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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1998
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the Transition period from ________________ to _______________

Commission File Number 1-5532-99

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

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

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

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

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

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

TABLE OF CONTENTS

DEFINITIONS

AFDC	Allowance For Funds Used During Construction
BPA	Bonneville Power Administration
Coyote Springs	Coyote Springs Generation Plant
Enron	Enron Corp.
ESP	Energy Service Provider
FERC	Federal Energy Regulatory Commission
kWh	Kilowatt-Hour
Mill	One tenth of one cent
MWa	Average megawatts
MWh	Megawatt-hour
NYMEX	New York Mercantile Exchange
OPUC or the Commission	Oregon Public Utility Commission
PGE or the Company	Portland General Electric Company
PUHCA	Public Utility Holding Company Act of 1935
Trojan	Trojan Nuclear Plant
USDOE	United States Department of Energy

Portland General Electric Company and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME FOR THE
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 1998 AND 1997
(UNAUDITED)

	Three Months Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
	(Millions of Dollars)			
OPERATING REVENUES	$260	$307	$574	$675
OPERATING EXPENSES				
Purchased power and fuel	89	128	212	285
Production and distribution	34	35	68	63
Administrative and other	28	25	55	49
Depreciation and amortization	37	39	74	79
Taxes other than income taxes	13	14	29	29
Income taxes	18	21	43	60
	219	262	481	565
NET OPERATING INCOME	41	45	93	110
OTHER INCOME (DEDUCTIONS)				
Miscellaneous	1	1	3	1
Income taxes	-	1	1	2
	1	2	4	3
INTEREST CHARGES				
Interest on long-term debt and other	16	19	33	36
Interest on short-term borrowings	2	1	3	2
Allowance for borrowed funds used during construction	-	(1)	-	(1)
	18	19	36	37
NET INCOME	24	28	61	76
PREFERRED DIVIDEND REQUIREMENT	-	-	1	1
INCOME AVAILABLE FOR COMMON STOCK	$ 24	$ 28	$ 60	$ 75

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

	Three Months Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
	(Millions of Dollars)			
BALANCE AT BEGINNING OF PERIOD	$306	$325	$270	$292
NET INCOME	24	28	61	76
MISCELLANEOUS	-	-	-	(1)
	330	353	331	367
DIVIDENDS DECLARED				
Common stock	16	17	16	30
Preferred stock	-	-	1	1
	16	17	17	31
BALANCE AT END OF PERIOD	$314	$336	$314	$336

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

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 1998 AND DECEMBER 31, 1997

	(Unaudited) June 30 1998 (Millions of Dollars)	December 31 1997
ASSETS		
ELECTRIC UTILITY PLANT - ORIGINAL COST		
Utility plant (includes Construction Work in Progress of $34 and $27)	$ 3,138	$ 3,078
Accumulated depreciation and amortization	(1,319)	(1,260)
	1,819	1,818
OTHER PROPERTY AND INVESTMENTS		
Contract termination receivable	99	104
Receivable from parent	101	106
Trojan decommissioning trust, at market value	77	84
Corporate owned life insurance, less loans of $27 and $30	64	58
Miscellaneous	17	17
	358	369
CURRENT ASSETS		
Cash and cash equivalents	13	3
Accounts and notes receivable	112	125
Unbilled and accrued revenues	29	46
Inventories, at average cost	31	30
Prepayments and other	27	21
	212	225
DEFERRED CHARGES		
Unamortized regulatory assets	794	819
Miscellaneous	21	25
	815	844
	$ 3,204	$ 3,256
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common stock equity		
Common stock, $3.75 par value per share, 100,000,000 shares authorized, 42,758,877 shares outstanding	$ 160	$ 160
Other paid-in capital - net	480	480
Retained earnings	314	270
Cumulative preferred stock		
Subject to mandatory redemption	30	30
Long-term obligations	1,023	1,008
	2,007	1,948
CURRENT LIABILITIES		
Accounts payable and other accruals	119	167
Accrued interest	11	11
Dividends payable	1	1
Accrued taxes	29	63
	160	242
OTHER		
Deferred income taxes	363	363
Deferred investment tax credits	41	43
Trojan decommissioning and transition costs	298	313
Unamortized regulatory liabilities	249	258

Miscellaneous	86	89
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	1,037	1,066
	-------	-------
	$ 3,204	$ 3,256
	=======	=======

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

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

	Six Months Ended June 30 1998	1997
	(Millions of Dollars)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Reconciliation of net income to net cash provided by (used in) operating activities		
Net Income	$ 62	$ 76
Non-cash items included in net income:		
Depreciation and amortization	67	63
Amortization of Trojan investment	18	20
Amortization of deferred charges (credits)	(7)	1
Deferred income taxes - net	-	(3)
Changes in working capital:		
(Increase) Decrease in receivables	30	33
(Increase) Decrease in inventories	(2)	(2)
Increase (Decrease) in payables and accrued taxes	(82)	(20)
Other working capital items - net	(6)	2
Other - net	8	1
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	88	171
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures & energy efficiency programs	(68)	(77)
Trojan decommissioning expenditures	(13)	(6)
Trojan decommissioning trust activity	9	(1)
Other - net	-	(7)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(72)	(91)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net increase (decrease) in short-term borrowings	38	19
Borrowings from Corporate Owned Life Insurance	(4)	-
Long-term obligations issued	142	-
Repayment of long-term obligations	(164)	(52)
Dividends paid	(18)	(47)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(6)	(80)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10	-
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	19
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 13	$ 19

Supplemental disclosures of cash flow information		
Cash paid during the period:		
Interest, net of amounts capitalized	$ 33	$ 36
Income taxes	78	73

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - PRINCIPLES OF INTERIM STATEMENTS

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

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

NOTE 2 - LEGAL MATTERS

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

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

Both the Company and OPUC plan to file petitions for review with the Oregon Supreme Court. The Company cannot predict the outcome of the appeal. Additionally, due to uncertainties in the regulatory process, management cannot predict, with certainty, what ultimate rate making action the OPUC will take regarding PGE's recovery of a rate of return on its Trojan investment.

At June 30, 1998, PGE's after-tax Trojan plant investment was $179 million. PGE is presently collecting annual revenues of approximately $23 million which represent a return on its undepreciated investment. Revenue amounts allowed to recover a return on the Trojan investment decline through the recovery period which ends in the year 2011.

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

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

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

RESULTS OF OPERATIONS

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

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

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

1998 COMPARED TO 1997 FOR THE THREE MONTHS ENDED JUNE 30

PGE earned $24 million during the second quarter of 1998 compared to earnings of $28 million in 1997. Reduced earnings were the result of lower margins on sales of electricity.

Revenues declined $47 million compared to the second quarter 1997 due to the transfer of wholesale trading activities to a non-regulated affiliate. Retail revenues increased 2.7%. The number of retail customers increased by 17,000 since the second quarter of 1997.

MEGAWATT-HOURS SOLD (THOUSANDS)

	1998	1997
Retail	4,243	4,171
Wholesale	2,382	6,958

Energy purchases declined by 53 percent due to the decline in wholesale activity, contributing to a $39 million reduction in power costs. Firm and spot market prices both increased compared to 1997. Overall, purchased power prices increased to an average 14.1 mills compared to 12.2 mills for the 1997 period. As a result of rising purchased power prices, PGE generation increased 72 percent or almost 800 thousand MWh, representing 29 percent of PGE's total power needs.

MEGAWATT/VARIABLE POWER COSTS

	Megawatt-Hours (thousands)		Average Variable Power Cost (Mills/kWh)	
	1998	1997	1998	1997
Generation	1,880	1,093	6.6	4.4
Firm Purchases	4,347	9,410	14.3	12.3
Spot Purchases	482	930	12.4	10.7
Total Send-Out	6,709	11,433	*13.2	*12.1

(*includes wheeling costs)

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

1998 COMPARED TO 1997 FOR THE SIX MONTHS ENDED JUNE 30

PGE earned $60 million during the six months ended June 30, 1998 compared to earnings of $75 million in 1997. Reduced earnings were the result of lower margins on sales of electricity and higher operating costs.

Revenues declined $101 million compared to the first half of 1997, primarily due to the transfer of wholesale trading activities to a non-regulated affiliate. Wholesale revenues declined by $110 from 1997. Retail revenues for the first half of 1998 increased slightly. Additional revenues from the residential sector were mostly offset by a decline in revenues from industrial and commercial customers. Megawatt-hours sold to retail customers were flat when compared to the 1997 period. Additional sales resulting from an increase in the number of retail customers was offset by warmer temperatures which reduced the average use per customer.

MEGAWATT-HOURS SOLD (THOUSANDS)

	1998	1997
Retail	8,969	9,006
Wholesale	5,957	13,377

Lower wholesale sales activity contributed to a significant decline in energy purchases and a $73 million reduction in power costs. Average prices for energy have increased when compared to the 1997 period. As a result of rising purchase power prices, PGE increased its generation by 65% or almost 1.8 million MWH. Company generation provided 28% of total power needs

MEGAWATT/VARIABLE POWER COSTS

	Megawatt-Hours (thousands)		Average Variable Power Cost (Mills/kWh)	
	1998	1997	1998	1997
Generation	4,423	2,677	6.8	4.3
Firm Purchases	9,996	18,703	15.4	14.3
Spot Purchases	858	1,622	13.2	11.3
Total Send-Out	15,277	23,002	*13.9	*13.4

(*includes wheeling costs)

Operating expenses (excluding variable power, depreciation and income taxes) increased $11 million due to the January ice storm repair costs and higher administrative expenses.

Depreciation expenses resulting from normal asset additions (primarily distribution assets) were more than offset by amortization credits associated with benefits resulting from the termination of a power sales agreement and the Enron merger agreement.

CASH FLOW

CASH PROVIDED BY OPERATIONS is used to meet the day-to-day cash requirements of PGE. Supplemental cash is obtained from external borrowings, as needed.

A significant portion of cash from operations comes from depreciation and amortization of utility plant, charges which are recovered in customer revenues but require no current cash outlay. Changes in accounts receivable and accounts payable can also be significant contributors or users of cash. Decreased cash flow was primarily due to higher tax related payments and a significant reduction in accounts payable.

INVESTING ACTIVITIES include improvements to generation, transmission and distribution facilities and continued investment in energy efficiency programs. Through June 30, 1998, $68 million has been expended for capital projects, primarily improvements to PGE's distribution system to support the addition of new customers to PGE's service territory.

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

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

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

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

FINANCIAL AND OPERATING OUTLOOK

CUSTOMER CHOICE

PROPOSAL

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

In July 1998, the OPUC staff issued its position, disagreeing with PGE's proposal for full customer choice. The OPUC staff instead recommends a "portfolio model" over PGE's plan and also rejects PGE's request to sell hydroelectric assets. Under the OPUC staff proposal, residential and small business customers would make choices from a portfolio program offered by PGE while industrial customers would choose their electricity provider through direct access. PGE will file its response to OPUC staff and intervenor testimony in mid to late August 1998.

INTRODUCTORY PROGRAM

PGE initiated the Customer Choice Introductory Program to allow over 50,000 PGE customers in four cities to buy their power from competing energy service providers. As of June 30, 1998, over 8,700 or almost 17 percent of eligible retail customers had selected alternate energy service providers. There are fourteen certified energy service providers, with eight currently scheduling and selling power. This program, which terminates on December 31, 1998, is providing valuable information to PGE, the OPUC and legislators on the effects of retail competition on PGE and its customers. PGE does not expect that this program will have a material adverse impact on 1998 operating margins. PGE plans to resume service to those customers who switched to an alternate energy provider during the introductory program.

RETAIL CUSTOMER GROWTH AND ENERGY SALES

Weather adjusted retail energy sales grew by 2.1 percent for the six months ended June 30, 1998 compared to the same period last year. PGE expects 1998 retail energy sales growth of approximately 2.2 percent over 1997. Sales growth has slowed in the manufacturing sector as sales to high-tech customers return to average growth rates (from above average sales growth experienced in the last two years).

QUARTERLY INCREASE IN RETAIL CUSTOMERS

QUARTER/YEAR	RESIDENTIAL	COMMERCIAL/INDUSTRIAL
1Q 96	3,633	539
2Q 96	3,664	76
3Q 96	3,021	594
4Q 96	5,151	877
1Q 97	3,953	509
2Q 97	4,693	537
3Q 97	3,529	388
4Q 97	3,698	12
1Q 98	2,762	670

2Q 98	4,710	603

RESIDENTIAL EXCHANGE PROGRAM - In early 1998 rates for PGE's residential and small farm customers increased 11.9 percent due to the Bonneville Power Administration's (BPA) elimination of the Residential Exchange Credit. PGE contested this decision and has recently come to an agreement with BPA which will allow PGE customers access to federal power in a manner comparable to the access provided public power customers. Under the agreement (presently being reviewed by BPA and other third partners), BPA will also pay PGE $25.5 million which will be used to reduce the retail rates of PGE's residential and small farm customers over the next few years.

POWER SUPPLY

Hydro conditions in the region are below normal. Current projections forecast the January-to-July runoff to be 94 percent of normal, assuming normal precipitation for the rest of the run-off season, compared to 150 percent of normal last year. Efforts to restore salmon has reduced the amount of water available for generation which, if continued, may mean less water available in the fall and winter for generation when demand for electricity in the Pacific Northwest is highest.

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

WHOLESALE MARKETING

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

TROJAN INVESTMENT RECOVERY

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

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

Both the Company and OPUC plan to file petitions for review with the Oregon Supreme Court.

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

NEW ACCOUNTING STANDARD

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 established standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or liability measured at its fair value. The new standard requires that changes in the derivative's value be recognized currently in earnings unless specific hedge accounting criteria are met. SFAS No. 133 is to be effective in 1999. PGE has not yet quantified the impacts of adopting SFAS No. 133 or determined the timing of adoption.

YEAR 2000

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

PGE YEAR 2000 PLAN

PGE's Board of Directors has been briefed about the Year 2000 problem generally and as it may affect PGE business activity. PGE is implementing a Year 2000 plan (the "Plan") covering all of PGE's activities, which will be modified as events warrant. Under the Plan, PGE has inventoried its computer hardware and software systems and embedded chips and software; expects to complete its assessment of the effects of Year 2000 problems on its systems by September 1998; remedy those problems to the maximum practicable extent by June 1999; verify and test the systems to which remediation efforts have been applied; and attempt to ameliorate those aspects of the Year 2000 problem that cannot practicably be remediated by January 1, 2000, including the development of contingency plans to cope with the consequences of Year 2000 problems that have not been identified or remediated by that date. PGE also has engaged certain outside consultants, technicians and other external resources to aid in formulating and implementing the Plan.

The Plan also recognizes that the computer, telecommunications, and other systems ("Outside Systems") of outside entities ("Outside Entities") play a major role in the conduct of PGE's business. PGE does not have control of these Outside Entities or Outside Systems. However, PGE's Plan includes an ongoing process of contacting Outside Entities whose systems have, or may have, a substantial effect on PGE's ability to continue to conduct business without disruption from

Year 2000 problems. The Plan envisions PGE's attempting to assess the extent to which these Outside Systems may not be "Year 2000 ready" or "Year 2000 compatible" (that is, able to process data reliably both before and after January 1, 2000, without disruption due to an inability reliably to process date information). PGE will attempt diligently to coordinate with these Outside Entities in an ongoing effort to obtain assurance that these Outside Systems will be Year 2000 compatible well before January 1, 2000. Consequently, PGE will work prudently with Outside Entities in a reasonable attempt to assess, remediate, verify and test PGE's connections to Outside Systems to ascertain the extent to which they are, or can be made to be, Year 2000 ready and compatible with PGE's remediation of its own systems. In that regard, PGE is working with the North American Electric Reliability Council (NERC) to coordinate Year 2000 efforts so that electricity production and delivery systems maintain reliability during the Year 2000 transition. The USDOE has asked the NERC to assume a leadership role in preparing the U.S. electric industry for the transition to the Year 2000. To the extent that Outside Systems are not reasonably expected to be Year 2000 ready, PGE intends to develop contingency plans in an attempt to minimize the disruptions or other adverse effects resulting from Year 2000 incompatibilities.

Although it is difficult to estimate the total costs of implementing the Plan, through January 1, 2000 and beyond, PGE's preliminary estimate is that such costs will not be material. However, although management believes that its estimates are reasonable, there can be no assurance, for the reasons stated in the next paragraph, that the actual costs of implementing the Plan will not differ materially from the estimated costs. To date, PGE has expended approximately $3 million since inception of the project in 1997.

OUTLOOK

From a forward-looking perspective, the extent and magnitude of the Year 2000 Problem as it will affect PGE, both before and for some period after January 1, 2000, are difficult to predict or quantify for a number of reasons. Among the most important are the difficulty of locating "embedded" chips that may be in a great variety of hardware used for plant control, environmental, transportation, access, communications and other systems. PGE believes that it will be able to identify and remediate mission-critical systems containing embedded chips and will have contingency plans to deal with these systems. Other important difficulties relate to the lack of control over, and difficulty inventorying, assessing, remediating, verifying and testing. Outside Systems connected, and vital to PGE's computer, telecommunications or other mission-critical systems; the difficulty of locating all software (computer code) internal to PGE that is not Year 2000 compatible; and the unavailability of certain necessary internal or external resources, including but not limited to trained hardware and software engineers, technicians and other personnel to perform adequate remediation, verification and testing of PGE systems or Outside Systems. Year 2000 costs are difficult to estimate accurately because of unanticipated vendor delays, technical difficulties, the impact of tests of Outside Systems and similar events. There can be no assurance for example that all Outside Systems will be adequately remediated so that they are Year 2000 ready by January 1, 2000, or by some earlier date, so as not to create a material disruption to PGE's business. If, despite PGE's diligent, prudent efforts under its Year 2000 Plan, there are Year 2000-related failures that create substantial disruptions to PGE's business, the adverse impact on PGE's business could be material. Moreover, the estimated costs of implementing the

Plan do not take into account the costs, if any, that might be incurred as a result of Year 2000-related failures that occur despite PGE's implementation of the Plan.

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES

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

INFORMATION REGARDING FORWARD LOOKING STATEMENTS

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

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

On June 24, 1998, the Court of Appeals of the State of Oregon ruled that the Oregon Public Utility Commission (OPUC) does not have the authority to allow Portland General Electric (PGE) to recover a rate of return on its undepreciated investment in the Trojan generating facility. The court upheld the OPUC's authorization of PGE's recovery of its investment in Trojan.

In April 1996, a circuit court judge in Marion County, Oregon ruled against the OPUC, contradicting a November 1994 ruling from the same court upholding the OPUC's authority. These decisions were appealed to the Court of Appeals.

PGE's after-tax Trojan investment at June 30, 1998 is $179 million. PGE is presently collecting annual revenues of approximately $23 million which represent a return on its undepreciated investment. Revenue amounts allowed for recovery of a return on the Trojan investment decline through the recovery period which ends in the year 2011.

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

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits

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

b. Reports on Form 8-K

June 24, 1998 - Item 5. Other Events: Legal Matters, Trojan Recovery.

SIGNATURES

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

PORTLAND GENERAL ELECTRIC COMPANY
(Registrants)

August 14, 1998 By /S/ ALVIN ALEXANDERSON
Alvin Alexanderson
Senior Vice President
General Counsel and Secretary

August 14, 1998 By /S/ MARY K. TURINA
Mary K. Turina
Controller
Chief Accounting Officer

UT

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

1,000,000
0000784977
PORTLAND-GENERAL-ELECTRIC

6-MOS
DEC-31-1997
JUN-30-1998
PER-BOOK
1,819
358
212
815
0
3,204
160
480
314
954
30
0
1,018
0
0
0
0
0
3
2
1,197
3,204
574
43
438
481
93
4
97
36
61
1
60
0
60
88
0
0

Represents the 12 month-to-date figure ending June 30, 1998.