

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

AMENDMENT NO. 1

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

1

1

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  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 (owned by Portland General Corporation)	42,758,877	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.

### 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.

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 (except with respect to the matter discussed in Note 15, as to which the date is March 29, 1995)

3

3

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.

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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.

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4

4

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.

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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.

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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.

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## 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.

8

8

#### 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

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.

## 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%

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.

13

13

#### 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

14

14

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

15

15

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 self-insure for on-site decontamination.

16

## Note 6

## Common and Preferred Stock

(Thousands of Dollars except share amount)	Common Stock		Cumulative Preferred of Subsidiary			Other	Paid-in Capital	Unearned Compensation*
	Number of Shares	\$3.75 Par Value	Number of Shares	\$100 Par Value	\$25 Par Value	No-Par Value		
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)

&lt;FN&gt;

\* See the discussion of stock compensation plans below and Note 3, Employee Benefits for a discussion of the ESOP.

&lt;/FN&gt;

## 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.

17

17

#### 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.

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18

18

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.

20

20

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

22

22

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.

23

23

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

Note 15

Subsequent Event

On March 29, 1995 the PUC issued an order on PGE's November 8, 1993 general rate request. The order authorized PGE to recover all of the estimated Trojan decommissioning costs and 87% of its remaining investment in Trojan. Amounts will be collected over Trojan's original license period ending in 2011. The disallowed portion of the Trojan investment is comprised of \$17.1 million of post-1991 capital expenditures, primarily related to steam generator repair activities and \$20.4 million of general Trojan investment. As a result of this disallowance, PGE has recorded an after tax charge to income of \$36.7 million in the first quarter of 1995.

The PUC's rate order, as well as their authority to grant recovery of the Trojan investment under Oregon law, are being challenged in state courts. Management believes that the authorized recovery of the Trojan investment and decommissioning costs will be upheld and that these legal challenges will not have a material adverse impact on the results of operations or financial condition of the Company for any future reporting period.

24

24

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

25

25

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

Portland General Corporation  
Portland General Electric Company

May 12, 1995

By /s/ Joseph M. Hirko

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

26

26

APPENDIX

PORTLAND GENERAL ELECTRIC COMPANY  
TABLE OF CONTENTS

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.

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,

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	121,898	98,039
Taxes other than income taxes	52,038	55,676	54,945
Income taxes	75,314	73,740	73,140
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.

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 LiabilitiesCapitalization		
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



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30

30

Portland General Electric Company and Subsidiaries  
Consolidated Statements of Capitalization

At December 31	1994		1993	
	(Thousands of Dollars)			
<b>Common Stock Equity</b>				
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%
<b>Cumulative Preferred Stock</b>				
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
<b>Long-Term Debt</b>				
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.

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31

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			
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

&lt;FN&gt;

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

&lt;/FN&gt;

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 Item 8. of Portland General's Form 10-K/A on the following page numbers.

	Page
Notes to Financial Statements	
Note 1A. Summary of Significant Accounting Policies	8
Note 3A. Employee Benefits	10
Note 5A. Trojan Nuclear Plant	14
Note 6A. Preferred Stock	17
Note 8A. Long-Term Debt	19
Note 9A. Commitments	19
Note 10A. WNP-3 Settlement Exchange Agreement	21
Note 11A. Jointly-Owned Plant	21
Note 12A. Regulatory Matters	22
Note 13A. Legal Matters	22
Note 14A. Fair Value of Financial Instruments	23
Note 15A. Subsequent Event	24

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%

34

34

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.

35

## Note 6A

## Common Stock

	Common Stock Number of Shares	\$3.75 Par Value (thousands of dollars)	Other Paid-in Capital	Unearned Compensation
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>