Portland General Corporation Retirement Plan for Outside Directors, 1990 Restatement dated July 10, 1990 [Form 10-K for the fiscal year ended December 31, 1990, Exhibit (10)].

X X

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PORTLAND GENERAL CORPORATION AND SUBSIDIARIES

EXHIBIT INDEX

Number Exhibit

PGC PGE

* Portland General Corporation Outside Directors Life Insurance Benefit Plan, Amendment No. 2 dated December 3, 1989 [Form 10-K for the fiscal year ended December 31, 1989, Exhibit (10)].

X X

* Portland General Corporation Outside Directors' Stock Compensation Plan, Amended and Restated December 6, 1989 [Form 10-K for the fiscal year ended December 31,

X

1991, Exhibit (10)].

Portland General Corporation outside Directors' Stock Compensation Plan, Amendment No. 1 dated February 8, 1994 [Form 10-Q for the quarter ended March 31, 1994, Exhibit (10)].

X

(23) Portland General Corporation Consent of Independent Public Accountants (filed herewith).

X

Portland General Electric Company Consent of Independent Public Accountants (filed herewith).

X

(24) Portland General Corporation Power of Attorney (filed herewith).

X

Portland General Electric Company Power of Attorney (filed herewith).

X

(99) Form 11-K relating to Employee Stock Purchase Plan of Portland General Corporation (filed herewith).

X

Executive Compensation Plans and Arrangements

(10) * Portland General Corporation Management Deferred Compensation Plan, 1990 Restatement dated November 1, 1990 [Form 10-K for the fiscal year ended December 31, 1990, Exhibit (10)].

X X

* Portland General Corporation Management Deferred Compensation Plan, Amendment No. 1 dated December 16, 1991 [Form 10-K for the fiscal year ended December 31,

X X

1991, Exhibit (10)].

* Portland General Corporation Senior Officers Life

Insurance Benefit Plan, Amendment No. 2 dated December 3, 1989 [Form 10-K for the fiscal year ended December 31, 1989, Exhibit (10)].

X X

* Portland General Corporation Annual Incentive Master Plan [Form 10-K for the fiscal year ended December 31, 1987, Exhibit (10)].

X X

PORTLAND GENERAL CORPORATION AND SUBSIDIARIES

EXHIBIT INDEX

Number		Exhibit	PGC	PGE
(10) Cont.	*	Portland General Corporation Annual Incentive Master Plan, Amendments No. 1 and No. 2 dated March 5, 1990 [Form 10-K for the fiscal year ended December 31, 1989, Exhibit (10)].	X	X
	*	Portland General Electric Company Annual Incentive Master Plan [Form 10-K for the fiscal year ended December 31, 1987, Exhibit (10)].		X
	*	Portland General Electric Company Annual Incentive Master Plan, Amendments No. 1 and No. 2 dated March 5, 1990 [Form 10-K for the fiscal year ended December 31, 1989, Exhibit (10)].		X
	*	Portland General Corporation Supplemental Executive Retirement Plan, 1990 Restatement dated July 10, 1990 [Form 10-K for the fiscal year ended December 31, 1990, Exhibit (10)].	X	X
	*	Portland General Corporation Supplemental Executive Retirement Plan, Amendment No. 1 dated January 1, 1991, [Form 10-K for the fiscal year ended December 31, 1991, Exhibit (10)].	X	X
		Change in Control Severance Agreement, effective October 1, 1994 (filed herewith).		

X X

* Portland General Corporation Amended and Restated 1990

Long-Term Incentive Master Plan, amended July 1993.

X

* Portland General Corporation 1990 Long-Term Incentive Master Plan, Amendment No. 1 dated February 8, 1994.

X

Portland General Corporation Financial Data Schedule - UT (filed herewith - Electronic Filing Only).

X

Portland General Electric Company Financial Data Schedule - UT (filed herewith - Electronic Filing Only).

X

<FN>
* Incorporated by reference as indicated.
</FN>

APPENDIX

PORTLAND GENERAL ELECTRIC COMPANY

TABLE OF CONTENTS

PART II

Page

Management's Statement of Responsibility

PGE's management is responsible for the preparation and presentation of the consolidated financial statements in this report. Management is also responsible for the integrity and objectivity of the statements.

Generally accepted accounting principles have been used to prepare the statements, and in certain cases informed estimates have been used that are based on the best judgment of management.

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

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

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

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

Report of Independent Public Accountants

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

We have audited the accompanying consolidated balance sheets and statements of capitalization of Portland General Electric Company and subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of income, retained earnings and cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As more fully discussed in Note 5 to the consolidated financial statements, the realization of assets related to the abandoned Trojan Nuclear Plant in the amount of $681 million is dependent upon the ratemaking treatment as determined by the Public Utility Commission of Oregon.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Portland General Electric Company and subsidiaries as of December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Portland, Oregon,
February 7, 1995

Item 8. Financial Statements and Supplementary Data

Portland General Electric Company and Subsidiaries
Consolidated Statements of Income

For the Years Ended December 31	1994	1993	1992
(Thousands of Dollars)			
Operating Revenues	$958,955	$944,531	$880,098
Operating Expenses			
Purchased power and fuel	347,125	311,713	222,127
Production and distribution	61,891	73,576	93,677
Maintenance and repairs	47,389	55,320	70,476
Administrative and other	97,987	98,408	107,657
Depreciation, decommissioning and amortization	124,003		

	1994	1993	1992
		121,898	98,039
Taxes other than income taxes	52,038	55,676	54,945
Income taxes	75,314	73,740	73,140
	805,747	790,331	720,061
Net Operating Income	153,208	154,200	160,037
Other Income (Deductions)			
Allowance for equity funds used during construction	271	-	311
Other	15,500	11,771	7,717
Income taxes	377	(1,752)	2,511
	16,148	10,019	10,539
Interest Charges			
Interest on long-term debt and other	61,493	61,817	64,718
Interest on short-term borrowings	5,788	3,443	2,754
Allowance for borrowed funds used during construction	(4,043)	(785)	(2,458)
	63,238	64,475	65,014
Net Income	106,118	99,744	105,562
Preferred Dividend Requirement	10,800	12,046	12,636
Net Income Available for Common Stock	$ 95,318	$ 87,698	$ 92,926

Portland General Electric Company and Subsidiaries

Consolidated Statements of Retained Earnings

For the Years Ended December 31	1994	1993	1992
	(Thousands of Dollars)		
Balance at Beginning of Year	$179,297	$165,949	$146,198
Net Income	106,118	99,744	105,562
ESOP Tax Benefit & Amortization of Preferred Stock Premium	(1,705)	(1,524)	(2,505)
	283,710	264,169	249,255
Dividends Declared			
Common stock	56,442	72,826	70,670
Preferred stock	10,800	12,046	12,636
	67,242	84,872	83,306
Balance at End of Year	$216,468		

$179,297 $165,949

<FN>
The accompanying notes are an integral part of these consolidated statements.
</FN>

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Portland General Electric Company and Subsidiaries
Consolidated Balance Sheets

At December 31	1994	1993
(Thousands of Dollars)		
Assets		
Electric Utility Plant - Original Cost		
Utility plant (includes Construction Work in Progress of $148,267 and $46,679)	$2,563,476	$2,370,460
Accumulated depreciation	(958,465)	(894,284)
	1,605,011	1,476,176
Capital leases - less amortization of $25,796 and $23,626	11,523	13,693
	1,616,534	1,489,869
Other Property and Investments		
Trojan decommissioning trust, at market value	58,485	48,861
Corporate Owned Life Insurance, less loan of $21,731 in 1994	40,034	52,008
Other investments	26,074	25,706
	124,593	126,575
Current Assets		
Cash and cash equivalents	9,590	2,099
Accounts and notes receivable	91,672	85,169
Unbilled and accrued revenues	158,259	133,476
Inventories, at average cost	43,269	46,534
Prepayments and other	37,040	20,646
	339,830	287,924
Deferred Charges		
Unamortized regulatory assets		
Trojan abandonment - plant	342,276	366,712
Trojan abandonment - decommissioning	338,718	355,718
Trojan - other	65,922	66,387
Income taxes recoverable	217,967	228,233
Debt reacquisition costs	32,245	34,941

Energy efficiency programs	58,894	39,480
Other	30,182	33,857
WNP-3 settlement exchange agreement	173,308	178,003
Miscellaneous	13,682	18,975
	1,273,194	1,322,306
	$3,354,151	$3,226,674

Capitalization and Liabilities

Capitalization Common stock equity	$ 834,226	$ 747,197
Cumulative preferred stock		
Subject to mandatory redemption	50,000	70,000
Not subject to mandatory redemption	69,704	69,704
Long-term debt	805,814	802,994
	1,759,744	1,689,895
Current Liabilities		
Long-term debt and preferred stock due within one year	81,506	41,614
Short-term borrowings	148,598	129,920
Accounts payable and other accruals	104,612	111,647
Accrued interest	19,084	17,139
Dividends payable	15,702	21,486
Accrued taxes	32,820	27,395
	402,322	349,201
Other		
Deferred income taxes	549,160	534,194
Deferred investment tax credits	56,760	60,706
Deferred gain on sale of assets	118,939	120,410
Trojan decommissioning and transition costs	396,873	407,610
Miscellaneous	70,353	64,658
	1,192,085	1,187,578
	$3,354,151	$3,226,674

<FN>
The accompanying notes are an integral part of these consolidated balance sheets.
</FN>

Portland General Electric Company and Subsidiaries
Consolidated Statements of Capitalization

At December 31 1994

	1993			
	(Thousands of Dollars)			
Common Stock Equity				
Common stock, $3.75 par value per share, 100,000,000 shares authorized, 42,758,877 and 40,458,877 shares outstanding	$ 160,346		$ 151,721	
Other paid-in capital - net	470,008		433,978	
Unearned compensation	(12,596)		(17,799)	
Retained earnings	216,468		179,297	
	834,226	47.4%	747,197	44.2%
Cumulative Preferred Stock				
Subject to mandatory redemption				
No par value, 30,000,000 shares authorized				
7.75% Series, 300,000 shares outstanding	30,000		30,000	
$100 par value, 2,500,000 shares authorized				
8.10% Series, 300,000 and 500,000 shares outstanding	30,000		50,000	
Current sinking fund	(10,000)		(10,000)	
	50,000	2.8	70,000	4.2
Not subject to mandatory redemption, $100 par value				
7.95% Series, 298,045 shares outstanding	29,804		29,804	
7.88% Series, 199,575 shares outstanding	19,958		19,958	
8.20% Series, 199,420 shares outstanding	19,942		19,942	
	69,704	4.0	69,704	4.1
Long-Term Debt				
First mortgage bonds				
Maturing 1994 through 1999				
4-3/4% Series due April 1, 1994	- -		8,119	
4.70% Series due March 1, 1995				

3,045 3,220

5-7/8% Series due June 1, 1996
5,216 5,366

6.60% Series due October 1, 1997
15,363 15,363

Medium-term notes - 5.65%-9.27%
251,000 242,000
Maturing 2001 through 2005 - 6.47%-9.07%
210,845 166,283

Maturing 2021 through 2023 - 7-3/4%-9.46%
195,000 195,000

Pollution control bonds
Port of Morrow, Oregon, variable rate
(Average 2.7% for 1994), due 2013
23,600 23,600

City of Forsyth, Montana, variable rate
(Average 2.9% for 1994), due 2013
through 2016
118,800 118,800

Amount held by trustee
(8,355)
(8,537)
Port of St. Helens, Oregon, due 2010 and 2014
(Average variable 2.7%-2.9% for 1994)
51,600 51,600

Capital lease obligations
11,523 13,693

Other
(317) 101

877,320 834,608

Long-term debt due within one year
(71,506)
(31,614)

805,814 45.8 802,994

47.5

Total capitalization
$1,759,744 100.0% $1,689,895

100.0%

<FN>
The accompanying notes are an integral part of these consolidated statements.
</FN>

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Portland General Electric Company and Subsidiaries
Consolidated Statements of Cash Flow

For the Years Ended December 31 1994
1993 1992

(Thousands of Dollars)

Cash Provided (Used) By -			
Operations:			
Net income	$ 106,118	$ 99,744	$ 105,562
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	94,140	89,718	113,270
Amortization of WNP-3 exchange agreement	4,695	4,489	5,658
Amortization of deferred charges - Trojan plant	24,417	24,015	-
Amortization of deferred charges - Trojan decomm.	11,220	11,220	-
Amortization of deferred charges - Trojan other	2,321	2,314	1,609
Amortization of deferred charges - Other	2,712	6,713	7,080
Deferred income taxes - net	25,720	60,721	4,252
Other non-cash revenues	(271)	-	(311)
Changes in working capital:			
(Increase) in receivables	(31,166)	(67,431)	(9,588)
(Increase) Decrease in inventories	3,264	15,017	(4,181)
Increase (Decrease) in payables	335	(26,588)	(2,084)
Other working capital items - net	(19,266)	10,600	7,328
Deferred items	10,258	(7,174)	(12,858)
Miscellaneous - net	7,374	15,869	18,982
	241,871	239,227	234,719
Investing Activities:			
Utility construction - new resources	(91,342)	(28,666)	-
Utility construction - general	(131,675)	(101,692)	(148,348)
Energy efficiency programs	(23,745)	(18,149)	(10,705)
Trojan decommissioning trust	(11,220)	(11,220)	(11,220)
Other investments	(9,954)	(7,133)	(5,883)
	(267,936)	(166,860)	(176,156)
Financing Activities:			
Short-term debt - net	18,678	29,855	27,939
Borrowings from Corporate Owned Life Insurance	21,731	-	-
Long-term debt issued	75,000	252,000	123,000
Long-term debt retired	(29,882)	(266,986)	(123,902)
Preferred stock issued	-	-	30,000
Preferred stock retired	(20,000)	(3,600)	(31,225)
Common stock issued	41,055		

	-	-	
Dividends paid	(73,026)	(84,951)	(82,293)
	33,556	(73,682)	(56,481)
Increase (Decrease) in Cash and Cash Equivalents	7,491	(1,315)	2,082
Cash and Cash Equivalents at the Beginning of Year	2,099	3,414	1,332
Cash and Cash Equivalents at the End of Year	$ 9,590	$ 2,099	$ 3,414

Supplemental disclosures of cash flow information			
Cash paid during the year:			
Interest	$ 60,038	$ 68,232	$ 64,452
Income taxes	44,918	17,242	61,915

<FN>
The accompanying notes are an integral part of these consolidated statements.
</FN>

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Portland General Electric Company and Subsidiaries

Notes to Financial Statements

Certain information, necessary for a sufficient understanding of PGE's financial condition and results of operations, is substantially the same as that disclosed by Portland General in this report. Therefore, the following PGE information is incorporated by reference to Part II of Portland General's Form 10-K on the following page numbers.

Page

Notes to Financial Statements

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Note 4A

Income Taxes

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

	1994	1993	1992
Income Tax Expense			
Currently payable	$ 49,216	$ 14,086	$ 59,804
Deferred income taxes	29,667	65,481	17,584
Investment tax credit adjustments	(3,946)	(4,075)	(6,759)
	$ 74,937	$ 75,492	$ 70,629
Provision Allocated to:			
Operations	$ 75,314	$ 73,740	$ 73,140
Other income and deductions	(377)	1,752	(2,511)
	$ 74,937	$ 75,492	$ 70,629

Effective Tax Rate Computation			
Computed tax based on statutory federal income tax rates applied to income before income taxes	$63,369	$ 61,333	$ 59,905
Increases (Decreases) resulting from:			
Accelerated depreciation	8,080	9,207	9,462
State and local taxes - net	9,839	9,783	10,568
Investment tax credits	(3,946)	(4,075)	(6,759)
USDOE nuclear fuel assessment	-	5,050	- -
Excess deferred tax	(767)	(3,419)	(1,816)
Other	(1,638)	(2,387)	(731)
	$ 74,937	$ 75,492	$ 70,629
Effective tax rate	41.4%	43.1%	40.1%

As of December 31, 1994 and 1993, the significant components of PGE's deferred income tax assets and liabilities were as follows (thousands of dollars):

	1994	1993
Deferred Tax Assets		
Plant-in-service	$ 72,012	$ 73,625
Deferred gain on sale of assets	47,134	47,718
Other	22,246	22,968
	141,392	144,311
Deferred Tax Liabilities		
Plant-in-service	(444,546)	(448,559)
Energy Efficiency programs	(23,024)	(15,395)
Trojan abandonment	(80,944)	(75,948)
Replacement power costs	(38,136)	(29,574)
WNP-3 exchange contract	(68,698)	(70,542)
Other	(39,826)	(40,238)
	(695,174)	(680,256)
Less Current deferred taxes	4,622	1,751
Total	$(549,160)	$

(534,194)

As a result of implementing SFAS No. 109, PGE has recorded deferred tax assets and liabilities for all temporary differences between the financial statement bases and tax bases of assets and liabilities.

The IRS completed its examination of Portland General Corporation's (Portland General) tax returns for the years 1985 to 1987 and has issued a statutory notice of tax deficiency which Portland General is contesting. As part of this audit, the IRS has proposed to disallow PGE's 1985 WNP-3 abandonment loss deduction on the premise that it is a taxable exchange. PGE disagrees with this position and will take appropriate action to defend its deduction. Management believes that it has appropriately provided for probable tax adjustments and is of the opinion that the ultimate disposition of this matter will not have a material adverse impact on the financial condition of PGE.

Note 6A

Common Stock

	Common Stock		Other	
	Number of Shares	$3.75 Par Value	Paid-in Capital	Unearned Compensation
(thousands of dollars)				
December 31, 1991	40,458,877	$151,721	$431,517	$(29,759)
Sales of stock	-	-	- -	-
Redemption of preferred stock	-	-	565	-
Repayment of ESOP loan and other	-	-	(409)	6,492
December 31, 1992	40,458,877	151,721	431,673	(23,267)
Sales of stock	-	-	- -	-
Sale and redemption of preferred stock	-	-	2,130	-
Repayment of ESOP loan				

and other	-	-	175	5,468
December 31, 1993	40,458,877	151,721	433,978	(17,799)
Sales of stock	2,300,000	8,625	32,430	-
Redemption of stock	-	-	- -	-
Sale and redemption of preferred stock	-	-	2,119	-
Repayment of ESOP loan and other	-	-	1,481	5,203
December 31, 1994	42,758,877	$160,346	$470,008	$ (12,596)

Common Stock

Portland General is the sole shareholder of PGE common stock. PGE is restricted, without prior Oregon Public Utility Commission (PUC) approval, from paying dividends or making other distributions to Portland General to the extent such payment or distribution would reduce PGE's common stock equity capital below 36% of total capitalization. At December 31, 1994, PGE's common stock equity capital was 47% of its total capitalization.

Note 7A

Short-Term Borrowings

At December 31, 1994, PGE had a committed facility of $120 million expiring in July 1997 and an $80 million facility expiring in July 1995. These lines of credit have commitment fees and/or facility fees ranging from 0.125 to 0.15 of one percent and do not require compensating cash balances. The facilities are used primarily as back-up for both commercial paper and borrowings from commercial banks under uncommitted lines of credit. At December 31, 1994, there were no outstanding borrowings under the committed facilities.

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

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

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

	1994	1993	1992
As of year end:			
Aggregate short-term debt outstanding			
Bank loans	-	- -	$ 4,001
Commercial paper	$148,598	$129,920	96,064
Weighted average interest rate			
Bank loans	-	- -	4.1%
Commercial paper	6.2%	3.5%	3.9
Unused committed lines of credit	$200,000	$200,000	$125,000
For the year ended:			
Average daily amounts of short-term debt outstanding			
Bank loans	$ 1,273	$ 5,025	$ 2,803
Commercial paper	126,564	94,983	62,036
Weighted daily average interest rate			
Bank loans	4.3%	3.6%	5.5%
Commercial paper	4.6	3.5	4.2
Maximum amount outstanding during year	$159,482	$144,774	$101,028

<FN>

Interest rates exclude the effect of commitment fees, facility fees, and other financing fees.
</FN>

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Exhibit (24)

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into Portland General Corporation's previously filed Registration Statement No. 33-27462 on Form S-8, Registration Statement No. 33-31441 on Form S-8, Registration Statement No. 33-40943 on Form S-8, Registration Statement No. 33-49811 on Form S-8, Registration Statement No. 33-50637 on Form S-3 and Registration Statement No. 33-55321 on Form S-3.

Arthur Andersen LLP

Portland, Oregon,
February 7, 1995

Exhibit (24)

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into Portland General Electric Company's previously filed Registration Statement No. 33-62514 on Form S-3.

Arthur Andersen LLP

Portland, Oregon,
February 7, 1995

POWER OF ATTORNEY

The undersigned director(s) of Portland General Electric Company hereby appoint(s) Leonard A. Girard, Joseph M. Hirko and Joseph E. Feltz, and each of them severally, as the attorney-in-fact, in any and all capacities stated herein, to execute on behalf of the undersigned and to file with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Portland General Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 1994.

Dated: February 7, 1994
Portland, Oregon

/s/ Gwyneth Gamble Booth Gwyneth Gamble Booth	/s/ Warren E. McCain Warren E. McCain
/s/ Peter J. Brix Peter J. Brix	/s/ Jerome J. Meyer Jerome J. Meyer
/s/ Carolyn S. Chambers Carolyn S. Chambers	/s/ Randolph L. Miller Randolph L. Miller
/s/ John W. Creighton, Jr. John W. Creighton, Jr.	/s/ Richard G. Reiten Richard G. Reiten
/s/ Ken L. Harrison Ken L. Harrison	/s/ Bruce G. Willison Bruce G. Willison
/s/ Jerry E. Hudson Jerry E. Hudson	

POWER OF ATTORNEY

The undersigned director(s) of Portland General Corporation hereby appoint(s) Leonard A. Girard, Joseph M. Hirko and Joseph E. Feltz, and each of them severally, as the attorney-in-fact, in any and all capacities stated herein, to execute on behalf of the undersigned and to file with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Portland General Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 1994.

Dated: February 7, 1994
Portland, Oregon

/s/ Gwyneth Gamble Booth Gwyneth Gamble Booth	/s/ Warren E. McCain Warren E. McCain
/s/ Peter J. Brix Peter J. Brix	/s/ Jerome J. Meyer Jerome J. Meyer
/s/ Carolyn S. Chambers Carolyn S. Chambers	/s/ Randolph L. Miller Randolph L. Miller
/s/ John W. Creighton, Jr. John W. Creighton, Jr.	/s/ Richard G. Reiten Richard G. Reiten

/s/ Ken L. Harrison
Ken L. Harrison

/s/ Bruce G. Willison
Bruce G. Willison

/s/ Jerry E. Hudson
Jerry E. Hudson

Exhibit (28)

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the fiscal year ended December 31, 1994

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from to
Commission file number

EMPLOYEE STOCK PURCHASE PLAN
(Title of the Plan)

PORTLAND GENERAL CORPORATION

(Name of the Issuer of the Securities and Employer Sponsoring the Plan)

121 SW Salmon Street
Portland OR 97204

(Address of its Principal Executive Office)

EMPLOYEE STOCK PURCHASE PLAN OF
PORTLAND GENERAL CORPORATION

Statements of Financial Condition

At December 31	1994	1993
Receivable from Portland General	$11,852	$10,446
Participants' Equity	$11,852	$10,446

Statements of Income and Changes in Participants' Equity

For the Years Ended December 31	1994	1993	1992
Dividend Income	$ 5,981	$ 5,243	$ 8,465
Contributions from (Note 2):			
Participants	231,575	229,940	273,142
Portland General and Affiliates	26,154	25,659	31,796

Distributions to Participants:			
Cost of 14,582, 12,628, and 18,558 shares of common stock of Portland General issued to participants under the terms of the Plan (including $475, $2,326, and $1,592 in cash)	(262,304)	(257,904)	(318,561)
Change in Participants' Equity for the Year	1,406	2,938	(5,158)
Participants' Equity, at beginning of year	10,446	7,508	12,666
Participants' Equity, at end of year	$ 11,852	$ 10,446	$ 7,508

The accompanying notes are an integral part of these statements.

EMPLOYEE STOCK PURCHASE PLAN OF
PORTLAND GENERAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1.

Portland General Corporation (Portland General) Employee Stock Purchase Plan (Plan) was established to enable employees of Portland General and its affiliates to acquire an ownership interest in Portland General through purchase of its common stock. Portland General acts as custodian for each participant and pays all Plan expenses. Portland General affiliates in turn reimburse Portland General for costs incurred on behalf of their employees. The Plan is not subject to income taxes. The Plan may be altered, amended, or discontinued at any time by Portland General; however, each participant has the rights of an owner of record in shares held by Portland General for the participant's account.

Participants' contributions are made through payroll deductions within certain limitations. The price of the common stock to a participant is 90% of a five-day average market price which is determined by dividing the sum of the closing prices of Portland General stock on the New York Stock Exchange on the last five business days ending on or before the 15th day of the month of the allocation, by five. Shares of common stock are purchased directly from Portland General. The amount of Portland General contributions and dividends received by the Plan are reported to participants on a current basis for income tax purposes.

NOTE 2.

	PGE	PGC	PGH	PLC	CWL	Total
1994 Contributions						
Employer	$ 26,127	$ -	$ -	$ -	$ 27	$ 26,154
Participant	231,345	-	-	-	230	231,575
Total	$257,472	$ -	$ -	$ -	$ 257	$257,729
1993 Contributions						
Employer	$ 25,587	$ 44	-	-	$ 28	$ 25,659
Participant	229,295	405	-	-	240	229,940
Total	$254,882	$ 449	-	-	$ 268	$255,599
1992 Contributions						
Employer	$ 31,109	$ 619	$ 32	$ 27	$ 9	$ 31,796
Participant	267,532	5,065	215	220	110	273,142
Total	$298,641	$ 5,684	$ 247	$ 247	$ 119	$304,938

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Portland General Corporation:

We have audited the accompanying statements of financial condition of the Employee Stock Purchase Plan (Plan) of Portland General Corporation as of December 31, 1994 and 1993, and the related statements of income and changes in participants' equity for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Employee Stock Purchase Plan of Portland General Corporation as of December 31, 1994 and 1993, and the income and changes in participants' equity for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

Portland, Oregon,
February 7, 1995

ARTHUR ANDERSEN LLP

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 11-K, into Portland General Corporation's previously filed Registration Statement No. 33-27462 on Form S-8, Registration Statement No. 33-31441 on Form S-8, Registration Statement No. 33-40943 on Form S-8, Registration Statement No. 33-49811 on Form S-8, Registration Statement No. 33-50637 on Form S-3 and Registration Statement No. 33-55321 on Form S-3.

Portland, Oregon,
February 7, 1995

ARTHUR ANDERSEN LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Portland General Corporation:

We have audited the accompanying statements of financial condition of the Employee Stock Purchase Plan (Plan) of Portland General Corporation as of December 31, 1994 and 1993, and the related statements of income and changes in participants' equity for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Employee Stock Purchase Plan of Portland General Corporation as of December 31, 1994 and 1993, and the income and changes in participants' equity for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

Portland, Oregon,
February 7, 1995

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 11-K, into Portland General Corporation's previously filed Registration Statement No. 33-27462 on Form S-8, Registration Statement No. 33-31441 on Form S-8, Registration Statement No. 33-40943 on Form S-8, Registration Statement No. 33-49811 on Form S-8, Registration Statement No. 33-50637 on Form S-3 and Registration Statement No. 33-55321 on Form S-3.

Portland, Oregon,
February 7, 1995

CHANGE IN CONTROL SEVERANCE AGREEMENT

THIS AGREEMENT between PORTLAND GENERAL CORPORATION an Oregon corporation ("PGC"), and ("Executive"), dated this of November, 1994.

WITNESSETH:

WHEREAS, PGC wishes to attract and retain well-qualified executives and key personnel to PGC and its family of companies, and to assure both itself and the Executive of continuity of management in the event of a change in control;

NOW, THEREFORE, it is hereby agreed by and between the parties as follows:

1. Operating Agreement.

1.1 For purposes of determining the "Term of this Agreement", this Agreement shall commence as of October 1, 1994, and shall continue in effect through September 30, 1997; provided, however, that commencing on October 1, 1997, and each third anniversary of the commencement date of this Agreement thereafter, the term of this Agreement shall automatically be extended for three (3) additional years unless, not later than June 1 of the year of any such third anniversary, the either party shall have given notice that it does not wish to extend this Agreement; and provided further, that if a Change in Control, as defined in Paragraph 2, of the Company, as defined in Paragraph 1.2, shall have occurred during the original or an extended term of this Agreement, this Agreement shall continue in effect for a period of not less than thirty-six (36) months beyond the month in which such Change in Control occurred. Notwithstanding anything provided herein to the contrary, the term of this Agreement shall not extend beyond the end of the month in which Executive shall attain "normal retirement age" under the provisions of the Portland General Corporation Pension Plan then in effect.

1.2 The term "Company" shall include Portland General Corporation ("PGC"), Portland General Electric Company ("PGE"), and any present or future parent or subsidiary corporation of PGC or PGE (as defined in Sections 425(e) and (f) of the Internal Revenue Code of 1986, as amended) or any successor to such corporations.

2. Change in Control. For purposes of this

Agreement, a "Change in Control" shall occur if during the Term of this Agreement:

(a) Any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than PGC or PGE, any trustee or other fiduciary holding securities under an employee benefit plan of PGC or PGE, or any

corporation owned, directly or indirectly, by the stockholders of PGC or PGE in substantially the same proportions as their ownership of stock of PGC or PGE), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities representing thirty percent (30%) or more of the combined voting power of PGC's or PGE's then outstanding voting securities;

(b) During any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board of Directors of Portland General Corporation ("PGC Board"), and any new director (other than a director designated by a person who has entered into an agreement with PGC to effect a transaction described in clause (a), (c) or (d) of this Paragraph) whose election by the PGC Board or nomination for election by PGC's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors as of the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(c) The stockholders of PGC or PGE approve a merger or consolidation of PGC or PGE with any other corporation, other than (a) a merger or consolidation which would result in the voting securities of PGC or PGE outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 80% of the combined voting power of the voting securities of PGC or PGE or such surviving entity outstanding immediately after such merger or consolidation or (b) a merger or consolidation effected to implement a recapitalization of PGC or PGE (or similar transaction) in which no "person" (as hereinabove defined) acquires more than thirty percent (30%) of the combined voting power of PGC's or PGE's then outstanding securities; or

(d) The stockholders of PGC or PGE approve a plan of complete liquidation of PGC or PGE or an agreement for the sale or disposition by PGC or PGE of all or substantially all of PGC's or PGE's assets.

3. Employment. PGC hereby agrees to continue the Executive in the Company's employ, and the Executive hereby agrees to remain in the employ of the Company, for the period commencing on the date on which there occurs a Change in Control, and ending upon the earlier of (i) three (3) years thereafter; or (ii) the date upon which the Executive retires (the "Employment Period"). During the Employment Period the

Executive shall exercise such authority and perform such executive duties as are commensurate with the authority being exercised and duties being performed by the Executive immediately prior to the commencement of the Employment Period, which services shall be performed at the location where the Executive was employed immediately prior to the commencement of the Employment Period or at such other location as the Company may reasonably require; provided, that the Executive shall not be required to accept a location or travel which is unreasonable in light of the Executive's personal circumstances. The Executive agrees that during the Employment Period the Executive shall devote the Executive's full business time exclusively to the Executive's duties as described herein and perform such duties faithfully and efficiently.

4. Compensation, Compensation Plans, Perquisites. During the Employment Period, the Executive shall be compensated as follows:

(a) The Executive shall receive an annual salary which is not less than the Executive's annual salary immediately prior to the commencement of the Employment Period, with the opportunity for increases, from time to time thereafter, which are in accordance with the Company's regular practices.

(b) The Executive shall be eligible to participate on a reasonable basis in bonus, stock option, restricted stock and other incentive compensation plans which provide opportunities to receive compensation that are equivalent to the opportunities provided under any such plans in which the Executive was participating immediately prior to the commencement of the Employment Period.

(c) The Executive shall be entitled to receive employee benefits (including, but not limited to, medical, insurance and split-dollar life insurance benefits) and perquisites which are equivalent to the employee benefits and perquisites to which the Executive was entitled immediately prior to the commencement of the Employment Period.

5. Termination. The term "Termination" shall mean termination of the employment of the Executive with the Company prior to the end of the Employment Period (i) by the Company for any reason other than death, Disability or Cause (as described below); or (ii) by resignation of the Executive upon the occurrence of either of the following events:

(a) A significant detrimental change in the nature or scope of the Executive's authorities or duties from those described in Paragraph 3, a reduction in total compensation or customary increases from that provided in Paragraph 4, or the breach by the Company of any other provision of

this Agreement; or

(b) A reasonable determination by the Executive that, as a result of a Change in Control and a change in circumstances thereafter significantly affecting the Executive's position, the Executive is unable to exercise the authorities, powers, functions or duties attached to the Executive's position as contemplated by Paragraph 3 of this Agreement.

The term "Disability" means that as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from the full-time performance of the Executive's duties with the Company for six (6) consecutive months, and within thirty (30) days after written notice of Company's intent to terminate employment is given the Executive shall not have returned to the full-time performance of the Executive's duties.

The term "Cause" means gross misconduct or willful and material breach of this Agreement by the Executive. The Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the PGC Board, excluding the Executive if Executive sits on the PGC Board, at a meeting of the PGC Board of which the Executive has been given reasonable notice and at which the Executive, together with the Executive's counsel, have been given the opportunity to be heard by the Board, finding that in the good faith opinion of the PGC Board the Executive was guilty of conduct constituting gross misconduct or willful and material breach of this Agreement and specifying the particulars thereof in detail.

6. Termination Payments. In the event of a Termination, PGC and the Company shall pay to the Executive and provide him with the following:

(a) The Company shall pay the Executive's full base salary through the date of termination plus all other amounts to which the Executive is entitled under any Company compensation plan at the time of termination.

(b) PGC shall pay the Executive a lump sum severance payment equal to 2.99 multiplied by the Executive's "base amount" as defined in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), reduced as hereafter provided. The base amount shall be determined in accordance with temporary or final regulations, if any, promulgated under Section 280G and based upon the advice of tax counsel selected by PGC's independent auditors and acceptable to the Executive. The severance payment shall be reduced by the amount of any other payment or the value of any benefit the Executive receives in connection with a Change in Control (whether pursuant to the terms of this Agreement or any other plan, agreement or arrangement with the

Company, any person whose actions result in a Change in Control, or any person affiliated with the Company or such person) unless (i) Executive has waived receipt of such payment or benefit; (ii) in the opinion of tax counsel selected by PGC's independent auditors and acceptable to the Executive such other payment or benefit does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code; or (iii) in the opinion of such tax counsel the sum of the severance payment, plus all other payments or benefits constituting "parachute payments" within the meaning of Section 280G(b)(2) of the Code are reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4) of the Code or are otherwise not subject to disallowance as deduction by reason of Section 280G of the Code. The value of any non-cash benefit or any deferred payment or benefit shall be determined by PGC's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

(c) To the extent that the Executive or any of the Executive's dependent's may be covered under the terms of any medical and dental plans of the Company for active employees immediately prior to the Termination, the Company will provide the Executive and those dependents with equivalent coverages for a period not to exceed thirty-six (36) months from the Termination. The coverages may be procured directly by the Company apart from, and outside of the terms of the plans themselves, provided that the Executive and the Executives dependents comply with all of the conditions of the medical or dental plans. In consideration for these benefits, the Executive must make contributions equal to those required from time to time from employees for equivalent coverages under the medical or dental plans.

All payments or benefits provided for above shall be made available not later than the thirtieth day following the date of Termination together with interest at the rate provided in Section 1274(b)(2)(B) of the Code computed from the date of Termination. The parties agree that, because there can be no exact measure of the damage which would occur to the Executive as a result of a Termination of Executive by PGC, the payments and benefits shall be deemed to constitute liquidated damages and not a penalty for PGC's Termination of Executive.

7. No Duty of Mitigation. PGC acknowledges and agrees that Executive shall have no duty to mitigate any damages the Executive may incur by reason of Termination under this Agreement and that Executive shall be entitled to receive the payments and benefits provided for in Paragraph 6 above regardless of any income which Executive may receive from other sources after any such termination nor shall it be offset against any amount claimed to the owed by the Executive to the Company.

8. Claims Procedure.

8.1 Claims for any benefits due under this Agreement shall be made in writing by the Executive to PGC which shall respond in writing as soon as practicable. Such claim shall state in full the basis of the claim and the factual information to be considered when reviewing the claim for benefits.

8.2 If the claim is denied, the written notice of denial shall state:

(a) The reasons for the denial or dispute, with specific reference to the Agreement provisions upon which the denial or dispute is based; and

(b) A description of any additional material or information necessary for any reconsideration and an explanation of why it is necessary.

8.3 Any person whose claim is denied or who has not received a response within fifteen (15) days may request review by notice given in writing to the Senior Administrative Officer. The claim shall be reviewed by the Senior Administrative Officer, who may, but shall not be required to grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents and submit issues and comments in writing.

8.4 The decision of the Senior Administrative Officer on review shall be made within fifteen (15) days. The decision shall be in writing and shall state the reasons and the relevant Agreement provisions.

8.5 "Senior Administrative Officer" shall mean the employee in the management position designated by the Human Resources Committee, or its successor committee, of the PGC Board, to handle administrative matters under this Agreement.

9. Appeals Procedure. Any controversy or claim arising out of or relating to this Agreement or the breach thereof, shall be settled, at the sole

option of the Executive, in either of the two methods set forth in subsections (a) and (b) as follows:

(a) Arbitration in the City of Portland, Oregon, in accordance with the laws of the State of Oregon by three arbitrators, one of whom shall be appointed by PGC, one by the Executive and the third of whom shall be appointed by the first two arbitrators. If the first two arbitrators cannot agree on the appointment of a third arbitrator, then the third arbitrator shall be appointed by the Chief Judge of the United States District Court for the District of Oregon. The arbitration shall be conducted in accordance with the rules of the American Arbitration Association, except with respect to the selection of arbitrators which shall be as provided in Paragraph 9. Judgment upon the award

rendered by the arbitrators may be entered in any court having jurisdiction thereof; or

(b) Suit in any court of competent jurisdiction.

10. Attorneys Fees. If the Executive, in good faith, believes PGC or the Company have failed to pay or provide payment of any amounts required to be paid or provided for hereunder at any time, the Executive shall be entitled to consult with independent counsel, and PGC agrees to pay the reasonable fees and expenses of such counsel for the Executive in advising him in connection therewith or in bringing any proceedings, or in defending any proceedings, including any appeal arising from any proceeding, involving the Executive's rights under this Agreement, such right to reimbursement to be immediate upon the presentment by the Executive of written billings of such reasonable fees and expenses. The Executive shall be entitled to the prime rate of interest established from time to time at United States National Bank of Oregon or its successor for any payments of such expenses, or any other payments under this Agreement, that are overdue.

11. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and if sent by registered or certified mail to the Executive at the last address the Executive has filed in writing with the Company or, in the case of PGC or the Company, at its principal executive offices.

12. Non-Alienation. The Executive shall not have

any right to pledge, hypothecate, anticipate or in any way create a lien upon any amounts provided under this Agreement; and no benefits payable hereunder shall be assignable in anticipation of payment either by voluntary or involuntary acts, or by operation of law.

13. Amendment. This Agreement may be amended or cancelled only by mutual agreement of the parties in writing, without the consent of any other person, and so long as the Executive lives no person, other than the parties hereto, shall have any rights under or interest in this Agreement or the subject matter hereof.

14. Severability. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect.

15. Terms. Whenever necessary in this instrument and where in the context so requires the singular term and the related pronoun shall include the plural, and the masculine, feminine and neuter shall be freely interchangeable.

16. Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto pertaining to the employment of the Executive in the event that a

Change in Control as described in Paragraph 2 above occurs and supersedes any and all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect thereto, except change of control provisions in the Company's benefit and compensation plans in which Executive is a participant. No supplement, modification or waiver of this Agreement or any provisions hereof shall be binding unless executed in writing by the parties to be bound thereby.

17. Not an Employment Contract. This Agreement shall not in any way affect either the Executive's, PGC's or the Company's right to terminate the employment relationship at any time prior to a Change in Control. In such case, neither the Executive, PGC nor the Company shall have any rights under this Agreement.

18. Governing Law. The provisions of this Agreement shall be construed in accordance with the laws of the State of Oregon.

19. Successors; Binding Agreement. PGC and the

Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of PGC or the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that PGC or the Company would be required to perform it if no such succession had taken place. Failure of PGC or the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from PGC and the Company in the same amount and on the same terms as the Executive would be entitled to hereunder upon a Termination (as defined in Paragraph 5) following a Change in Control, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable to the Executive hereunder if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there is no such designee, to the Executive's estate.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

Executive

PORTLAND GENERAL CORPORATION

By:

Its:

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

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS FILED ON FORM 10-K FOR THE PERIOD ENDED DECEMBER 31, 1994 FOR PORTLAND GENERAL CORPORATION AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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<F9>PRIOR TO PREFERRED DIVIDEND REQUIREMENT BUT INCLUDES GAIN FROM DISCONTINUED OPERATIONS OF $6,472,000.
<F10>PORTLAND GENERAL CORPORATION DOES NOT HAVE DILUTIVE SECURITIES OR COMMON STOCK EQUIVALENTS THAT DILUTE PRIMARY EARNINGS PER SHARE BY 3 PERCENT OR MORE AND THEREFORE IT DOES NOT REPORT A FULLY DILUTED EARNINGS PER SHARE. THE AMOUNT SHOWN IS BASED ON THE PRIMARY EARNINGS PER SHARE CALCULATION.

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


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