

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Transition period from _____ to _____

Commission File Number 1-5532-99

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

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

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

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

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

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Portland General Electric Company 8.25% Quarterly Income Debt Securities (Junior Subordinated Deferrable Interest Debentures, Series A)	New York Stock Exchange

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

TITLE OF CLASS	
Portland General Electric Company, 7.75% Series, Cumulative Preferred Stock, no par value	None

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

Indicate 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.

State the aggregate market value of the voting stock held by non-affiliates of the registrant as of February 28, 1998: \$0.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of February 28, 1998: 42,758,877 shares of Common Stock, \$3.75 par value. (All shares are owned by Enron Corp.)

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

Abbreviations OR ACRONYMS	TERM
Beaver.....	Beaver Combustion Turbine Plant
Bethel.....	Bethel Combustion Turbine Plant
Boardman.....	Boardman Coal Plant
BPA.....	Bonneville Power Administration
Centralia.....	Centralia Coal Plant
COB.....	California/Oregon Border
Colstrip.....	Colstrip Units 3 and 4 Coal Plant
Coyote Springs.....	Coyote Springs Generation Plant
CUB.....	Citizens' Utility Board
DEQ.....	Oregon Department of Environmental Quality
EFSC.....	Oregon Energy Facility Siting Council
Enron.....	Enron Corp
EPA.....	Environmental Protection Agency
FASB.....	Financial Accounting Standards Board
FERC.....	Federal Energy Regulatory Commission
Financial Statements.....	Refers to Financial Statements of Portland General Electric Company included in Part II, Item 8 of this report.
Intertie.....	Pacific Northwest Intertie Transmission Line
IOUs.....	Investor-Owned Utilities
IRS.....	Internal Revenue Service
kWh.....	Kilowatt-Hour
MMBtu.....	Million British thermal units
MW.....	Megawatt
MWa.....	Average megawatts
MWh.....	Megawatt-hour
NRC.....	Nuclear Regulatory Commission
NYMEX.....	New York Mercantile Exchange
OPUC or the Commission.....	Oregon Public Utility Commission
Portland General or PGC.....	Portland General Corporation
PGE or the Company.....	Portland General Electric Company
PUD.....	Public Utility District
Regional Power Act.....	Pacific Northwest Electric Power Planning and Conservation Act
SFAS.....	Statement of Financial Accounting Standards issued by the FASB
WPPSS or Supply System.....	Washington Public Power Supply System
Trojan.....	Trojan Nuclear Plant
USDOE.....	United States Department of Energy
WAPA.....	Western Area Power Authority
WNP-3.....	Washington Public Power Supply System Unit 3 Nuclear Project
WSCC.....	Western Systems Coordinating Council

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Part I

ITEM 1. BUSINESS

GENERAL

PGE, incorporated in 1930, is an electric utility engaged in the generation, purchase, transmission, distribution, and sale of electricity in the State of Oregon. PGE also sells energy to wholesale customers throughout the western United States. PGE's Oregon service area is 3,170 square miles, including 54 incorporated cities, of which Portland and Salem are the largest, within a state-approved service area allocation of 4,070 square miles. PGE estimates that at the end of 1997 its service area population was approximately 1.5 million, constituting approximately 44% of the state's population. At December 31, 1997 PGE served approximately 685,000 customers.

On July 1, 1997 Portland General Corporation (PGC), the former parent of PGE, merged with Enron Corp. (Enron) with Enron continuing in existence as the surviving corporation. PGE is now a wholly owned subsidiary of Enron and subject to control by the Board of Directors of Enron.

As of December 31, 1997, PGE had 2,729 employees. This compares to 2,587 and 2,533 PGE employees at December 31, 1996 and 1995, respectively.

OPERATING REVENUES

RETAIL

PGE serves a diverse retail customer base. Residential customers constitute the largest customer class and account for 44% of retail revenues. Residential demand is highly sensitive to the effects of weather. Commercial customers consume 40% and industrial customers 16% of retail revenues. Since 1995 commercial demand has grown by 9%, making this the Company's most rapidly growing retail customer class. Sales to industrial customers rebounded in 1997 after a 4% decline in 1996. The commercial and industrial classes are not dominated by any single industry. While the 20 largest customers constitute 21% of retail demand, they represent 10 different industrial groups including paper manufacturing, high technology, metal fabrication, transportation equipment, and health services. No single customer represents more than 10% of PGE's retail load. PGE's retail revenues peak during the winter season.

In late 1997 PGE filed a proposal before the OPUC which would give all its customers a choice of electricity providers as early as January 1, 1999. PGE's Customer Choice Implementation Proposal includes new price tariffs and a new structure for the company. If the proposal is approved by the OPUC, PGE would become a regulated transmission and distribution company focused on delivering, but not selling electricity.

WHOLESALE

Wholesale revenues continued to make a significant contribution to overall revenues, providing over 35% of total operating revenues for 1997. During the last several years PGE has actively marketed wholesale power throughout the western United States and has experienced record sales growth since 1994. Most of the Company's wholesale growth has come through sales to marketers and brokers. These sales are predominantly of a short-term nature. Due to increasing volatility and reduced margins resulting from increased competition, long-term wholesale marketing activities have been transferred to PGE's non-regulated affiliates. PGE expects that its future revenues from the wholesale marketplace will decline.

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The following table summarizes operating revenues and MWh sales for the years ended December 31:

	1997	1996	1995
Operating Revenues (Millions)			
Residential	\$ 391	\$ 427	\$ 380
Commercial	343	346	336
Industrial	143	149	153
Public Street Lighting	11	11	11
Tariff Revenues	888	933	880
Accrued (Collected) Revenues	10	(27)	(3)
Retail	898	906	877
Wholesale	497	194	95
Other	21	10	10
Total Operating Revenues	\$ 1,416	\$ 1,110	\$ 982
Megawatt-Hours Sold (Thousands)			
Residential	6,999	7,073	6,622
Commercial	6,873	6,475	6,285
Industrial	4,247	3,909	4,056
Public Street Lighting	100	102	102
Retail	18,219	17,559	17,065
Wholesale	26,934	10,188	3,383
Total MWh Sold	45,153	27,747	20,448

For additional information on year-to-year revenue trends, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

REGULATION

The OPUC, a three-member commission appointed by the Governor, approves PGE's retail rates and establishes conditions of utility service. The OPUC ensures that prices are fair and equitable and provides PGE an opportunity to earn a fair return on its investment. In addition, the OPUC regulates the issuance of securities and prescribes the system of accounts to be kept by Oregon utilities.

PGE is also subject to the jurisdiction of the FERC with regard to the transmission and sale of wholesale electric energy, licensing of hydroelectric projects and certain other matters.

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

The NRC regulates the licensing and decommissioning of nuclear power plants. In 1993 the NRC issued a possession-only license amendment to PGE's Trojan

operating license and in early 1996 approved the Trojan Decommissioning Plan. Approval of the Trojan Decommissioning Plan by the NRC and EFSC has allowed PGE to commence decommissioning activities. Trojan will be subject to NRC regulation until Trojan is fully decommissioned, all nuclear fuel is removed from the site and the license is terminated. The Oregon Department of Energy also monitors Trojan.

OREGON REGULATORY MATTERS

CUSTOMER CHOICE

Proposal

In late 1997 PGE filed a proposal before the OPUC which would give all of its customers a choice of electricity providers and provide a price decrease of about 10% as early as January 1, 1999. PGE's Customer Choice Implementation Proposal includes new tariffs and a new structure for the company. If the proposal is approved by the OPUC, PGE would become a regulated transmission and distribution company focused on delivering, but not selling electricity. PGE would continue to operate and maintain the electricity delivery system and handle outage restoration, while other competitive companies would market power to customers over that system. To effect this restructuring PGE is asking for OPUC approval to sell all its generating assets, which represent approximately 27% of PGE's total assets, and power supply and purchase contracts. A sale of PGE's supply portfolio would allow the OPUC to put a dollar value on "transition costs," the costs that a regulated utility company would be unable to recover in a competitive market. PGE is seeking full recovery of these transition costs.

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

INTRODUCTORY PROGRAM

In a move to prepare for future retail competition, PGE initiated an introductory Customer Choice Plan to allow 50,000 PGE customers in four cities to buy their power from competing energy service providers. This program allows certain customers in Oregon to experience a competitive electricity market. The program, which received OPUC approval, is available to residential, small business and commercial customers in the four cities, and industrial customers throughout PGE's service territory. Since October 1997 PGE's large industrial customers throughout its service territory have had the opportunity to purchase up to 50 percent of their electricity from competing electricity providers. Residential, small business and commercial customers were given the option of receiving electricity from a company of their choice in December 1997. Under this program, customers in the four cities can pool or aggregate their electric load in order to negotiate a cheaper rate from energy suppliers. To date over 7,000 retail customers have selected alternative energy service providers. This program, which terminates on December 31, 1998, is being undertaken to provide information to PGE and the OPUC on the effects of future retail competition on PGE and its customers. PGE does not expect that this program will have a materially adverse impact on operating margins.

LEAST COST ENERGY PLANNING

The OPUC adopted Least Cost Energy Planning for all energy utilities in Oregon with the goal of selecting the mix of resources that yields a reliable supply of energy at the least cost to customers. In September 1997 PGE submitted its 1998-1999 Integrated Resource Plan (IRP) to the OPUC. This plan recognizes the fundamental changes occurring in the electric industry and establishes a transition strategy for the next two years. The plan will maintain PGE's delivery capability and provides a bridge to a competitive environment in which funding for public purposes is provided from a System Benefit Charge.

RESIDENTIAL EXCHANGE PROGRAM

The Regional Power Act (RPA), passed in 1980, attempted to resolve growing power supply and cost inequities between customers of government and publicly owned utilities, who have priority access to the low-cost power from the federal hydroelectric system, and the customers of IOUs. The RPA created the residential exchange program to ensure that all residential and farm customers in the region, the vast majority of which are served by IOUs, receive similar

benefits from the publicly funded federal power system. Exchange benefits, and any related changes in the amount of benefits, have generally passed directly to PGE's customers in the form of price increases or decreases. Effective January 1998 rates for PGE's residential and small farm customers increased 11.9% due to the Bonneville Power Administration's (BPA) elimination of the Residential Exchange Credit. PGE has contested this decision and is working with the BPA to resolve the issue.

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ENERGY EFFICIENCY

PGE has promoted the efficient use of electricity for over two decades. Current Demand Side Management (DSM) programs provide a range of services to all classes of PGE customers. DSM programs seek to capitalize on windows of opportunity in which efficiency measures are most cost-effective both for PGE's ratepayers and the specific customers. In order to do this PGE is focusing on commercial or industrial new construction and industrial process improvements. PGE continues to provide a weatherization program for eligible low-income families. PGE is also focusing on developing a regional solution to funding and delivering energy efficiency in a competitive environment.

COMPETITION AND MARKETING

GENERAL

At the onset of nationwide electricity deregulation PGE is maintaining its commitment to service excellence while assisting with the formation of a competitive electricity market in the Northwest. Its Customer Choice Implementation Proposal was filed with the OPUC in December 1997 and an introductory program has been put in place. The proposal addresses five key principles: bringing true market conditions to the industry, separating the regulated and non-regulated portions of utility services, removing the incumbent utility advantage, transferring commercial customer relationships to the energy service provider and allowing the market to determine the cost of transitioning from a regulated to a deregulated environment. The proposal, if approved by the OPUC, will create one of the nation's first regulated electricity transmission and distribution companies focused on delivering, but not selling, power. In the new environment, PGE would continue to operate and maintain the electricity delivery system and handle outages, while other competitive companies would market power to customers over that system.

RETAIL COMPETITION AND MARKETING

PGE operates within a state-approved service area and under current regulation is substantially free from direct retail competition with other electric utilities. PGE's competitors within its Oregon service territory include other fuel suppliers, such as the local natural gas company, which compete with PGE for the residential and commercial space and water heating market. In addition, there is the potential of a loss of PGE service territory to the creation of public utility districts or municipal utilities by voters. In the future PGE will focus on transitioning to a regulated transmission and distribution company.

WHOLESALE COMPETITION AND MARKETING

During the last few years, the western United States has become a vibrant marketplace for the trading of electricity and PGE has been an active participant. During 1997 PGE's wholesale revenues increased 156% over 1996 levels with wholesale activities accounting for 35% of total revenues and 60% of total megawatt-hour sales. However, due to increasing volatility and reduced margins resulting from increased competition, long-term wholesale marketing activities have been transferred to PGE's non-regulated affiliates.

The FERC has taken steps to provide a framework for increased competition in the electric industry. In 1996 the FERC issued Order 888 requiring non-discriminatory open access transmission by all public utilities that own interstate transmission. The final rule requires utilities to file tariffs that offer others the same transmission services they provide themselves under comparable terms and conditions. This rule also allows public utilities to recover stranded costs in accordance with the terms, conditions and procedures set forth in Order 888. The ruling requires reciprocity from municipals, cooperatives and federal power marketers receiving service under the tariff.

The Company's transmission system connects winter-peaking utilities in the

Northwest and Canada, which have access to low-cost hydroelectric generation, with summer-peaking wholesale customers in California and the Southwest, which have higher-cost fossil fuel generation. PGE has used this system to purchase and sell in both markets depending upon the relative price and availability of power, water conditions, and seasonal demand from each market.

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POWER SUPPLY

Growth within PGE's service territory, as well as its wholesale trading activities has underscored the Company's need for sources of reliable, low-cost energy supplies. The demand for energy within PGE's service territory has experienced an average annual growth rate of approximately 2.5% over the last 10 years. Wholesale demand has experienced significant increases. In 1996 and 1997 PGE's wholesale sales increased approximately 200% annually. Although wholesale activity is expected to decline, PGE's retail demand should continue its upward trend. PGE has relied increasingly on short-term purchases to supplement its existing base of generating resource and long-term power contracts to meet its energy needs. Short-term purchases include spot market, or secondary, purchases as well as firm purchases for periods less than one year in duration. The availability of short-term firm purchase agreements and PGE's ability to renew these contracts on a month-by-month basis have enabled PGE to minimize risk and enhance its ability to provide reliable low-cost energy to retail customers. Increased competition has placed competitive pressures on the price of short-term power as well as enhanced its availability. Northwest hydro conditions also have a significant impact on regional power supply. Plentiful water conditions can lead to surplus power and the economic displacement of more expensive thermal generation.

GENERATING CAPABILITY

PGE's existing hydroelectric, coal-fired and gas-fired plants are important resources for the Company, providing 2,120 MW of generating capability (see Item 2. Properties, for a full listing of PGE's generating facilities). PGE's lowest-cost producers are its eight hydroelectric projects on the Clackamas, Sandy, Deschutes, and Willamette rivers in Oregon. These facilities operate under federal licenses, which will be up for renewal between the years 2001 and 2006.

PURCHASED POWER

PGE has long-term power contracts with four hydro projects on the mid-Columbia River which provide PGE with 590 MW of firm capacity. PGE also has firm contracts, ranging in term from one to 30 years, to purchase 512 MW, primarily hydro-generated, from other Pacific Northwest utilities. In addition, PGE has long-term exchange contracts with summer-peaking Southwest utilities to help meet its winter-peaking requirements. These resources, along with short-term contracts, provide PGE with sufficient firm capacity to serve its peak loads.

SYSTEM RELIABILITY AND THE WSCC

PGE relies on wholesale market purchases within the WSCC in conjunction with its base of generating resources to supply its resource needs and maintain system reliability. The WSCC is the largest and most diverse of the 10 regional electric reliability councils. The WSCC performs an essential role in developing and monitoring established reliability criteria guides and procedures to ensure continued reliability of the electric system. During the last few years, the area covered by WSCC has become a dynamic marketplace for the trading of electricity. This area, which extends from Canada to Mexico and includes 14 Western states, is very diverse in climates. Peak loads occur at different times of the year in the different regions within the WSCC area. Energy loads in the Southwest peak in summer due to air conditioning; northern loads peak during winter heating months. Further, according to WSCC forecasts, the nearly 80 electric organizations participating in the WSCC, which include utilities, independent power producers and transmission utilities, have sufficient generating capacity to meet forecast demand and energy requirements during the next 10 years. Favorable water conditions have the ability to further increase energy supplies.

JANUARY RESERVE MARGIN WSCC REGION

	MEGAWATTS	PERCENT
1993	22,997	0.217
1994	31,033	0.310

1995	28,693	0.288
1996	24,500	0.221
1997	36,246	0.325
1998	37,145	0.326
1999	33,240	0.286
2000	33,735	0.286
2001	32,680	0.273
2002	30,842	0.253

During 1997, PGE's peak load was 3,448 MW, of which 52% was met through economical short-term purchases. PGE's firm resource capacity, including short-term purchase agreements, totaled approximately 4,714 MW as of December 31, 1997.

RESTORATION OF SALMON RUNS

Several species of salmon found in the Snake River and the Columbia rivers, have been granted protection under the federal Endangered Species Act (ESA). In an effort to help restore these fish, the federal government has reduced the amount of water allowed to flow through the turbines at the hydroelectric dams on the Snake and Columbia rivers while the young salmon are migrating to the ocean. This has resulted in reduced amounts of electricity generated at the dams. Favorable hydro conditions helped mitigate the effect of these actions in 1996 and 1997. If this practice is continued in future years it could mean less water available in the fall and winter for generation when demand for electricity in the Pacific Northwest is highest. Although PGE does not own any hydroelectric facilities on the Columbia and Snake rivers, it does buy energy from both utilities and federal agencies which do.

In early 1997, the State of Oregon proposed an aggressive recovery plan for the Oregon coastal Coho salmon. The National Marine Fisheries Service (NMFS) accepted this recovery plan and as a result this run of salmon was not listed for federal protection. PGE has no hydroelectric projects that will be impacted by this action.

Also in 1997, a petition to protect winter steelhead trout under the federal Endangered Species Act was reviewed by NMFS. In early 1998 NMFS listed this species as threatened. The affected areas include the lower Columbia River tributaries in Oregon and Washington. PGE is currently evaluating what impact this listing will have on the operation of its hydroelectric projects on the Willamette, Clackamas and Sandy rivers.

FUEL SUPPLY

Fuel supply contracts are negotiated to support annual planned plant operations. Flexibility in contract terms is sought to allow for the most economic dispatch of PGE's thermal resources in conjunction with the current market price of wholesale power.

COAL

BOARDMAN

PGE has an agreement to purchase coal for Boardman through the year 2000. The agreement does not require a minimum amount of coal to be purchased, allowing PGE to obtain coal from other sources. During 1997 PGE did not take deliveries under this contract but purchased coal under favorable short-term agreements. Coal purchases in 1997 contained less than 0.4% of sulfur by weight and emitted less than the EPA allowable limit of 1.2 pounds of sulfur dioxide per MMBtu when burned. The coal, from surface mining operations in Montana and Wyoming, was subject to federal, state and local regulations. Coal is delivered to Boardman by rail under a contract which expires in 2002.

COLSTRIP

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

CENTRALIA

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

PLANT	SULFUR CONTENT	TYPE OF POLLUTION CONTROL EQUIPMENT
Boardman, OR	0.4%	Electrostatic precipitators
Centralia, WA	0.7%	Electrostatic precipitators
Colstrip, MT	0.7%	Scrubbers and precipitators

NATURAL GAS

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

BEAVER

PGE owns 90% of the Kelso-Beaver Pipeline which directly connects its Beaver generating station to Northwest Pipeline, an interstate gas pipeline operating between British Columbia and New Mexico. During 1997, PGE had access to 76,000 MMBtu/day of firm transportation capacity, enough to operate Beaver at a 70% load factor.

COYOTE SPRINGS

The Coyote Springs generating station utilizes 41,000 MMBtu/day of firm transportation on three interconnected pipeline systems accessing the gas fields in Alberta, Canada. Coyote Springs' one and two-year gas supply contracts expire in November 1998 and November 1999. Gas supplies and transportation capacity are sufficient to fully fuel Coyote Springs. Minimum purchase requirements represent 50% of the plant's capacity.

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ENVIRONMENTAL MATTERS

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

REGULATION

PGE's current and historical operations are subject to a wide range of environmental protection laws covering air and water quality, noise, waste disposal, and other environmental issues. PGE is also subject to the Federal Rivers and Harbors Act of 1899 and similar Oregon laws under which it must obtain permits from the U.S. Army Corps of Engineers or the Oregon Division of State Lands to construct facilities or perform activities in navigable waters of the State. The EPA regulates the proper use, transportation, cleanup and disposal of polychlorinated biphenyls (PCBs). State agencies or departments which have direct jurisdiction over environmental matters include the Environmental Quality Commission, the DEQ, the Oregon Department of Energy and EFSC. Environmental matters regulated by these agencies include the siting and operation of generating facilities and the accumulation, cleanup, and disposal of toxic and hazardous wastes.

CLEANUP

PGE is involved with others in the environmental cleanup of PCB contaminants

at various sites as a potentially responsible party (PRP). The cleanup effort is considered complete at several sites which are awaiting consent orders from the appropriate regulatory agencies. These and future cleanup costs are not expected to be material.

AIR/WATER QUALITY

The Clean Air Act (Act) requires significant reductions in emissions of sulfur dioxide, nitrogen oxide and other contaminants over the next several years. Coal-fired plant operations will be affected by these emission limitations. State governments are also charged with monitoring and administering certain portions of the Act. Each state is required to set guidelines that at least equal the federal standards.

Boardman was assigned sufficient emission allowances by the EPA to operate after the year 2000 at a 60% to 67% capacity factor without having to further reduce emissions. If needed PGE will purchase additional allowances to meet excess capacity needs. Centralia will be required to reduce emissions by the year 2000. The owner-operator utility is considering the installation of scrubbers. It is not anticipated that Colstrip will be required to reduce emissions because it utilizes scrubbers. However, future legislation, if adopted, could affect plant operations and increase operating costs or reduce coal-fired capacity.

Air contaminant discharge permits or federal operating permits, issued by the DEQ, have been obtained for all of PGE's fossil fuel generating facilities with only one limitation, at the Bethel plant, on power production. DEQ limits night operations of Bethel to one unit due to noise considerations. Maximum plant operations are allowed during the day.

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

PGE is no longer accepting oil shipments by river for its Beaver plant in order to eliminate the risk of an oil spill into the Columbia River. Instead, the rail off-loading facility has been upgraded. This plant is normally fired by natural gas, and only small amounts of oil are used.

ITEM 2. PROPERTIES

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

OREGON

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

Facility	Location	Fuel	PGE Net MW Capability
WHOLLY OWNED:			
Faraday	Clackamas River	Hydro	44
North Fork	Clackamas River	Hydro	54
Oak Grove	Clackamas River	Hydro	44
River Mill	Clackamas River	Hydro	23
Pelton	Deschutes River	Hydro	108

Round Butte	Deschutes River	Hydro	300		
Bull Run	Sandy River	Hydro	22		
Sullivan	Willamette River	Hydro	16		
Beaver	Clatskanie, OR	Gas/Oil	500		
Bethel	Salem, OR	Gas/Oil	116		
Coyote Springs	Boardman, OR	Gas/Oil	241		
JOINTLY OWNED:					PGE
Boardman	Boardman, OR	Coal	331	@	65.0%
Centralia	Centralia, WA	Coal	33	@	2.5%
Colstrip 3 & 4	Colstrip, MT	Coal	288	@	20.0%
Trojan	Rainier, OR	Nuclear	-	@	67.5%
			2,120		

PGE holds licenses under the Federal Power Act for its hydroelectric generating plants. All of its licenses expire during the years 2001 to 2006. FERC requires that a notice of intent to relicense these projects be filed approximately five years prior to expiration of the license. PGE is actively pursuing the renewal of these licenses. The State of Oregon also has licensed all or portions of five hydro plants. For further information see the Hydro Relicensing discussion in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Following the 1993 Trojan closure, PGE was granted a possession-only license amendment by the NRC. In early 1996 PGE received NRC approval of its Trojan decommissioning plan. See Note 11, Trojan Nuclear Plant, in the Notes to the Financial Statements for further information.

LEASED PROPERTIES

Combustion turbine generators at Bethel and Beaver are leased by PGE. These leases expire in 1998 and 1999. PGE is currently evaluating its renewal options. PGE leases its headquarters complex in downtown Portland and the coal-handling facilities and certain railroad cars for Boardman.

ITEM 3. LEGAL PROCEEDINGS

UTILITY

UTILITY REFORM PROJECT V. OPUC, MULTNOMAH COUNTY CIRCUIT COURT

On February 18, 1992 the Utility Reform Project (URP) filed a complaint in Multnomah County Oregon Circuit Court asking the court to set aside OPUC Order No. 91-1781 which authorized deferred accounting, suspended certain rate schedules and opened an investigation on PGE's request for a temporary rate increase to recover a portion (approximately \$22 million) of the excess power costs incurred during the 1991 Trojan outage. URP's challenge was stayed pending the outcome of a similar jurisdictional issue in another case already on appeal. That other case has been decided, and the URP challenge will now proceed. PGE plans to intervene in this case shortly.

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

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

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

PGE appealed to the U.S. Court of Appeals for the Ninth Circuit which, on July 20, 1995, issued an opinion in favor of PGE, reversing the judgment and ordering judgment to be entered in favor of PGE. Columbia Steel filed a petition for reconsideration and on December 27, 1996, the Ninth Circuit Court of Appeals reversed its earlier decision, ruling in favor of Columbia Steel and remanding the case to the U.S. District Court for a new determination of damages for service rendered from early 1987 to July 1991. In early 1997 PGE's request for reconsideration by the Ninth Circuit was denied. On July 2, 1997 PGE filed a request for certiorari with the U.S. Supreme Court. A response is expected in 1998. On August 2, 1997 the U.S. District Court entered a new judgment in favor of Columbia Steel for approximately \$3.7 million.

CITIZENS' UTILITY BOARD OF OREGON V. PUBLIC UTILITY COMMISSION OF OREGON AND UTILITY REFORM PROJECT AND COLLEEN O'NEIL V. PUBLIC UTILITY COMMISSION OF OREGON, MARION COUNTY OREGON CIRCUIT COURT

The Citizens' Utility Board (CUB) appealed a 1994 ruling from the Marion County Circuit Court which upheld the order of the OPUC in its Declaratory Ruling proceeding (DR-10). In the DR-10 proceeding, PGE filed an Application with the OPUC requesting a Declaratory Ruling regarding recovery of the Trojan investment and decommissioning costs. On August 9, 1993 the OPUC issued the declaratory ruling. In its ruling, the OPUC agreed with an opinion issued by the Oregon Department of Justice (Attorney General) stating that under current law, the OPUC has authority to allow recovery of and a return on Trojan investment and future decommissioning costs.

In PGE's 1995 general rate case, the OPUC issued an order granting PGE full recovery of Trojan decommissioning costs and 87% of its remaining investment in the plant. The URP filed an appeal of the OPUC's order. URP alleges that the OPUC lacks authority to allow PGE to recover Trojan costs through its rates. The complaint seeks to remand the case back to the OPUC and have all costs related to Trojan immediately removed from PGE's rates.

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The CUB also filed an appeal challenging the portion of the OPUC's order issued in PGE's 1995 general rate case that authorized PGE to recover a return on its remaining investment in Trojan. CUB alleges that the OPUC's decision is not based upon evidence received in the rate case, is not supported by substantial evidence in the record of the case, is based on an erroneous interpretation of law and is outside the scope of the OPUC's discretion, and otherwise violates constitutional or statutory provisions. CUB seeks to have the order modified, vacated, set aside or reversed.

On April 4, 1996 a circuit court judge in Marion County, Oregon rendered a decision that contradicted a November 1994 ruling from the same court. The 1996 decision found that the OPUC could not authorize PGE to collect a return on its undepreciated investment in Trojan currently in PGE's rate base. Both the 1994 and 1996 circuit court decisions have been appealed to the Oregon Court of Appeals where they have been consolidated. PGE expects a ruling in 1998.

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ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

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

QUARTER	1997	1996
First	\$14	\$15
Second	16	18
Third	17	56
Fourth	-	16

PGE is restricted, without prior OPUC approval, from making any dividend distributions to Enron that would reduce PGE's common equity capital below 48% of total capitalization.

ITEM 6. SELECTED FINANCIAL DATA

	FOR THE YEARS ENDED DECEMBER 31				
	1997	1996	1995	1994	1993
	(millions of dollars)				
Operating Revenues	\$1,416	\$1,110	\$ 982	\$ 959	\$ 945
Net Operating Income	208	230	201	159	160
Net Income	126	156	93{1}	106	100
Total Assets	\$3,256	\$3,398	\$3,246	\$3,354	\$3,227
Long-Term Obligations{2}	1,038	963	931	856	873

NOTES TO THE TABLE ABOVE:

1 Includes a loss of \$50 million from regulatory disallowances.

2 Includes long-term debt, preferred stock subject to mandatory redemption requirements, long-term capital lease obligations and short-term debt intended to be refinanced.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

GENERAL

1997 COMPARED TO 1996

Portland General Electric's net income for 1997 was \$126 million, including a \$14 million non-recurring loss provision associated with non-utility property. Excluding this provision 1997 net income would have been \$140 million compared to \$156 million in 1996. PGE's strong operating performance reflected the addition of over 17,000 new customers in one of the fastest growing service territories in the U.S. Continued customer growth helped mitigate the impact of a December 1996 rate settlement which resulted in a \$70 million annual rate reduction for PGE's regulated retail customers.

Retail revenues decreased \$8 million primarily due to the price decrease mentioned above.

OPERATING REVENUE AND NET INCOME (LOSS) GRAPH:
(\$ MILLIONS):

	OPERATING REVENUE	NET INCOME
1993	945	100
1994	959	106
1995	982	93
1996	1110	156
1997	1416	126

Wholesale revenues totaled \$497 million in 1997, an all-time record for PGE and an increase of over \$300 million from 1996 levels. Favorable market conditions prompted PGE to increase its participation in the wholesale marketplace.

PGE ELECTRICITY SALES GRAPH:
(BILLIONS OF KWH)

1993	Residential	6.8
	Commercial	6.0
	Industrial	3.8
	Wholesale	2.7
1994	Residential	6.7
	Commercial	6.2
	Industrial	3.9
	Wholesale	2.7
1995	Residential	6.6
	Commercial	6.4
	Industrial	4.1
	Wholesale	3.4
1996	Residential	7.1
	Commercial	6.5
	Industrial	3.9
	Wholesale	10.2
1997	Residential	7.0
	Commercial	7.0
	Industrial	4.2
	Wholesale	26.9

MEGAWATT-HOURS SOLD
(THOUSANDS)

	1997	1996
Retail	18,219	17,559
Wholesale	26,934	10,188

Purchased power and fuel costs rose \$367 million or 119% to support increased wholesales sales volume. Energy purchases were up 79%, with prices averaging 16.2 mills compared to 13.8 mills for 1996. Increased gas prices during the winter followed by tight market conditions in the southwestern United States and increased competition in the wholesale marketplace were the major contributors to this increase in price. Company generation provided 16% of total power needs.

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MEGAWATT-HOURS/VARIABLE POWER COSTS

	Megawatt-Hours (thousands)		Average Variable Power Cost (Mills/KWh)	
	1997	1996	1997	1996
Generation	7,326	7,223	6.3	6.6
Firm Purchases	36,014	18,099	16.5	14.5
Secondary Purchases	2,958	3,714	12.2	10.4
Total	46,298	29,036	14.6	12.0

Operating expenses (excluding purchased power, fuel, depreciation and taxes) were comparable to 1996.

Depreciation expense increased \$6 million or 5% due to recent capital additions to PGE's distribution system.

Amortization expense decreased \$13 million primarily due to the amortization of regulatory credits. These items were partially offset by the amortization of bondable conservation investments.

Other Income decreased due to loss provisions recorded for the future removal of non-utility property.

OPERATING EXPENSES GRAPH:
(\$ MILLIONS)

1993	Depreciation	125
	Operating Costs	357
	Variable Power	303
1994	Depreciation	128
	Operating Costs	334
	Variable Power	338
1995	Depreciation	140
	Operating Costs	356
	Variable Power	285
1996	Depreciation	162
	Operating Costs	410
	Variable Power	308
1997	Depreciation	155
	Operating Costs	378
	Variable Power	675

1996 COMPARED TO 1995

PGE reported 1996 net income of \$156 million compared to \$93 million for 1995. 1995 net income included a \$50 million after-tax charge to income related to the OPUC's rate orders disallowing certain deferred power costs and 13% of PGE's remaining investment in Trojan.

Excluding the effect of regulatory disallowances, net income in 1995 would have been \$143 million.

Strong operating earnings reflected the benefits of low variable power costs due to optimal hydro conditions and a competitive wholesale market. Sales growth due to a growing retail customer base, along with favorable weather conditions, contributed to new record peak loads for both the summer and winter periods.

Retail revenues exceeded the prior year by \$29 million, largely due to rate increases accompanied by 3% higher energy sales. These increases were partially offset by revenue refund provisions for SAVE adjustments and certain state tax benefits.

Wholesale revenues exceeded 1995 levels by \$99 million due to increased trading activities.

The price of purchased power and fuel dropped 25% in 1996, averaging 12 mills versus 15.9 mills last year. Total costs increased only \$23 million or 8%, despite a 36% rise in total Company energy requirements. Optimal hydro conditions brought steep reductions in the cost of secondary power, as well as the cost of firm power purchased from the mid-Columbia projects. Power purchases amounted to 75% of total PGE load in 1996 at an average cost of 13.8 mills compared to 18.3 mills in 1995.

PGE hydro projects generated 9% of the Company's energy needs, an 11% increase in production levels. PGE's thermal plants operated efficiently, and with the addition of Coyote Springs, average overall costs dropped to 6.6 mills from 8.0 mills in 1995. Excluding Coyote Springs, thermal plants generation was down 13% due to economic displacement early in the year.

were \$30 million or 14% higher than 1995. The increase is primarily due to additional costs associated with fixed natural gas transportation, storm related repair and maintenance projects, and increased customer support. Incremental operating costs associated with Coyote Springs, which was placed in operation in late 1995, were offset by decreased costs at other thermal facilities resulting from economic displacement. Throughout the year PGE was able to economically dispatch or displace thermal generation in response to movements in the cost of short-term power and the availability of low-cost hydro power.

Depreciation and amortization increased \$22 million, or 16%, due primarily to depreciation related to Coyote Springs.

Excluding regulatory disallowances of \$50 million in 1995, other income declined \$9 million due to a reduced return on regulatory assets and the absence of equity AFDC.

Interest charges were \$7 million above 1995 due to reduced AFDC and higher levels of short-term debt. Preferred dividend requirements were down \$7 million due to the retirement of nearly \$80 million in preferred stock in 1995.

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.

PGE maintains varying levels of short-term debt, primarily in the form of commercial paper, which serves as the primary form of daily liquidity. In 1997 monthly balances ranged from \$73 million to \$115 million. PGE has committed borrowing facilities totaling \$200 million which are used as backup for PGE's commercial paper facility.

A significant portion of cash provided by operations comes from depreciation and amortization of utility plant, charges which are recovered in customer revenues but require no current period cash outlay. Changes in accounts receivable and accounts payable can also be significant contributors or users of cash. Decreased cash flow was due to price and related retail revenue decreases.

CAPITAL EXPENDITURES GRAPH: (\$ MILLIONS)

1993	149
1994	246
1995	234
1996	200
1997	180

INVESTING ACTIVITIES include generation, transmission and distribution facilities improvements, energy efficiency programs and decommissioning expenditures. 1997 capital expenditures of \$180 million were primarily for the expansion and upgrade of PGE's distribution system. Annual capital expenditures are expected to be approximately \$170 million over the next few years. The majority of anticipated capital expenditures are for improvements to the Company's expanding distribution system to support the addition of new customers.

PGE does not anticipate construction of new generating resources in the foreseeable future. PGE will continue to make energy efficiency expenditures similar to 1997 levels.

FINANCING ACTIVITIES provide supplemental cash for day-to-day operations and capital requirements as needed. PGE has issued no new long-term debt in 1997 and has instead relied on short-term borrowings to manage its day-to-day financing requirements. During 1997 PGE's cash dividend payments to its parent totaled \$65 million compared \$106 million in 1996.

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 December 31, 1997, PGE had the capability to issue preferred stock and additional First Mortgage Bonds in amounts sufficient to meet its capital requirements.

FINANCIAL AND OPERATING OUTLOOK

PORTLAND GENERAL ELECTRIC COMPANY - ELECTRIC UTILITY

BUSINESS COMBINATION

On July 1, 1997 Portland General Corporation (PGC), the former parent of PGE, merged with Enron Corp. (Enron) with Enron continuing in existence as the surviving corporation. PGE is now a wholly owned subsidiary of Enron and subject to control by the Board of Directors of Enron.

CUSTOMER CHOICE

Proposal

In late 1997 PGE filed a proposal before the OPUC which would give all of its customers a choice of electricity providers and provide a price decrease of about 10% as early as January 1, 1999. PGE's Customer Choice Implementation Proposal includes new tariffs and a new structure for the company. If the proposal is approved by the OPUC, PGE would become a regulated transmission and distribution company focused on delivering, but not selling electricity. PGE would continue to operate and maintain the electricity delivery system and handle outage restoration, while other competitive companies would market power to customers over that system. To effect this restructuring PGE is asking for OPUC approval to sell all its generating assets, which represent approximately 27% of PGE's total assets, and power supply and purchase contracts. A sale of PGE's supply portfolio would allow the OPUC to put a dollar value on "transition costs," the costs that a regulated utility company would be unable to recover in a competitive market. PGE is seeking full recovery of these transition costs.

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

INTRODUCTORY PROGRAM

In a move to prepare for future retail competition, PGE initiated an introductory Customer Choice Plan to allow 50,000 PGE customers in four cities to buy their power from competing energy service providers. This program allows certain customers in Oregon to experience a competitive electricity market. The program, which received OPUC approval, is available to residential, small business and commercial customers in the four cities, and industrial customers throughout PGE's service territory. Since October 1997 PGE's large industrial customers throughout its service territory have had the opportunity to purchase up to 50 percent of their electricity from competing electricity providers. Residential, small business and commercial customers were given the option of receiving electricity from a company of their choice in December 1997. Under this program, customers in the four cities can pool or aggregate their electric load in order to negotiate a cheaper rate from energy suppliers. To date over 7,000 retail customers have selected alternative energy service providers. This program, which terminates on December 31, 1998, is being undertaken to provide information to PGE and the OPUC on the effects of future retail competition on PGE and its customers. PGE does not expect that this program will have a materially adverse impact on operating margins.

REGULATION AND COMPETITION

FEDERAL

The Energy Policy Act of 1992 (Energy Act) set the stage for change in federal and state regulations aimed at increasing both wholesale and retail competition in the electric industry. The Energy Act eased restrictions on independent power production and granted authority to the FERC to mandate open access for the wholesale transmission of electricity.

The FERC has taken steps to provide a framework for increased competition in the electric industry. In 1996 the FERC issued Order 888 requiring non-discriminatory open access transmission by all public utilities that own

interstate transmission. The final rule requires utilities to file tariffs that offer others the same transmission services they provide themselves under comparable terms and conditions. This rule also allows

public utilities to recover stranded costs in accordance with the terms, conditions and procedures set forth in Order 888. The ruling requires reciprocity from municipals, cooperatives and federal power marketers receiving service under the tariff. The new rules which became effective July 1996 have resulted in increased competition, lower prices and more choices to wholesale energy customers.

STATE

Since the passage of the Energy Act, various state utility commissions have addressed proposals which would allow retail customers direct access to generation suppliers, marketers, brokers and other service providers in a competitive marketplace for energy services (retail wheeling). Although several bills proposing retail competition were introduced during the 1997 Oregon legislative session, none were approved. Industry restructuring bills have also been introduced at the federal level.

RETAIL CUSTOMER GROWTH AND ENERGY SALES

During 1997 weather adjusted retail energy sales grew 5.7%. Commercial and industrial sales increased by 4.2% and 12% respectively due to strong growth in most industry segments. The addition of over 17,000 customers resulted in residential sales growth of 2.9%. PGE expects retail energy sales growth to be approximately 3%.

Effective January 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 has contested this decision and is working with the BPA to resolve the issue. Exchange benefits, and any related changes in the amount of benefits, have generally passed directly to PGE's customers in the form of price increases or decreases.

WHOLESALE SALES

The surplus of electric generating capability in the Western U.S., the entrance of numerous wholesale marketers and brokers into the market, and open access transmission is contributing to increasing pressure on the price of power. In addition, the development of financial markets and NYMEX electricity contract trading has led to increased price discovery available to market participants, further adding to the competitive pressure on wholesale margins. During 1997 PGE's wholesale revenues increased over \$300 million compared to the same period last year, accounting for 35% of total revenues and 60% of total sales volume. PGE will continue its participation in the wholesale marketplace in order 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. Due to increasing volatility and reduced margins resulting from increased competition, long-term wholesale marketing activities have been transferred to PGE's non-regulated affiliates. PGE expects that its future revenues from the wholesale marketplace will decline.

POWER & FUEL SUPPLY

PGE's base of hydro and thermal generating capacity provides the Company with the flexibility needed to respond to seasonal fluctuations in the demand for electricity both within its service territory and from its wholesale customers. PGE has long-term power contracts with four hydro projects on the mid-Columbia River which provide PGE with 590 MW. Early forecasts indicate slightly below average water conditions for 1998. Efforts to restore salmon runs on the Columbia and Snake rivers may reduce the amount of water available for generation which could affect the supply, availability and price of purchased power. Additional factors that could affect the availability and price of purchased power include weather conditions in the Northwest during winter months and in the Southwest during summer months, as well as the performance of major generating facilities in both regions.

During 1997 PGE generated approximately 40% of its retail load requirements, with firm and secondary purchases meeting the remaining load. Purchases were used to support PGE's wholesale sales activity. During 1997 PGE relied on purchases to supply approximately 84% of its total energy needs. PGE expects

purchases will decline in 1998 due to the transfer of wholesale marketing activities to non-regulated affiliates.

PGE has increasingly relied upon short-term purchases to meet its energy needs. The Company anticipates that an active wholesale market and a surplus of generating capacity within the WSCC should provide sufficient wholesale energy available at competitive prices to supplement Company generation and purchases under existing firm power contracts.

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RESTORATION OF SALMON RUNS - Several species of salmon found in the Snake River and the Columbia River have been granted protection under the federal Endangered Species Act (ESA). In an effort to help restore these fish, the federal government has reduced the amount of water allowed to flow through the turbines at the hydroelectric dams on the Snake and Columbia rivers while the young salmon are migrating to the ocean. This has resulted in reduced amounts of electricity generated at the dams. Favorable hydro conditions helped mitigate the effect of these actions in 1996 and 1997. If this practice is continued in future years it could mean less water available in the fall and winter for generation when demand for electricity in the Pacific Northwest is highest. Although PGE does not own any hydroelectric facilities on the Columbia and Snake rivers, it does buy energy from both utilities and federal agencies which do.

In early 1997, the State of Oregon proposed an aggressive recovery plan for the Oregon coastal Coho salmon. The National Marine Fisheries Service (NMFS) accepted this recovery plan and as a result this run of salmon was not listed for federal protection. PGE has no hydroelectric projects that will be impacted by this action.

Also in 1997, a petition to protect winter steelhead trout under the federal Endangered Species Act was reviewed by NMFS. In early 1998 NMFS listed this species as threatened. The affected areas include the lower Columbia River tributaries in Oregon and Washington. PGE is currently evaluating what impact this listing will have on the operation of its hydroelectric projects on the Willamette, Clackamas and Sandy rivers.

HYDRO RELICENSING

PGE HYDRO - PGE's hydroelectric plants are some of the Company's most valuable resources supplying economical generation and flexible load following capabilities. Company-owned hydro generation produced 2.9 million MWh of renewable energy in 1997, meeting 6% of PGE's load. PGE's hydroelectric plants operate under federal licenses, which will be up for renewal between the years 2001 and 2006. PGE continued the relicensing process for its 408-MW Pelton Round Butte Project throughout 1997. The Confederated Tribes of Warm Springs, currently the licensee for a powerhouse located at the reregulating dam (one of three dams within the Pelton Round-Butte Project), also proceeded with their competing relicensing process for the entire project. Several meetings with federal and state agencies, as well as members of the public and non-governmental organizations were conducted in 1997 in support of relicensing PGE's four Westside hydroelectric projects, with license expiration dates in 2004 and 2006 and combined generating capacity of 230 MW. Should relicensing not be completed prior to the expiration of the original license, annual licenses will be issued, usually under the original terms and conditions.

The relicensing process includes the involvement of numerous interested parties such as governmental agencies, public interest groups and communities, with much of the focus on environmental concerns. PGE has already performed many pre-filing activities including more than 50 public meetings with such groups. The cost of relicensing includes legal and filing fees as well as the cost of environmental studies, possible fish passage measures and wildlife habitat enhancements. Relicensing cost may be a significant factor in determining whether a project remains cost-effective after a new license is obtained, especially for smaller projects. Although FERC has never denied an application or issued a license to anyone other than the incumbent licensee, there is no assurance that a new license will be granted to PGE.

MID-COLUMBIA HYDRO - PGE's long-term power purchase contracts with certain public utility districts in the state of Washington expire between 2005 and

2018. Certain Idaho Electric Utility Co-operatives have initiated proceedings with FERC seeking to change the allocation of generation from the Priest Rapids and Wanapum dams between electric utilities in the region upon the expiration of the current contracts. In early 1998 the FERC ruled that the portion of the output from these dams to be made available to purchasers such as PGE be reduced to 30%. FERC also ruled that such purchases be at market-based rather than cost-based prices. This decision could substantially change PGE's share of power from these facilities, as well as the price of such power. PGE, along with other purchasers, has filed for a rehearing on this decision.

For further information regarding the power purchase contracts on the mid-Columbia dams, including Priest Rapids and Wanapum, see Note 7, Commitments, in the Notes to Financial Statements.

NUCLEAR DECOMMISSIONING

PGE currently estimates the cost to decommission Trojan at \$339 million in nominal dollars (actual dollars to be spent in each year). This estimate assumes that the majority of decommissioning activities will be

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completed by 2002, after the spent fuel has been transferred to a temporary dry spent fuel storage facility. The plan anticipates final site restoration activities will begin in 2018 after PGE completes shipment of spent fuel to a USDOE facility (see Note 11, Trojan Nuclear Plant, for further discussion of the decommissioning plan and other Trojan issues).

Trojan's single-package reactor vessel removal concept and spent fuel storage concept are first-of-a-kind designs requiring approval by federal and state regulatory agencies. The precedent-setting nature of these designs has prompted intense scrutiny and has resulted in schedule delays. Further, financial concerns associated with the spent fuel facility vendor have resulted in cost increases to the spent fuel project.

In 1998, PGE will focus on the licensing and construction of a temporary dry spent fuel storage facility and preparation for the removal of the Trojan reactor vessel. Equipment removal and disposal activities will also continue. These efforts position PGE to safely dispose of all radiological hazards, other than spent nuclear fuel, on the Trojan site and to initiate a final radiation survey, thereby proving these hazards are no longer present. PGE expects the final site survey to be completed by the end of 2002.

YEAR 2000

PGE utilizes software and related technologies that will be affected by the date change in the year 2000. In 1997 PGE developed an inventory of date sensitive software, equipment and embedded processors. PGE is currently assessing the impact of the date change on these systems and is developing a remediation plan. PGE expects to complete remediation activities by mid 1999. PGE does not expect that Year 2000 remediation will have a material effect on its operation, liquidity or capital resources.

In 1998, PGE will survey its major vendors and suppliers to assess their Year 2000 compliance.

INFORMATION REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K 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 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.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The following financial statements of Portland General Electric Company and subsidiaries (collectively, PGE) were prepared by management, which is responsible for their integrity and objectivity. The statements have been prepared in conformity with generally accepted accounting principles and necessarily include some amounts that are based on the best estimates and judgments of management.

The system of internal controls of PGE is designed to provide reasonable assurance as to the reliability of financial statements and the protection of assets from unauthorized acquisition, use or disposition. This system is augmented by written policies and guidelines and the careful selection and training of qualified personnel. It should be recognized, however, that there are inherent limitations in the effectiveness of any system of internal control. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to the preparation of reliable financial statements and safeguarding of assets. Further, because of changes in conditions, internal control system effectiveness may vary over time.

PGE assessed its internal control system for the years ended December 31, 1997, 1996 and 1995, relative to current standards of control criteria. Based upon this assessment, management believes that its system of internal controls was adequate during the periods to provide reasonable assurance as to the reliability of financial statements and the protection of assets against unauthorized acquisition, use or disposition.

Arthur Andersen LLP was engaged to audit the financial statements of PGE and issue reports thereon. Their audits included developing an overall understanding of PGE's accounting systems, procedures and internal controls and conducting tests and other auditing procedures sufficient to support their opinion on the financial statements. Arthur Andersen LLP was also engaged to examine and report on management's assertion about the effectiveness of PGE's system of internal controls over financial reporting and the protection of assets against unauthorized acquisition, use or disposition. The Reports of Independent Public Accountants appear in this Annual Report.

The adequacy of PGE's financial controls and the accounting principles employed in financial reporting are under the general oversight of the Audit Committee of Enron Corp.'s Board of Directors. No member of this committee is an officer or employee of Enron or PGE. The independent public accountants have direct access to the Audit Committee, and they meet with the committee from time to time, with and without financial management present, to discuss accounting, auditing and financial reporting matters.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have examined management's assertion that the system of internal control of Portland General Electric Company and its subsidiaries for the year ended December 31, 1997 was adequate to provide reasonable assurance as to the reliability of financial statements and the protection of assets against unauthorized acquisition, use or disposition, included in the accompanying report on Management's Responsibility for Financial Reporting.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the system of internal control over financial reporting and the protection of assets against unauthorized acquisition, use or disposition, testing and evaluating the design and operating effectiveness of the system of internal control and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected. Also, projections of any

evaluation of the system of internal control to future periods are subject to the risk that the system of internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assertion that the system of internal control of Portland General Electric Company and its subsidiaries for the year ended December 31, 1997 was adequate to provide reasonable assurance as to the reliability of financial statements and the protection of assets against unauthorized acquisition, use or disposition is fairly stated, in all material respects, based upon criteria established in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Arthur Andersen LLP

Portland, Oregon
January 20, 1998

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of Portland General Electric Company and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, retained earnings and cash flows for each of the three years in the period ended December 31, 1997. 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, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Portland, Oregon,
January 20, 1998

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FOR THE YEARS ENDED DECEMBER 31	1997	1996	1995
(MILLIONS OF DOLLARS)			
OPERATING REVENUES	\$ 1,416	\$ 1,110	\$ 982
OPERATING EXPENSES			

Purchased power and fuel	675	308	285
Production and distribution	132	138	112
Administrative and other	107	104	100
Depreciation and amortization	155	162	140
Taxes other than income taxes	56	52	51
Income taxes	83	116	93
	1,208	880	781
NET OPERATING INCOME	208	230	201
OTHER INCOME (DEDUCTIONS)			
Regulatory disallowances - net of income taxes of \$26	-	-	(50)
Miscellaneous	(21)	(3)	3
Income taxes	13	5	8
	(8)	2	(39)
INTEREST CHARGES			
Interest on long-term debt and other	69	67	62
Interest on short-term borrowings	5	9	7
	74	76	69
NET INCOME	126	156	93
PREFERRED DIVIDEND REQUIREMENT	2	3	10
INCOME AVAILABLE FOR COMMON STOCK	\$ 124	\$ 153	\$ 83

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31

	1997	1996	1995
		(MILLIONS OF DOLLARS)	
BALANCE AT BEGINNING OF YEAR	\$ 292	\$ 246	\$ 216
NET INCOME	126	156	93
MISCELLANEOUS	(2)	(2)	(4)
	416	400	305
DIVIDENDS DECLARED			
Common stock - cash	47	105	50
Common stock - property	97	-	-
Preferred stock	2	3	9
	146	108	59
BALANCE AT END OF YEAR	\$ 270	\$ 292	\$ 246

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

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PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

AT DECEMBER 31

1997

1996

(MILLIONS OF DOLLARS)

	1997	1996
ASSETS		
ELECTRIC UTILITY PLANT - ORIGINAL COST		
Utility plant (includes Construction Work in Progress of \$27 and \$37)	\$ 3,078	\$ 2,937
Accumulated depreciation and amortization	(1,260)	(1,155)
	1,818	1,782
OTHER PROPERTY AND INVESTMENTS		
Contract termination receivable	104	112
Receivable from parent	106	-
Trojan decommissioning trust, at market value	84	78
Corporate Owned Life Insurance, less loans of \$30 and \$26	58	51
Miscellaneous	17	21
	369	262
CURRENT ASSETS		
Cash and cash equivalents	3	19
Accounts and notes receivable	125	145
Unbilled and accrued revenues	46	53
Inventories, at average cost	30	33
Prepayments and other	21	17
	225	267
DEFERRED CHARGES		
Unamortized regulatory assets	819	896
WNP-3 settlement exchange agreement	-	163
Miscellaneous	25	28

	844	1,087
	\$ 3,256	\$ 3,398

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	475
Retained earnings	270	292
Cumulative preferred stock		
Subject to mandatory redemption	30	30
Long-term obligations	1,008	933
	1,948	1,890

CURRENT LIABILITIES

Long-term debt due within one year	-	93
Short-term borrowings	-	92
Accounts payable and other accruals	167	145
Accrued interest	11	14
Dividends payable	1	17
Accrued taxes	63	31
	242	392

OTHER

Deferred income taxes	363	498
Deferred investment tax credits	43	47
Trojan decommissioning and transition costs	313	358
Unamortized regulatory liabilities	258	149
Miscellaneous	89	64
	1,066	1,116
	\$ 3,256	\$ 3,398

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

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

FOR THE YEARS ENDED DECEMBER 31	1997	1996	1995
		(MILLIONS OF DOLLARS)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Reconciliation of net income to net cash provided by (used in) operating activities			
Net Income	\$ 126	\$ 156	\$ 93
Non-cash items included in net income:			
Depreciation and amortization	127	119	102
Amortization of Trojan investment	39	38	38
Amortization of deferred charges (credits)	(1)	11	3
Deferred income taxes - net	(58)	(9)	2
Regulatory disallowances	-	-	50
Other non-cash expenses	24	-	-
Changes in working capital:			
(Increase) Decrease in receivables	27	(32)	(12)
(Increase) Decrease in inventories	3	5	(7)
Increase (Decrease) in payables and accrued taxes	51	38	13
Other working capital items - net	(4)	(1)	2
Other, net	25	44	1
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	359	369	285
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures & energy efficiency programs	(180)	(200)	(234)
Trojan decommissioning expenditures	(19)	(8)	(11)
Trojan decommissioning trust activity	-	(8)	(3)
Other, net	(9)	(5)	(9)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(208)	(221)	(257)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in short-term borrowings	8	(78)	22
Borrowings from Corporate Owned Life Insurance	5	-	5
Issuance of long-term debt	-	171	147
Repayment of long-term debt	(115)	(98)	(69)
Retirement of Preferred stock	-	(20)	(80)

Dividends paid	(65)	(106)	(60)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(167)	(131)	(35)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16)	17	(7)
CASH AND CASH EQUIVALENTS, THE BEGINNING OF YEAR	19	2	9
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3	\$ 19	\$ 2
Supplemental disclosures of cash flow information			
Cash paid during the year:			
Interest, net of amounts capitalized	\$ 71	\$ 73	\$ 64
Income taxes	96	108	94

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

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES NOTES TO FINANCIAL STATEMENTS

NATURE OF OPERATIONS

On July 1, 1997 Portland General Corporation (PGC), the former parent of PGE, merged with Enron Corp. (Enron) with Enron continuing in existence as the surviving corporation. PGE is now a wholly owned subsidiary of Enron and subject to control by the Board of Directors of Enron. PGE is engaged in the generation, purchase, transmission, distribution, and sale of electricity in the State of Oregon. PGE also sells energy to wholesale customers, predominately utilities, marketers and brokers throughout the western United States. PGE's Oregon service area is 3,170 square miles, including 54 incorporated cities, of which Portland and Salem are the largest, within a state-approved service area allocation of 4,070 square miles. At the end of 1997, PGE's service area population was approximately 1.5 million, constituting approximately 44% of the state's population and serving approximately 685,000 customers.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION PRINCIPLES

The consolidated financial statements include the accounts of PGE and its majority-owned subsidiaries. Intercompany balances and transactions have been eliminated.

BASIS OF ACCOUNTING

PGE and its subsidiaries' financial statements conform to generally accepted accounting principles. In addition, PGE's accounting policies are in accordance with the requirements and the ratemaking practices of regulatory authorities having jurisdiction. PGE's consolidated financial statements do not reflect an allocation of the purchase price that was recorded by Enron as a result of the PGC Merger.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATIONS

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

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 benefits received through a power purchase and sale contract with the 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. BPA terminated these

benefits in October 1997 resulting in no future purchased power credits and a retail price increase of 11.9%.

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. Depreciation expense as a percent of the related average depreciable plant in service was approximately 4.3% in 1997 and 1996, and 4.0% in 1995.

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

PGE's capital leases are amortized over the life of the lease. As of December 31, 1997 and 1996 accumulated amortization for capital leases totaled \$33 and \$31 million, respectively.

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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 5.5%, 5.5% and 7.2% for the years 1997, 1996 and 1995, respectively.

INCOME TAXES

PGE's federal income taxes are a part of its parent company's consolidated federal income tax return. PGE pays for its tax liabilities when it generates taxable income and is reimbursed for its tax benefits by the parent company on a stand-alone basis. Deferred income taxes are provided for temporary differences between financial and income tax reporting. 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. See Note 3, Income Taxes, for more details.

CASH AND CASH EQUIVALENTS

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

DERIVATIVE FINANCIAL INSTRUMENTS

PGE uses financial instruments such as forwards and swaps to hedge against exposures to interest rate risks. The objective of PGE's hedging program is to mitigate risks due to market fluctuations associated with external financings. Gains and losses on financial instruments that reduce interest rate risk of future debt issuances are deferred and amortized over the life of the related debt as an adjustment to interest expense.

REGULATORY ASSETS AND LIABILITIES

The Company is subject to the provisions of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" (SFAS No. 71). When the requirements of SFAS No. 71 are met PGE defers certain costs which would otherwise be charged to expense, if it is probable that future prices will permit recovery of such costs. In addition PGE defers certain revenues, gains or cost reductions which would otherwise be reflected in income but through the ratemaking process ultimately will be refunded to customers.

Regulatory assets and liabilities are reflected as deferred charges, and other liabilities in the financial statements are amortized over the period in which they are included in billings to customers.

Amounts in the Consolidated Balance Sheets as of December 31 relate to the following:

1997

1996

(millions of dollars)

Regulatory Assets		
Trojan-related	\$488	\$ 557
Income taxes recoverable	174	196
Debt reacquisition and other	47	51
Conservation investments - secured	72	80
Energy efficiency programs	19	12
Regional Power Act	19	-
Total Regulatory Assets	\$819	\$ 896
Regulatory Liabilities		
Deferred gain on SCE termination	\$103	\$ 113
Merger payment obligation	103	-
Miscellaneous	52	36
Total Regulatory Liabilities	\$258	\$ 149

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As of December 31, 1997, a majority of the Company's regulatory assets and liabilities are being reflected in rates charged to customers. Based on rates in place at year-end 1997, the Company estimates that it will collect the majority of its regulatory assets within the next 10 years and substantially all of its regulatory assets within the next 20 years.

CONSERVATION INVESTMENTS - SECURED - In 1996, \$81 million of PGE's energy efficiency investment was designated as Bondable Conservation Investment upon PGE's issuance of 10-year conservation bonds collateralized by an OPUC assured future revenue stream. These bonds provide savings to customers while granting PGE immediate recovery of its prior energy efficiency program expenditures. Future revenues collected from customers will pay debt service obligations.

DEFERRED GAIN ON SCE TERMINATION - In 1996, PGE and SCE entered into a termination agreement for the Power Sales Agreement between the two companies. The agreement requires that SCE pay PGE \$141 million over 6 years (\$15 million per year in 1997 through 1999 and \$32 million per year in 2000 through 2002).

MERGER PAYMENT OBLIGATION - Pursuant to the Enron/PGC merger agreement PGE customers are guaranteed \$105 million in compensation and benefits, payable over an eight-year period, in the form of reduced prices. These benefits are being paid by Enron, received by PGE and passed on to PGE's retail customers.

TRANSACTIONS WITH RELATED PARTIES

As part of its ongoing operations, PGE also provides and receives incidental services from Enron affiliated companies. Amounts paid and received are not material.

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NOTE 2 - EMPLOYEE BENEFITS

PENSION PLAN

PGE participates in a non-contributory defined benefit pension plan (the Plan) with other affiliated companies. Substantially all of the plan members are current or former PGE employees. Benefits under the Plan are based on years of service, final average pay and covered compensation. PGE'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 U.S. government issues.

PGE 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 are considered in the determination of future pension expense. The following table sets forth the Plan's funded status and amounts recognized in PGE's financial statements (millions of dollars):

	1997	1996
Actuarial present value of benefit obligations:		
Accumulated benefit obligation, including vested benefits of \$187 and \$171	\$ 201	\$ 184
Effect of projected future compensation levels	39	38
Projected benefit obligation (PBO)	240	222
Plan assets at fair value	375	315
Plan assets in excess of PBO	135	93
Unrecognized net experience gain	(128)	(90)
Unrecognized prior service costs amortized over 13- to 16-year periods	11	12
Unrecognized net transition asset being recognized over 18 years	(14)	(16)
Pension prepaid asset/(liability)	\$ 4	\$ (1)

	1997	1996	1995
ASSUMPTIONS:			
Discount rate used to calculate PBO	7.25%	7.50%	7.00%
Rate of increase in future compensation levels	5.25	5.50	5.00
Long-term rate of return on assets	9.00	8.50	8.50

COMPONENTS OF NET PERIODIC PENSION EXPENSE
(MILLIONS OF DOLLARS):

Service cost	\$ 6	\$ 7	\$ 5
Interest cost on PBO	17	15	15
Actual return on plan assets	(71)	(38)	(59)
Net amortization and deferral	43	15	37
Net periodic pension expense/(benefit)	\$ (5)	\$ (1)	\$ (2)

OTHER POST-RETIREMENT BENEFIT PLANS

PGE accrues for health, medical and life insurance costs during the employees' service years, in accordance with 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 PGE's obligation by establishing a maximum contribution per employee. The accumulated benefit obligation for post-retirement health and life insurance benefits at December 31, 1997 was \$27 million, for which there were \$32 million of assets held in trust.

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PGE also provides senior officers with additional benefits under an unfunded Supplemental Executive Retirement Plan (SERP). Projected benefit obligations for the SERP are \$12 million and \$10 million at December 31, 1997 and 1996, respectively.

DEFERRED COMPENSATION

PGE provides certain employees with benefits under an unfunded Management Deferred Compensation Plan (MDCP). Obligations for the MDCP were \$26 million and \$21 million at December 31, 1997 and 1996, respectively.

EMPLOYEE STOCK OWNERSHIP PLAN

PGE participates in an Employee Stock Ownership Plan (ESOP) which is a part of its 401(k) retirement savings plan. One-half of 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 by PGE employees are purchased from Enron Corp. at current market prices.

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NOTE 3 - 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 PGE's effective tax rate (millions of dollars):

	1997	1996	1995
Income Tax Expense			
Currently payable			
Federal	\$114	\$ 98	\$ 74
State & local	14	22	10
	128	120	84
Deferred income taxes			
Federal	(45)	(4)	(11)
State & local	(9)	(1)	(7)
	(54)	(5)	(18)
Investment tax credit adjustments	(4)	(4)	(6)
	\$ 70	\$111	\$ 60
Provision Allocated to:			
Operations	\$ 83	\$112	\$ 90
Other income and deductions	(13)	(1)	(30)
	\$ 70	\$111	\$ 60
Effective Tax Rate Computation:			
Computed tax based on statutory federal income tax rates applied to income before income tax	\$ 69	\$ 93	\$ 53
Flow through depreciation	6	9	7
Regulatory disallowance	-	-	3
State and local taxes - net	13	12	6
State of Oregon refund	(9)	-	(4)
Investment tax credits	(4)	(3)	(5)
Excess deferred tax	(1)	(1)	(1)
Other	(4)	1	1
	\$ 70	\$111	\$ 60
Effective tax rate	35.7%	41.6%	39.2%

As of December 31, 1997 and 1996, the significant components of PGE's deferred income tax assets and liabilities were as follows (millions of dollars):

	1997	1996
DEFERRED TAX ASSETS		
Plant-in-service	\$ 56	\$ 64
Other	50	21
SCE termination payment	49	-
	155	85
DEFERRED TAX LIABILITIES		
Plant-in-service	(402)	(415)
Energy efficiency programs	(32)	(32)
Trojan abandonment	(65)	(69)
WNP-3 exchange contract	-	(59)
Other	(19)	(8)
	(518)	(583)
Total	\$ (363)	\$ (498)

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

NOTE 4 - COMMON AND PREFERRED STOCK

COMMON AND PREFERRED STOCK

	COMMON STOCK Number OF SHARES	\$3.75 Par VALUE	CUMULATIVE PREFERRED Number OF SHARES	\$100 Par VALUE	Other No-Par VALUE	Paid-in CAPITAL	Unearned COMPENSATION*
(millions of dollars) except share amounts)							
December 31, 1994	42,758,877	\$ 160	1,297,040	\$100	\$30	\$470	\$(12)
Redemption of preferred stock			(797,040)	(80)	-	3	-
Repayment of ESOP loan and other	-	-	-	-	-	-	5
December 31, 1995	42,758,877	\$ 160	500,000	\$ 20	\$30	\$473	\$(7)
Redemption of preferred stock			(200,000)	(20)	-	2	-
Repayment of ESOP loan and other	-	-	-	-	-	2	5
December 31, 1996	42,758,877	\$ 160	300,000	-	\$30	\$477	\$(2)
Repayment of ESOP loan and other	-	-	-	-	-	3	2
December 31, 1997	42,758,877	\$ 160	300,000	\$ -	\$30	\$480	\$ -

CUMULATIVE PREFERRED STOCK

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.

PGE's cumulative preferred stock consisted of:

At December 31,	1997	1996
	(millions of dollars)	

Subject to mandatory redemption		
No par value 30,000,000 shares authorized		
7.75% Series 300,000 shares outstanding	\$30	\$30

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.

COMMON DIVIDEND RESTRICTION OF SUBSIDIARY

Enron Corp. is the sole shareholder of PGE common stock. PGE is restricted from paying dividends or making other distributions to Enron Corp. without prior OPUC approval to the extent such payment or distribution would reduce PGE's common stock equity capital below 48% of its total capitalization.

NOTE 5 - CREDIT FACILITIES AND DEBT

At December 31, 1997, PGE had total committed lines of credit of \$200 million expiring in July 2000. These lines of credit have an annual fee of 0.10% and do not require compensating cash balances. These lines of credit are used primarily as backup for both commercial paper and borrowings from commercial banks under uncommitted lines of credit. At December 31, 1997, there were no outstanding borrowings under the committed lines of credit.

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.

PGE sells commercial paper to provide financing for various corporate purposes. As of December 31, 1997, commercial paper borrowings of \$100 million have been classified as long-term debt based upon the availability of committed credit facilities with expiration dates exceeding one year and management's intent to maintain such amounts in excess of one year. Similarly, at December 31, 1997, \$71 million of long-term debt due within one year is classified as long-term.

Short-term borrowings and related interest rates were as follows:

	1997	1996	1995
AS OF YEAR-END:	(millions of dollars)		
Aggregate short-term debt outstanding			
Commercial paper	\$100	\$ 83	\$170
Bank loans	-	9	-
Weighted average interest rate*			
Commercial paper	6.0%	5.6%	6.1%
Bank loans	-	7.3	-
Committed lines of credit	\$200	\$200	\$200
FOR THE YEAR ENDED:			
Average daily amounts of short-term debt outstanding			
Commercial paper	\$ 89	\$158	\$111
Bank loans	-	5	-
Weighted daily average interest rate*			
Commercial paper	5.6%	5.6%	6.3%
Bank loans	-	5.7	-
Maximum amount outstanding during the year	\$115	\$251	\$170

* Interest rates exclude the effect of commitment fees, facility fees and other financing fees.

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.

Schedule of long-term debt at December 31	1997	1996
	(millions of dollars)	
First Mortgage Bonds		
Maturing 1997 through 2002		
6.60% Series due October 1, 1997	\$ -	\$ 15
Medium-term notes 5.65% - 8.88%	241	295
Maturing 2003 - 2007 6.47% - 9.07%	153	168
Maturing 2021 - 2023 7.75% - 9.46%	170	195
	564	673
Pollution Control Bonds		
Port of Morrow, Oregon, variable rate (Average 3.7% - 3.8% for 1997), due 2013 & 2031	29	29
City of Forsyth, Montana, variable rate (Average variable rates 3.6%- 3.7% for 1997), due 2013-2016	119	119
Amount held by trustee	(8)	(8)
Port of St. Helens, Oregon, variable rate due 2010 and 2014 (Average variable rates 3.6% - 3.7% for 1997)	52	52
	192	192
Other		
8.25% Junior Subordinated Deferrable Interest Debentures, due December 31, 2035	75	75
6.91% Conservation Bonds maturing monthly to 2006	73	80

Capital lease obligations	4	7
Amount reclassified from short-term debt	100	-
Other	-	(1)
	252	161
	1,008	1,026
Long-term debt due within one year	-	(93)
Total long-term debt	\$1,008	\$ 933

The following principal amounts of long-term debt become due through regular maturities (millions of dollars):

	1998	1999	2000	2001	2002
Maturities:					
PGE	\$71	\$102	\$32	\$53	\$23

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NOTE 6 - OTHER FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical 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 PGE for debt of similar remaining maturities.

The estimated fair values of debt and equity instruments are as follows (millions of dollars):

	1997		1996	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Preferred stock subject to mandatory redemption	\$ 30	\$ 34	\$ 30	\$ 31
Long-term debt	\$831	\$861	\$940	\$960

INTEREST RATE SWAPS - In August 1996 PGE entered into a 3-year interest rate swap agreement with a notional amount of \$50 million. This puts PGE in a floating rate position on the additional \$50 million of long-term debt issued in August 1996. In December 1997 PGE canceled this agreement. The amount received at cancellation was not material.

NOTE 7 - COMMITMENTS

NATURAL GAS AGREEMENTS

PGE has long-term agreements for transmission of natural gas from domestic and Canadian sources to natural gas-fired generating facilities. The agreements provide firm pipeline capacity. Under the terms of these agreements, PGE is committed to paying capacity charges of approximately \$16 million annually in 1998 through 2002 and \$137 million over the remaining years of the contracts. These contracts expire at varying dates from 2001 to 2015. PGE has the right to assign unused capacity to other parties.

PURCHASE COMMITMENTS

Purchase commitments outstanding, which include construction, coal, and railroad service agreements, totaled approximately \$28 million at December 31, 1997. Cancellation of these purchase agreements could result in cancellation charges.

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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 (millions of dollars):

	ROCKY REACH	PRIEST RAPIDS	WANAPUM	WELLS	PORTLAND HYDRO
Revenue bonds outstanding at December 31, 1997	\$ 235	\$ 174	\$ 207	\$ 178	\$ 36
PGE's current share of:					
Output	12.0%	13.9%	18.7%	20.4%	100%
Net capability (megawatts)	154	128	194	171	36
Annual cost, including debt service:					
1997	\$ 7	\$ 3	\$ 4	\$ 6	\$ 4
1996	5	4	5	6	4
1995	5	4	5	6	4
Contract expiration date	2011	2005	2009	2018	2017

PGE's share of debt service costs, excluding interest, will be approximately \$5 million for 1998, \$6 million for 1999 and 2000, and \$7 million for 2001 and 2002. The minimum payments through the remainder of the contracts are estimated to total \$84 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 \$23 million in 1998 through 1999, \$20 million in 2000, and \$19 million in 2001 through 2002. After that date, capacity contract charges will average \$19 million annually until 2016.

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 \$24 million for 1997, and \$22 million for 1996 and 1995. PGE has capitalized its combustion turbine leases. However, these leases are considered operating leases for ratemaking purposes. Future minimum lease payments under non-cancelable leases are as follows (millions of dollars):

YEAR ENDING DECEMBER 31	CAPITAL LEASES	OPERATING LEASES (NET OF SUBLEASE RENTALS)	TOTAL
1998	\$ 3	\$ 22	\$ 25
1999	1	23	24
2000	-	23	23
2001	-	23	23
2002	-	11	11
Remainder	-	174	174
Total	4	\$276	\$280
Imputed Interest	-		
Present Value of Minimum Future Net Lease Payments	\$ 4		

Included in the future minimum operating lease payments schedule above is approximately \$119 million for PGE's headquarters complex.

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NOTE 8 - WNP-3 SETTLEMENT EXCHANGE AGREEMENT

During 1997 PGE transferred its rights and certain obligations under the WNP-3 Settlement Exchange Agreement (WSA) and the long-term power sale agreement with the Western Area Power Administration (WAPA). The transfer of PGE's net investment in these contracts to Enron Corp., PGE's parent and sole common stockholder transaction was executed in the form of a special non-cash dividend.

NOTE 9 - JOINTLY OWNED PLANT

At December 31, 1997, PGE had the following investments in jointly owned generating plants (millions of dollars):

FACILITY	LOCATION	FUEL	MW CAPACITY	PGE % INTEREST	PLANT IN SERVICE	ACCUMULATED DEPRECIATION
Boardman	Boardman, OR	Coal	508	65.0	\$376	\$197
Colstrip 3&4	Colstrip, MT	Coal	1,440	20.0	453	220
Centralia	Centralia, WA	Coal	1,310	2.5	10	6

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 PGE's consolidated income statements.

NOTE 10 - LEGAL MATTERS

TROJAN INVESTMENT RECOVERY - In April 1996 a circuit court judge in Marion County, Oregon found that the OPUC could not authorize PGE to collect a return on its undepreciated investment in Trojan, contradicting a November 1994 ruling from the same court. The ruling was the result of an appeal of PGE's 1995 general rate order which granted PGE recovery of, and a return on, 87 percent of its remaining investment in Trojan.

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

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

future reporting period.

OTHER LEGAL MATTERS - PGE 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.

NOTE 11 - TROJAN NUCLEAR PLANT

PLANT SHUTDOWN AND TRANSITION COSTS - PGE is a 67.5% owner of Trojan. In early 1993, PGE ceased commercial operation of the nuclear plant. Since plant closure, PGE has committed itself to a safe and economical transition toward a decommissioned plant. Remaining transition costs associated with operating and maintaining the spent fuel pool and securing the plant until fuel is transferred to dry storage in 1999 are estimated at \$17 million and will be paid from current operating funds.

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DECOMMISSIONING - In December 1997, PGE filed an updated decommissioning plan estimate with the OPUC. The plan estimates PGE's cost to decommission Trojan at \$339 million, reflected in nominal dollars (actual dollars expected to be spent in each year). The primary reason for the reduction in decommissioning estimate is a lower inflation rate, coupled with accelerating certain decommissioning activities and partially offset by cost increases related to the spent fuel storage project. The current estimate assumes that the majority of decommissioning activities will occur between 1998 and 2002, while fuel management costs extend through the year 2018. The original plan represents a site-specific decommissioning estimate performed for Trojan by an engineering firm experienced in estimating the cost of decommissioning nuclear plants. Updates to plan's original estimate have been prepared by PGE. Final site restoration activities are anticipated to begin in 2018 after PGE completes shipment of spent fuel to a USDOE facility (see the Nuclear Fuel Disposal discussion below). Stated in 1997 dollars, the decommissioning cost estimate is \$286 million.

TROJAN DECOMMISSIONING LIABILITY (millions of dollars)

Estimate - 12/31/94	\$351
Updates files with NRC - 11/16/95	7
Updates filed with OPUC - 12/01/97	(19)
	339
Expenditures through 12/31/97	(43)
Liability - 12/31/97	\$296
Decommissioning	\$296
Transition costs	17
Total Trojan obligation	\$313

PGE is collecting \$14 million annually through 2011 from customers for decommissioning costs. These amounts are deposited in an external trust fund which is limited to reimbursing PGE for activities covered in Trojan's decommissioning plan. Funds were withdrawn during 1997 to cover the costs of planning and licensing activities in support of the independent spent fuel storage installation and the reactor vessel and internals removal project. Decommissioning funds are invested primarily in investment-grade, tax-exempt and U.S. Treasury bonds. Year-end balances are valued at market.

Earnings on the trust fund are used to reduce the amount of decommissioning costs to be collected from customers. PGE expects any future changes in estimated decommissioning costs to be incorporated in future revenues to be collected from customers.

INVESTMENT RECOVERY - The OPUC issued an order in March 1995 authorizing PGE to recover all of the estimated costs of decommissioning Trojan and 87% of the remaining investment in the plant. Amounts are to be collected over Trojan's original license period ending in 2011. The OPUC's order and the agency's 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.

DECOMMISSIONING TRUST ACTIVITY
(millions of dollars)

	1997	1996
Beginning Balance	\$78	\$69
ACTIVITY		
Contributions	14	15
Gain	6	2
Disbursements	(14)	(8)
Ending Balance	\$84	\$78

NUCLEAR FUEL DISPOSAL AND CLEANUP OF FEDERAL PLANTS - PGE contracted with the USDOE for permanent disposal of its spent nuclear fuel in federal facilities at a cost of .1¢ per net kilowatt-hour sold at Trojan which the Company paid during the period the plant operated. Significant delays are expected in the USDOE acceptance schedule of spent fuel from domestic utilities. The federal repository, which was originally scheduled to begin operations in 1998, is now estimated to commence operations no earlier than 2010. This may create difficulties for PGE in disposing of its high-level radioactive waste by 2018. However, federal legislation has been introduced which, if passed, would require USDOE to provide interim storage for high-level waste until a permanent site is established. PGE intends to build an interim storage facility at Trojan to house the nuclear fuel until a federal site is available.

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The Energy Policy Act of 1992 provided for the creation of a Decontamination and Decommissioning Fund to finance the cleanup of USDOE gas diffusion plants. Funding comes from domestic nuclear utilities and the federal government. Each utility contributes 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 million. Amounts are funded over 15 years beginning with the USDOE's fiscal year 1993. Since enactment, PGE has made the first six of the 15 annual payments with the first payment made in September 1993.

NUCLEAR INSURANCE - The Price-Anderson Amendment of 1988 limits public liability claims that could arise from a nuclear incident and provides for loss sharing among all owners of nuclear reactor licenses. Because Trojan has been permanently defueled, the NRC has exempted PGE from participation in the secondary financial protection pool covering losses in excess of \$200 million at other nuclear plants. In addition, the NRC has reduced the required primary nuclear insurance coverage for Trojan from \$200 million to \$100 million following a 3 year cool-down period of the nuclear fuel that is still on-site. The NRC has allowed PGE to self-insure for on-site decontamination. PGE continues to carry non-contamination property insurance on the Trojan plant at the \$155 million level.

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QUARTERLY COMPARISON FOR 1997 AND 1996 (UNAUDITED)

MARCH 31 JUNE 30 SEPTEMBER 30 DECEMBER 31
(MILLIONS OF DOLLARS)

1997				
Operating revenues	\$368	\$308	\$391	\$349
Net operating income	65	46	46	51
Net income	48	28	15	35
Income available for common stock	47	28	14	35

1996				
Operating revenues	\$300	\$233	\$260	\$317
Net operating income	68	52	47	63
Net income	50	35	28	43
Income/(loss) available for common stock	49	34	27	43

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON
ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

DIRECTORS OF THE REGISTRANT (*)

JAMES V. DERRICK, JR., age 53

Director since 1997

Mr. Derrick has served as Senior Vice President and General Counsel of Enron Corp. since June 1991. Prior to joining Enron Corp. In 1991, Mr. Derrick was a partner at the law firm of Vinson & Elkins L.L.P. for more than 13 years.

KEN L. HARRISON, age 55

Director since 1987

Mr. Harrison serves as a Director and Vice Chairman of Enron Corp. and has served as Chairman of the Board and Chief Executive Officer of Portland General Electric Company since 1987.

JOSEPH M. HIRKO, age 41

Director since 1997.

Mr. Hirko serves as Senior Vice President of Enron Corp. and Portland General Electric Company. Mr. Hirko also serves as President and Chief Executive Officer of First Point Communications. From 1991 to 1998 he served as Vice President-Finance, Chief Financial Officer, Chief Accounting Officer and Treasurer of Portland General Electric Company.

KENNETH L. LAY, age 55

Director since 1997

For over five years, Mr. Lay has been Chairman of the Board and Chief Executive Officer of Enron Corp. Mr. Lay is also a Director of Eli Lilly and Company, Compaq Computer Corporation, Enron Oil & Gas Company, EOTT Energy Corp. (the general partner of EOTT Energy Partners, L.P.) and Trust Company of the West.

JEFFREY K. SKILLING, age 44

Director since 1997

Since January 1, 1997, Mr Skilling has served as President and Chief Operating Officer of Enron Corp. From June 1995 until December 1996 he served as Chief Executive Officer and Managing Director of Enron Capital & Trade Resources Corp ("ECT"). From August 1990 until June 1995, Mr. Skilling served ECT in a variety of managerial positions.

(*)Directors of PGE hold office until the next annual meeting of shareholders or until their respective successors are duly elected and qualified.

EXECUTIVE OFFICERS OF THE REGISTRANT (*)

NAME	AGE	BUSINESS	EXPERIENCE
Ken L. Harrison Chairman of the Board, Chief Executive Officer, PGE	55		Appointed to current position of Chairman of the Board and Chief Executive Officer on December 1, 1988.
Alvin Alexanderson Senior Vice President General Counsel and Secretary	50		Appointed to current position on December 12, 1995. Served as Vice President, Rates and Regulatory Affairs from February 1991 until appointed to current position.
Arleen Barnett Vice President Human Resources	45		Appointed to current position on February 23, 1998. Served as Manager, Human Resources from 1989 until appointed to current position.
David K. Carboneau Vice President	51		Appointed to current position in October 1989. Served as Vice President, Utility Service and Telecommunications from January 1997 until July 1997. Served as Vice President, Information Technology from January 1996 until January 1997. Served as Vice President, Thermal and Power Operations from September 1995 to January 1996. Served as Vice President, PGE Administration from October 1992 to September 1995.
Steven N. Elliott Vice President Chief Financial Officer and Treasurer	37		Appointed to current position on February 23, 1998. Served as Vice President, Finance and Treasurer from July 1997 until appointed to current position. Served as Manager, Corporate Finance and Assistant Treasurer from April 1992 until July 1997.
Joseph E. Feltz Controllor and Chief Accounting Officer	43		Appointed to current position on July 1, 1997. Previously served as Assistant Controllor and Assistant Treasurer for over five years.
Peggy Y. Fowler President Chief Operating Officer Distribution Operations	46		Appointed to current position on July 1, 1997. Served as Executive Vice President and Chief Operating Officer, PGE from November 1996 until appointed to current position. Served as Senior Vice President, Energy Services from September 1995 until November 1996. Served as Vice President, Distribution and Power Production from January 1990 to September 1995.
Stephen R. Hawke Vice President Delivery System Planning & Engineering	48		Appointed to current position on July 1, 1997. Served as General Manager, System Planning and Engineering until appointed to current position. Served as Manager, Response and Restoration from May 1993 until May 1995. Served as Manager, Western Region from August 1990 until May 1993.
Joseph M. Hirko Senior Vice President	41		Appointed to current position on September 12, 1995. Served as Vice President-Finance from December 1991 until July 1997. Served as Chief Financial Officer from December 1991 until February 1998. Served as Chief Accounting Officer from December 1991 until July 1997. Served as Treasurer from June 1989 to July 1997.
Joe A. McArthur Vice President Substation and Line Operations	50		Appointed to current position on July 1, 1997. Served as Manager of Western Region from May 1996 until appointed to current position. Served as Manager, System Planning from May 1995 to May 1996. Served as Commercial and Industrial Market Manager from 1993 to 1995. Served as Substation Maintenance and Metering Manager from 1980 to 1993.
James J. Firo President	45		Appointed to current position on February 23, 1998. Served as General Manager, Planning Vice Support and Analysis from November 1992 until appointed to current position.

EXECUTIVE OFFICERS OF THE REGISTRANT (*) - CONT'D.

NAME	AGE	BUSINESS	EXPERIENCE
Frederick D. Miller Vice President Public Policy and Administrative	55		Appointed to current position on July 1, 1997. Served as Senior Vice President, Public Affairs and Corporate Services from November 1996 until appointed to current position. Served as Director of Executive Department, State of Oregon, from 1987 until appointed to Vice President, Public Affairs and Corporate Services in October 1992.

Services and Distribution
System Services

Walter E. Pollock Senior Vice President Power Supply	55	Appointed to current position on July 1, 1997. Served as Vice President, Enron Capital and Trade and Senior Vice President, First Point Utility Solutions from November 1996 until appointed to current position. Served as Group Vice President, Marketing Conservation and Production at Bonneville Power Administration (BPA) from April 1994 to November 1996. Served as Assistant Administrator at BPA, Office of Power Sales from January 1988 until March 1994.
Christopher D. Ryder Vice President Customer and Line Operations	48	Appointed to current position on July 1, 1997. Served as General Manager, Customer Services and Southern Region Operations from 1996 until appointed to current position. Served as General Manager, Customer Services and Marketing from 1992 to 1996.

(*) Officers are listed as of February 28, 1998. The officers are elected to serve for a term of one year or until their successors are elected and qualified.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the total compensation earned for each year ended December 31, 1997, 1996, 1995 by the Chief Executive Officer and the four most highly compensated executive officers of PGE.

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation	All Other
		Salary (\$) (1)	Bonus (\$) (1)	Restricted Stock Awards (\$) (2)	Compensation (\$) (3)
Ken L. Harrison (4) Chairman of the Board, Chief Executive Officer	1997	\$243,570	\$236,592	\$204,755	\$68,051
	1996	399,510	252,193	251,410	40,480
	1995	417,113	325,439	305,250	59,646
Peggy Fowler President, Distribution Operations Chief Operating Officer	1997	230,000	160,000	230,185	29,406
	1996	202,504	106,379	150,500	24,045
	1995	165,213	78,836	111,000	18,185
Richard E. Dyer (5) Senior Vice President, Power Supply	1997	219,306	165,250	215,060	27,209
	1996	209,196	111,002	150,500	23,428
	1995	198,297	104,655	111,000	11,979
Frederick D. Miller Senior Vice President, Public Policy, Administrative Services and Distribution System Services	1997	175,020	105,000	-	48,906
	1996	161,259	73,811	75,250	36,400
	1995	137,634	62,341	55,500	32,517
Joseph M. Hirko (4) (6) Senior Vice President	1997	89,835	158,270	125,038	22,885
	1996	103,934	95,509	114,277	18,477
	1995	204,646	100,296	138,750	18,540

(1) Amounts shown include cash compensation earned and received by the executive officer, as well as amounts earned but deferred at the election of the officer.

(2) Restricted stock awards are valued at the closing price of \$41.4375 per share of Enron Corp. common stock for the July 1, 1997 grant, which will vest 20% on July 1, 1998 and 20% on each of the following four anniversaries of the date of grant. Dividend equivalents for the July 1, 1997 grant accrue from the date of grant and are paid upon vesting. Restricted stock awards are valued at the closing price of \$37.625 per share of PGC common stock for the September 10, 1996 grant. The September 10, 1996 grant converted to Enron shares on the effective date of the Merger. Dividends on this grant are paid as declared. Restricted stock awards are valued at \$27.75 per share of PGC common stock for the November 6, 1995 grant. This grant vested November 1996 upon PGC shareholder approval for the original Merger

Agreement. Aggregate restricted stock holdings listed below are valued at \$41.5625 per share, the closing price of the Enron Corp. common stock on December 31, 1997.

Aggregate Restricted Stock Holdings

	AGGREGATE SHARES (#)	VALUE (\$)
Ken L. Harrison	23,477	\$975,763
Peggy Fowler	9,485	394,220
Richard E. Dyer	9,120	379,050
Frederick D. Miller	1,965	81,670
Joseph M. Hirko	10,947	454,985

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- (3) Other compensation includes: (i) company-paid split dollar insurance premiums; (ii) the dollar value of life insurance benefits as determined under the Commission's methodology for valuing such benefits; (iii) company contributions to the RSP and the MDCP; and (iv) earnings on amounts in the MDCP which are greater than 120 percent of the federal long-term rate which was in effect at the time the rate was set. The following table lists the amount for 1997:

	Split Dollar Insurance Premium	Dollar Value of Life Insurance	Contributions to 401 (k) and MDCP	Above Market Interest on MDCP	Total
Ken L. Harrison	\$ 968	\$ 2,038	\$11,615	\$53,430	\$68,051
Peggy Fowler	705	8,833	13,800	6,068	29,406
Richard E. Dyer	1,290	9,862	10,886	5,171	27,209
Frederick D. Miller	925	21,031	13,700	13,250	48,906
Joseph M. Hirko	321	2,833	8,963	10,768	22,885

- (4) Mr. Harrison and Mr. Hirko also serve as executive officers of Enron Corp. The compensation shown represents the amount allocated to PGE.
- (5) Richard E. Dyer retired from Portland General Electric Company as of February 1, 1998.
- (6) Joseph M. Hirko resigned his position as Chief Financial Officer of Portland General Electric Company as of February 23, 1998.

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The following table lists information concerning the stock options to purchase shares of Enron Corp. common stock that were granted to PGE's five highest paid officers during 1997. No stock appreciation rights were granted during 1997.

Options/SAR Grants in Last Fiscal Year

NAME	Number of Securities Underlying Options/ SARs(1)	% of Total Options/ SARs Granted to Employees in Fiscal Year	Exercise or Base Price (\$/SH)	Expiration DATE	Potential Realized Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
					5%	10%
Ken L. Harrison	120,000(2) 33,335(5)	0.71% 0.20%	\$41.4375 41.5625	07/01/07 12/31/04	\$3,127,178 564,032	\$7,924,884 1,314,434

	7,430{(6)}	0.04%	41.5625	12/31/07	194,209	492,163
Peggy Y. Fowler	30,000{(2)}	0.18%	\$41.4375	07/01/07	\$ 781,795	\$1,981,221
	10,260{(5)}	0.06%	41.5625	12/31/04	173,600	404,563
	3,255{(6)}	0.02%	41.5625	12/31/07	85,081	215,611
Joseph M. Hirko	50,000{(2)}	0.30%	\$41.4375	07/01/07	\$1,302,991	\$3,302,035
	25,000{(3)}	0.15%	38.8750	10/13/07	611,207	1,548,919
	4,525{(4)}	0.03%	39.8750	12/08/07	113,474	287,566
	12,825{(5)}	0.08%	41.5625	12/31/04	217,000	505,703
	3,680{(6)}	0.02%	41.5625	12/31/07	96,190	243,763
Richard E. Dyer	30,000{(2)}	0.18%	\$41.4375	07/01/07	\$ 781,795	\$1,981,221
	3,045{(6)}	0.02%	41,5625	12/31/07	79,591	201,701
Frederick D. Miller	25,000{(2)}	0.15%	\$41.4375	07/01/07	\$ 651,496	\$1,651,018
	3,850{(5)}	0.02%	41.5625	12/31/04	65,142	151,809
	2,480{(6)}	0.01%	41.5625	12/31/07	64,823	164,275

- (1) If a "Change of Control" (as defined in the Enron Corp. 1991 Stock Plan) were to occur before the options became exercisable and are exercised, the vesting described below will be accelerated and all such outstanding options shall be surrendered and the optionee shall receive a cash payment by Enron in an amount equal to the value of the surrendered options (as defined in the 1991 Stock Plan).
- (2) Represents stock options awarded on July 1, 1997, which vested 20% at grant and 20% each anniversary date thereafter.
- (3) Represents stock options awarded on October 13, 1997, which cliff vest 100% on the 4th anniversary date of the grant.
- (4) Represents stock options awarded on December 8, 1997, which cliff vest 100% on the 4th anniversary date of the grant.
- (5) Represents stock options awarded under the Long-Term Incentive Program for 1998. Stock options awarded on December 31, 1997 became 20% vested on the date of grant with an additional 20% vested on the anniversary of the date of grant until 100% vested December 31, 2001.
- (6) Represents shares issued on December 31, 1997, as a new employee under the All Employee Stock Option Program.

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The following table lists information concerning the options to purchase shares of Enron Corp. common stock that were exercised by the officers named above during 1997 and the total options and their value held by each at year-end 1997.

Exercised During 1997
at December 31, 1997

Aggregate Stock Options/SAR
and Stock Options/SAR Values

NAME	Shares Acquired ON EXERCISE (#)	Value REALIZED (\$)	Number of Securities Underlying Unexercised Options/SAR AT DECEMBER 31, 1997		Value of Unexercised In-the-Money Options/SARs AT DECEMBER 31, 1997	
			EXERCISABLE	UN-EXERCISABLE	EXERCISABLE	UN-EXERCISABLE
Ken L. Harrison	20,000	\$449,390	128,567	130,098	\$2,502,583	\$ 12,000
Peggy Y. Fowler	-	-	9,552	33,963	938	2,813
Joseph M. Hirko	-	-	42,040	83,465	763,806	79,823
Richard E. Dyer	-	-	7,500	25,545	937	2,812
Frederick D. Miller	-	-	7,020	24,310	781	2,344

Estimated annual retirement benefits payable upon normal retirement at age 65 for the named executive officers are shown in the table below. Amounts in the table reflect payments from the Portland General Holdings, Inc. Pension Plan and Supplemental Executive Retirement Plan ("SERP") combined.

Estimated Annual Retirement Benefit
Straight-Life Annuity, Age 65

Final Average EARNINGS OF:	Years of Service		
	15	20	25
175,000	78,750	91,875	105,000
200,000	90,000	105,000	120,000
225,000	101,250	118,125	135,000
250,000	112,500	131,250	150,000
300,000	135,000	157,500	180,000
400,000	180,000	210,000	240,000
500,000	225,000	262,500	300,000
600,000	270,000	315,000	360,000
1,000,000	450,000	525,000	600,000

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Compensation used to calculate benefits under the combined Pension Plan and SERP is based on a three-year average of base salary and bonus amounts earned (the highest 36 consecutive months within the last 10 years), as reported in the Summary Compensation Table. SERP participants may retire without age-based reductions in benefits when their age plus years of service equals 85. Surviving spouses receive one half the participant's retirement benefit from the SERP, plus the joint and survivor benefit, if any, Social Security Supplement is paid until the participant is eligible for Social Security retirement benefits. Retirement benefits are not subject to any deduction for Social Security.

The executive officers named in the table have had the following number of service years with the Company: Ken L. Harrison, 22; Peggy Y. Fowler, 23; Richard E. Dyer, 30; Joseph M. Hirko, 17; Frederick D. Miller, 5. Under the Company's SERP, the named executives are eligible to retire without a reduction in benefits upon attainment of the following ages: Ken L. Harrison, 59; Peggy Y. Fowler, 55; Richard E. Dyer, 55; Joseph M. Hirko, 55; Frederick D. Miller, 62.

EMPLOYMENT CONTRACTS

Mr. Harrison entered into an employment agreement with Enron on July 1, 1997, the effective date of the merger between Enron Corp. and Portland General Corp. (PGC), the former parent of PGE, pursuant to which he will serve as Vice Chairman of Enron and Chairman and Chief Executive Officer of PGE. The agreement is for a period of five years and expires on June 30, 2002. Per the terms of the agreement, Mr. Harrison will receive an annual base salary of not less than \$525,000 and was granted 120,000 stock options which have a 10-year term and which vest 20% on the date of grant and 20% on each of the first five anniversaries of the date of grant and in accordance with the terms of his agreement. Mr. Harrison also received 12,670 shares of restricted stock which vest 20% on each of the four anniversaries of the date of grant. Also, Mr. Harrison will receive an annual bonus of not less than \$525,000, of which 20% will be paid in stock options and 80% will be paid in cash. In the event of his involuntary termination, Mr. Harrison will receive amounts prescribed in the agreement through the term of the agreement. If Mr. Harrison terminates his employment voluntarily during a Window Period (defined as one of the 30-day periods beginning on the second, third, or fourth anniversaries of the effective date of the merger between Enron Corp. and PGE), he will be entitled to the insurance coverage equivalent to that under certain of Enron's insurance plans for active employees and to all payments of his annual base salary and bonus at such time and in such manner as if his employment had continued for the balance of the initial term, provided that, if the initial term would have continued beyond the second anniversary of the termination date, then Enron will pay Mr. Harrison a lump sum amount on such second anniversary date equal to the amount which would have been paid to Mr. Harrison during the balance of the initial term if his employment had continued during such period. In the event that the severance or other payments payable under the agreement constitute "excess parachute

payments" within the meaning of Section 280G of the Code, and Mr. Harrison becomes liable for any excise tax or penalties or interest thereon, Enron will make a cash payment to him in an amount equal to the tax penalties plus an amount equal to any additional tax for which he will be liable as a result of receipt of the payment for such tax penalties and payment for such reimbursement for additional tax. The employment agreement contains noncompete provisions in the event of Mr. Harrison's termination of employment.

Mr. Hirko's employment agreement is similar in structure to Mr. Harrison's agreement. Under his agreement, Mr. Hirko will serve as a Senior Vice President of Enron and as a senior executive officer of PGE for a period of five years, subject to certain termination provisions similar to those in Mr. Harrison's agreement, and thereafter as Mr. Hirko and Enron may agree. Mr. Hirko will receive an annual base salary of not less than \$250,000 and was granted 50,000 stock options which have a 10-year term and will vest 20% on the date of grant and 20% on each succeeding anniversary of the Effective Date, except in the case of Mr. Hirko's Involuntary Termination (as defined in the agreement), but not including a voluntary termination during a Window Period or a Change in Control (as defined in the agreement) of Enron or PGE, in which case the option will vest immediately. Mr. Hirko also received 6,035 shares of Restricted Stock which vest in 20% increments on each of the first five anniversaries of the date of grant and are subject to forfeiture upon termination of Mr. Hirko's employment. Mr. Hirko will receive an annual bonus of not less than \$250,000, of which 20% will be paid in immediately vested stock options and 80% will be paid in cash. Following termination of Mr. Hirko's employment for any reason, he or his surviving spouse will be entitled to a Supplemental Retirement Benefit (as defined in the agreement) to ensure that the aggregate pension benefits he or his spouse receives, taking account of all pension benefits from PGC and Enron, are at least equal to the aggregate pension benefits he or his spouse would have received under PGC's Pension Plan and the SERP had he continued to participate in such pension plan and the SERP through the date of termination of employment.

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Mr. Hirko's Supplemental Retirement Benefit thus differs from Mr. Harrison's Supplemental Retirement Benefit described above.

The other terms of Mr. Hirko's employment agreement are substantially similar to those of Mr. Harrison's, except that, in the event of an Involuntary Termination prior to the expiration of the Initial Term, Mr. Hirko will be entitled to receive a cash amount equal to the single sum actuarial equivalent of the incremental amount that would be paid as the Supplemental Retirement Benefit if that amount were computed assuming that Mr. Hirko has attained an additional three years of age and an additional three years of service under the SERP.

Ms. Fowler, Messrs. Dyer and Miller entered into employment agreements on July 1, 1997, the effective date of the merger between Enron and PGC, the former parent of PGE. The employment agreements generally provide as follows: (i) each agreement will have a term of three years and expire on June 30, 2000; (ii) each agreement provides for severance pay in the event of involuntary termination by PGE based on the greater of two years or the remainder of the term; (iii) Mr. Dyer's agreement provides that he will be treated as having been involuntarily terminated and entitled to receive three years severance pay if he terminates his employment for any reason during a 30-day period beginning on the first anniversary of the Effective Time; (iv) the aggregate minimum base salaries per year under such agreements equal \$620,000 per year and the aggregate minimum guaranteed annual cash incentives per year under such agreements equal \$328,750; (v) each agreement provides for the grant of 30,000 options to purchase shares of Enron Common Stock, except for Mr. Miller's which provides for 25,000 options; (vi) each agreement, other than Mr. Miller's, provides for the grant of a number of restricted shares of Enron Common Stock having a market value equal to such employee's annual base salary which will vest over a five-year period; (vii) Mr. Dyer's agreement provides that the failure of PGE and Mr. Dyer to extend or enter into a new agreement in either case for one year will be treated as involuntary termination, while Ms. Fowler's and Mr. Miller's agreement provide that the failure of PGE and the employee to extend or enter into a new agreement in either case for two years will be treated as involuntary termination; (viii) each agreement provides for a supplemental retirement benefit; (ix)

each agreement provides that in the event that the severance or other payments payable under the agreement for involuntary termination (except for an involuntary termination of the type described in clause (vii) above) constitute "excess parachute payments" within the meaning of Section 280G of the Code and the employee becomes liable for any Tax Penalties, PGE will pay in cash to the employee an amount equal to such Tax Penalties and any incremental income tax liability arising from such payments, grossing up such employee on such gross ups until the amount of the last gross up is less than one hundred dollars; and (x) each agreement includes a noncompetition covenant.

COMPENSATIONS OF DIRECTORS

There are no compensation arrangements for or fees paid to Directors of PGE.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

PGE is a wholly owned subsidiary of Enron Corp. (Enron). As of December 31, 1997 Enron owned 100% of the outstanding shares of common stock of PGE.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There are no relationships or transactions involving PGE's directors and executive officers.

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Part IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(A) INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

FINANCIAL STATEMENTS

Report of Independent Public Accountants
Consolidated Statements of Income for each of the three years
in the period ended December 31, 1997
Consolidated Statements of Retained Earnings for each of
the three years in the period ended December 31, 1997
Consolidated Balance Sheets at December 31, 1997 and 1996
Consolidated Statement of Cash Flows for each of the three
years in the period ended December 31, 1997
Notes to Financial Statements

FINANCIAL STATEMENT SCHEDULES

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

EXHIBITS

See Exhibit Index on Page 58 of this report.

(B) REPORT ON FORM 8-K

December 1, 1997 - Item 5. Other Events:
Customer Choice Implementation Proposal

Residential Exchange Program

WNP-3 Settlement Exchange Agreement

SIGNATURES

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

Portland General Electric Company

March 27, 1998

By /S/ KEN L. HARRISON
Ken L. Harrison

Chairman of the Board and
Chief Executive Officer

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

/S/ KEN L. HARRISON Ken L. Harrison	Chairman of the Board and Chief Executive Officer	March 27, 1998
--	--	----------------

/S/ STEVEN N. ELLIOTT Steven N. Elliott	Vice President Chief Financial Officer and Treasurer	March 27, 1998
--	--	----------------

/S/ JOSEPH E. FELTZ Joseph E. Feltz	Controller and Chief Accounting Officer	March 27, 1998
--	--	----------------

*James Y. Derrick *Ken L. Harrison *Joseph M. Hirko *Kenneth L. Lay *Jeffrey K Skilling	Directors	March 27, 1998
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*By /S/ JOSEPH E. FELTZ
(Joseph E. Feltz, Attorney-in-Fact)

PORTLAND GENERAL ELECTRIC COMPANY AND
SUBSIDIARIES

EXHIBIT INDEX

NUMBER

EXHIBIT

(2) PLAN OF ACQUISITION, REORGANIZATION, ARRANGEMENT, LIQUIDATION OR SUCCESSION

* Amended and Restated Agreement and Plan of Merger, dated as of July 20, 1996 and amended and restated as of September 24, 1996 among Enron Corp, Enron Oregon Corp and Portland General Corporation [Amendment 1

to S4 Registration Nos. 333-13791 and 333-13791-1, dated October 10, 1996, Exhibit No. 2.1].

(3) ARTICLES OF INCORPORATION AND BYLAWS

- * Copy of Articles of Incorporation of Portland General Electric Company [Registration No. 2-85001, Exhibit (4)].
- * Certificate of Amendment, dated July 2, 1987, to the Articles of Incorporation limiting the personal liability of directors of Portland General Electric Company [Form 10-K for the fiscal year ended December 31, 1987, Exhibit (3)].
- * Form of Articles of Amendment of the New Preferred Stock of Portland General Electric Company [Registration No. 33-21257, Exhibit (4)].
- * Bylaws of Portland General Electric Company as amended on October 1, 1991 [Form 10-K for the fiscal year ended December 31, 1991, Exhibit (3)].

(4) INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES

- * Portland General Electric Company Indenture of Mortgage and Deed of Trust dated July 1, 1945;
- * Fortieth Supplemental Indenture, dated October 1, 1990 [Form 10-K for the fiscal year ended December 31, 1990, Exhibit (4)].
- * Forty-First Supplemental Indenture dated December 1, 1991 [Form 10-K for the fiscal year ended December 31, 1991, Exhibit (4)].
- * Forty-Second Supplemental Indenture dated April 1, 1993 [Form 10-Q for the quarter ended March 31, 1993, Exhibit (4)].
- * Forty-Third Supplemental Indenture dated July 1, 1993 [Form 10-Q for the quarter ended September 30, 1993, Exhibit (4)].
- * Forty-Fourth Supplemental Indenture dated August 1, 1994 [Form 10-Q for the quarter ended September 30, 1994, Exhibit (4)].
- * Forty-Fifth Supplemental Indenture dated May 1, 1995 [Form 10-Q for the quarter ended June 30, 1995, Exhibit (4)].
- * Forty-Sixth Supplemental Indenture dated August 1, 1996 [Form 10-K for the fiscal year ended December 31, 1997, Exhibit (4)].

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

PORTLAND GENERAL ELECTRIC COMPANY AND
SUBSIDIARIES

EXHIBIT INDEX

NUMBER

EXHIBIT

(10) MATERIAL CONTRACTS

- * Residential Purchase and Sale Agreement with the Bonneville Power Administration [Form 10-K for the fiscal year ended December 31, 1981, Exhibit (10)].
- * Power Sales Contract and Amendatory Agreement Nos. 1 and 2 with Bonneville Power Administration [Form 10-K for the fiscal year ended December 31, 1982, Exhibit (10)].

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

- * Long-term Power Sale Agreement, dated November 5, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].
- * Long-term Transmission Service Agreement, dated November 5, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].
- * Participation Agreement, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].
- * Lease Agreement, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].
- * PGE-Lessee Agreement, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].
- * Asset Sales Agreement, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].
- * Bargain and Sale Deed, Bill of Sale and Grant of Easements and Licenses, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].
- * Supplemental Bill of Sale, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].
- * Trust Agreement, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].
- * Tax Indemnification Agreement, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].
- * Trust Indenture, Mortgage and Security Agreement, dated December 30, 1985 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].
- * Restated and Amended Trust Indenture, Mortgage and Security Agreement, dated February 27, 1986 [Form 10-K for the fiscal year ended December 31, 1985, Exhibit (10)].

Portland General Holdings, Inc. Outside Directors' Deferred Compensation Plan, 1997 Restatement dated June 25, 1997 (Filed herewith).

Portland General Holdings, Inc. Retirement Plan for Outside Directors, 1997 Restatement dated June 25, 1997 (Filed herewith).

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PORTLAND GENERAL ELECTRIC COMPANY AND
SUBSIDIARIES

EXHIBIT INDEX

NUMBER EXHIBIT

(10) Portland General Holdings, Inc. Outside Directors' Life Insurance
CONT. Benefit Plan, 1997 Restatement dated June 25, 1997 (Filed herewith).

EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

Portland General Holdings, Inc. Management Deferred Compensation Plan,
1997 Restatement dated June 25, 1997 (Filed herewith).

Portland General Holdings, Inc. Senior Officers Life Insurance Benefit
Plan, 1997 Restatement Amendment No. 1 dated June 25, 1997 (Filed
herewith).

- * Portland General Electric Company Annual Incentive MasterPlan [Form

10-K for the fiscal year ended December 31, 1987, Exhibit (10)].

* Portland General Electric Company Annual Incentive Master Plan, Amendments No. 1 and No. 2 dated March 5, 1990 [Form 10-K for the fiscal year ended December 31, 1989, Exhibit (10)].

Portland General Holdings, Inc. Supplemental Executive Retirement Plan, 1997 Restatement dated June 25, 1997 (Filed herewith).

(23) CONSENTS OF EXPERTS AND COUNSEL

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

(24) POWER OF ATTORNEY

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

* Incorporated by reference as indicated.

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

Joseph E. Feltz
Controller
Chief Accounting Officer

Portland General Electric Company
121 SW Salmon Street
Portland, OR 97204

PORTLAND GENERAL HOLDINGS, INC.
OUTSIDE DIRECTORS' LIFE INSURANCE BENEFIT PLAN
1997 RESTATEMENT

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Outside Directors' Life Insurance Benefit Plan

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PORTLAND GENERAL HOLDINGS, INC.

OUTSIDE DIRECTORS' LIFE INSURANCE BENEFIT PLAN

ARTICLE 1

PURPOSE

1.1 PURPOSE. This Plan has been established to provide Outside Directors of Portland General Corporation and Participating Companies with supplemental life insurance protection for their families in the event of death under a split dollar arrangement. This Plan became effective on January 1, 1987 and was restated effective December 1, 1988, and January 1, 1996.

1.2 EFFECTIVE DATE. This 1997 Restatement is adopted to make amendments to the Plan effective June 25, 1997.

ARTICLE 2

DEFINITIONS

2.1 BOARD. "Board" shall mean the Board of Directors of Portland General Holdings, Inc.

2.2 CASH VALUE. "Cash Value" shall mean the Policy's cash value as that term is defined in the Policy.

2.3 CAUSE. "Cause" shall mean a breach of fiduciary duty while a member of the Board.

2.4 CHANGE IN CONTROL. "Change in Control" shall mean an occurrence in which:

(a) Any "person," as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Portland General Holdings, Inc. ("PGH"), any trustee or other fiduciary holding securities under an employee benefit plan of PGH, or any Employer owned, directly or indirectly, by the stockholders of PGH in substantially the same proportions as their ownership of stock of PGH), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities representing thirty percent (30%) or more of the combined voting power of PGH's then outstanding voting securities; or

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(b) During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by PGH's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors as of the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

(c) Notwithstanding anything to the contrary in the foregoing, no "Change in Control" shall be deemed to have occurred upon the consummation of the Amended and Restated Agreement and Plan of Merger by and among Enron Corp., Portland General Corporation and Enron Oregon Corp., dated as of July 20, 1996, or amended and restated from time to time.

2.5 COMMITTEE. "Committee" shall mean the Non-qualified Benefits Committee of the Board.

2.6 COMPANY. "Company" shall mean Portland General Holdings, Inc., an Oregon corporation.

2.7 DATE OF PARTICIPATION. "Date of Participation" shall mean the earlier of the date on which the Policy is issued or the date on which the Insurer agrees to bind coverage.

2.8 DIRECT SUBSIDIARY. "Direct Subsidiary" means any corporation of which a Participating Company owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote.

2.9 INDIRECT SUBSIDIARY. "Indirect Subsidiary" shall mean any corporation of which a Participating Company directly and constructively owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote. In determining the amount of stock of a corporation that is constructively owned by a Participating Company, stock owned, directly or constructively, by a corporation shall be considered as being owned proportionately by its shareholders according to such shareholders' share of voting power of all classes of its stock entitled to vote.

2.10 INSURER. "Insurer" shall mean any insurance company issuing a Policy under this Plan.

2.11 MERGER AGREEMENT "Merger Agreement" shall mean the Amended and Restated Agreement and Plan of Merger by and among Enron Corp., Portland General Corporation and Enron Oregon Corp., dated as of July 20, 1996, as that Agreement may be amended or restated from time to time.

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2.12 NET SINGLE PREMIUM. "Net Single Premium" shall mean the amount calculated by an enrolled actuary selected by the Senior Administrative Officer, required to obtain the level death benefit promised in Table I, calculated using the 1983 Group Annuity Table male rates and employing continuous functions.

2.13 OUTSIDE DIRECTOR. "Outside Director" shall mean a member of the PGC Board who is not an employee of Portland General Holdings, Inc. or any Direct Subsidiary or affiliate of Portland General Holdings, Inc..

2.14 PGC BOARD. "PGC Board" shall mean the Board of Directors of Portland General Corporation, or the Board of Directors of the successor corporation established pursuant to the Merger Agreement, or any Advisory Committee to the Portland General Electric Company or the board or officers of a corporation qualifying as a Participating Company of the Plan, including subsidiaries and joint venture partners, the status of which shall be determined at the discretion of the Senior Administrative Office.

2.15 PARTICIPANT. "Participant" shall mean an Outside Director elected to the Board prior to January 1, 1996, who has elected to participate in the Plan.

2.16 PARTICIPANT'S SHARE. "Participant's Share" shall mean the aggregate portion of premiums contributed by the Participant.

2.17 PARTICIPATING COMPANY. "Participating Company" shall mean the Company or any affiliated or subsidiary company designated by the Board as a Participating Company under the Plan, as long as such designation has

become effective and continues to be in effect. The designation as a Participating Company shall become effective only upon the acceptance of such designation and the formal adoption of the Plan by a Participating Company. A Participating Company may revoke its acceptance of designation as a Participating Company at any time, but until it makes such revocation, all of the provisions of this Plan and any amendments thereto shall apply to the Participants and their beneficiaries of the Participating Company.

2.18 PARTICIPATING COMPANY'S SHARE OF PREMIUM. "Company's Share of Premium" shall mean the aggregate amount of insurance premium paid by the Participating Company less the Participant's Share.

2.19 PLAN. "Plan" shall mean the Portland General Holdings, Inc. Outside Directors' Life Insurance Benefit Plan, as amended from time to time.

2.20 POLICY. "Policy" shall mean each life insurance policy which is issued by an insurer on the life of the Participant.

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2.21 RETIREMENT. "Retirement" shall mean separation from service on the PGC Board as an Outside Director, at the earlier of age seventy (70) or ten (10) years of Benefit Service, as defined in the Company's Retirement Plan for Outside Directors.

2.22 SENIOR ADMINISTRATIVE OFFICER. "Senior Administrative Officer" shall mean the employee in the management position designated by the Committee to administer the Plan.

ARTICLE 3

PARTICIPATION

3.1 ELIGIBILITY. Eligibility shall be limited to Outside Directors who served on the PGC Board on or before January 1, 1996.

3.2 ELECTION TO PARTICIPATE. An Outside Director may elect to participate in the Plan by completing such documents as may be prescribed by the Senior Administrative Office.

ARTICLE 4

POLICY TITLE AND OWNERSHIP

4.1 POLICY TITLE. The Participant, or his transferee, shall be the owner of the Policy and may exercise all ownership rights granted to the owner by the terms of the Policy, except as herein provided. These shall include, but are not limited to, the right to assign his interest in the Policy, the right to change the beneficiary of that portion of the proceeds to which he is entitled under Article 7, and the right to exercise settlement options.

4.2 PARTICIPATING COMPANY'S SECURITY INTEREST. The only rights in and to the Policy granted to a Participating Company shall be limited to its security interest in the cash value of the Policy, as defined in the collateral assignment attached as Exhibit A, and a portion of the death benefit, as hereinafter provided under Article 6.

ARTICLE 5

PREMIUM PAYMENT

5.1 PARTICIPATING COMPANY'S PREMIUM PAYMENT. Each premium on the Policy shall be paid by the Participating Company as it becomes due.

5.2 PAYMENT OF THE PARTICIPANT'S SHARE. At the time of each premium payment by the Participating Company, the Participant shall pay to the Participating Company an amount equal to the economic benefit of said Policy enjoyed by the Participant. The economic benefit shall be equal to

the lesser of the Insurer's one-year term cost or the PS-58 rate.

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ARTICLE 6

PARTICIPATING COMPANY'S INTEREST IN THE POLICY

6.1 COLLATERAL ASSIGNMENT. Each Participant shall assign the Policy to the Participating Company as collateral, under the form of collateral assignment attached as Exhibit A. The assignment gives the Participating Company the limited power to enforce its right to recover the Participating Company's Share of Premium on the Policy and on a portion of the death benefit thereof.

6.2 LIMITATIONS. The interest of the Participating Company in and to the Policy shall be specifically limited to the following rights in and to the Cash Value and a portion of the death benefit:

6.2.1 the right to recover the Participating Company's Share of Premium, in the event the Policy is surrendered or canceled by the Participant, as provided in Section 7.1;

6.2.2 the right to recover, upon the death of the Participant, all of the Policy proceeds, in excess of that portion of the Policy proceeds payable to the Participant's beneficiary or beneficiaries as provided in Paragraph 7.2;

6.2.3 the right to recover the Participating Company's Share of Premium, or to receive ownership of the Policy, in the event of termination by the Participant in the Plan, or in the event of termination of service in the Board of a Participating Company as provided in Sections 8.1 and 8.2.

ARTICLE 7

PARTICIPANT'S INTEREST IN THE POLICY

7.1 UPON SURRENDER OR CANCELLATION. Upon surrender or cancellation of the Policy, the Participating Company shall be entitled to receive a portion of the cash surrender value equal to the Participating Company's Share of Premium. The balance of the cash surrender value, if any, shall belong to the Participant.

7.2 UPON DEATH. Upon the death of the Participant, the beneficiary or beneficiaries designated by the Participant shall be entitled to receive that portion of the Policy proceeds equal to the amount set forth in Schedule I of this Plan.

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7.3 OWNERSHIP OF CASH SURRENDER VALUE. Notwithstanding any other provision in the Plan to the contrary, the Participant shall at all times own a portion of the cash surrender value of the Policy equal to the Participant's Share to the extent said cash surrender value exceeds the Participating Company's Share of Premium.

ARTICLE 8

PLAN BENEFITS

8.1 UPON TERMINATION OF PARTICIPATION IN THE PLAN. In the event the Participant terminates participation in the Plan prior to leaving service on the PGC Board, the Participant shall execute any and all instruments that may be required to vest ownership of said Policy in the Participating Company. Participating Employer shall purchase from the Participant the

Participant's interest in the cash surrender value set forth in Section 7.3 above for an amount equal to the Participant's Share. Thereafter, the Participant shall have no further interest in the Policy or this Plan.

8.2 UPON TERMINATION OF SERVICE.

8.2.1 In the event of termination of service on the PGC Board for Cause (as determined by Committee) before Retirement, the Participant shall execute any and all instruments that may be required to vest ownership of said Policy in the Participating Company. Participating Employer shall purchase from the Participant the participant's interest in the cash surrender value set forth in Section 7.3 above for an amount equal to the Participant's Share. Thereafter, the Participant shall have no further interest in the Policy or this Plan.

8.2.2 In the event of termination of service on the PGC Board of any Participating Company because of accepting a position of public service, or other reason not considered for Cause before Retirement, the Participant may elect either to:

8.2.2.1 reimburse the Participating Company an amount equal to the Participating Company's Share of Premium, whereupon receipt of payment from the Participant, the Company shall release the collateral assignment and thereafter shall have no further interest in the Policy, or

8.2.2.2 execute any and all instruments that may be required to vest ownership of said Policy in the Participating Company. Thereafter, the Participant shall have no further interest in the Policy or this Plan.

8.2.3 In the event of termination of service on the PGC Board, occurring at least one (1) year from the Effective Time, as defined in the Merger Agreement, the Participant

PAGE 6 - OUTSIDE DIRECTORS' LIFE INSURANCE BENEFIT PLAN

shall be deemed to have retired for purposes of this Plan and shall be eligible to make the election specified in Section 8.4

8.2.4 In the event of involuntary termination of service on the PGC Board, without Cause, occurring during the one (1) year period beginning with the date the stockholders of PGC approve the Merger Agreement, the Participant shall be entitled to the Change in Control benefit specified in Section 8.3.

8.3 UPON CHANGE IN CONTROL. In the event of a Change in Control, within sixty (60) days of such Change in Control, the Participating Company shall:

8.3.1 determine to what extent the cash value exceeds the Net Single Premium and recover the excess, if any; and

8.3.2 upon recovery of the excess, release the collateral assignment and thereafter have no further interest in the Policy; and

8.3.3 pay to each Participant an amount equal to the excess, if any, of the Net Single Premium over the cash value released to the participant in 8.3.2 above.

8.4 UPON RETIREMENT. In the event of termination from service on the PGC Board at or after Retirement, the Participant may elect either to:

8.4.1 reimburse the Participating Company an amount equal to the Participating Company's Share of Premium, whereupon receipt of payment from the Participant, the Company shall release the collateral assignment and thereafter shall have no further interest in the Policy, or

8.4.2 continue participation in the Plan with the Company continuing to pay premiums pursuant to Article 5.

ARTICLE 9

DURATION OF THE PLAN

9.1 PLAN CONTINUATION. Subject to the provisions of Article 8, this Plan shall continue with respect to each Participant until such time as the Cash Value of the Policy on a Participant is sufficient to permit:

9.1.1 the Participating Company to recover the Participating Company's Share of Premium; and

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9.1.2 the Participant to recover an amount equal to the federal and state income tax he will incur as a result of termination of the split dollar arrangement; and

9.1.3 the death benefit to continue to the Participant's age ninety-five (95) with no further premium outlay based upon then current interest assumptions.

9.2 TERMINATION OF ARRANGEMENT. When the standard required by Paragraph 6 is achieved and upon the Participating Company's receiving the Participating Company's Share of Premium, the split dollar arrangement with that Participant shall terminate. The Participating Company shall release the collateral assignment and thereafter, shall have no further interest in the Policy.

ARTICLE 10

AMENDMENT AND TERMINATION OF PLAN

10.1 AMENDMENT. The Senior Administrative Officer may amend the Plan from time to time as may be necessary for administrative purposes and legal compliance, provided, however, that no such amendment shall affect the benefit rights of Participants or Beneficiaries in the Plan. Prior to achieving the standard required by Section 9.1, the Committee may not amend, modify or revoke this Plan in a manner that reduces the rights of the Participant under this Plan.

10.2 TERMINATION. The Board of each Participating Company may at any time, in its sole discretion, terminate the Plan in whole or in part for that Participating Company, such that no future Participants will be allowed into the Plan. However, no such termination shall adversely affect the benefits of Participants which have accrued prior to such action, the benefits of any Participant who has previously retired, the benefits of any beneficiary of a Participant who has previously died, or already accrued Plan liabilities between Participating Companies.

ARTICLE 11

INSURER NOT A PARTY TO PLAN

An Insurer shall be bound only by the provisions of and endorsements on the Policy, and any payments made or action taken by an Insurer in accordance therewith shall fully discharge it from all claims, suits and demands of all persons whatsoever. Except as specifically provided by endorsement on the Policy, it shall in no way be bound by the provisions of this Plan.

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ARTICLE 12

NAMED FIDUCIARY

12.1 SENIOR ADMINISTRATIVE OFFICER; COMMITTEE. The Senior Administrative Officer is hereby designated the "Named Fiduciary" until removal by the Committee. As Named Fiduciary, the Senior Administrative Officer shall be responsible for the management, control and administration of the Plan established herein. The Senior Administrative Officer may allocate to others certain aspects of the management and operation responsibilities of the Plan, including the employment of advisors and the delegation of any ministerial duties to qualified individuals.

12.2 INDEMNITY OF SENIOR ADMINISTRATIVE OFFICER; COMMITTEE. Each participating Company shall indemnify and hold harmless the Senior Administrative Officer and the Committee and its individual members against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

12.3 AVAILABILITY OF PLAN DOCUMENTS. Each Participant shall receive a copy of this Plan, and the Senior Administrative Officer shall make available for inspection by a Participant a copy of the rules and regulations used in administering the Plan.

12.4 COST OF PLAN ADMINISTRATION. The Company shall bear all expenses of administration. However, a ratable portion of the expense shall be charged back to each Participating Company.

ARTICLE 13

CLAIMS PROCEDURE

13.1 CLAIM. Claims for any benefits due under the Plan or upon surrender of the Policy shall be made in writing by the Participating Company, and the Participant or his designated beneficiary or beneficiaries, as the case may be, to the Named Fiduciary or his delegatee who shall respond in writing as soon as practicable.

13.2 DENIAL OF CLAIM. In the event a claim is denied or disputed, the Named Fiduciary shall, within a reasonable period of time after receipt of the claim, notify the Participating Company, and the Participant or his designated beneficiary or beneficiaries, as the case may be, of such denial or dispute listing:

13.2.1 The reasons for the denial or dispute; with specific reference to the Plan provisions upon which the denial or dispute is based;

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13.2.2 A description of any additional material or information necessary and an explanation of why it is necessary; and

13.2.3 An explanation of the Plan's claim review procedure.

13.3 REVIEW OF CLAIM. Within sixty (60) days of denial or notice of claim under the Plan, a claimant may request that the claim be reviewed by the Named Fiduciary. The claim or request shall be reviewed by the Named Fiduciary, who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents and submit issues and comments in writing.

13.4 FINAL DECISION. The decision of the Senior Administrative Officer on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE 14

MISCELLANEOUS

14.1 LIABILITIES FOR BENEFITS. Except as otherwise provided in this Section, liability for the payment of a Participant's benefit pursuant to this Plan shall be borne solely by the Participating Company for which the Participant serves during the accrual or increase of the Plan benefit, and no liability for the payment of any Plan benefit shall be incurred by reason of Plan sponsorship or participation except for the Plan benefits of a Participating Company's own advisors or Board members. Provided, however, that each Participating Company, by accepting the Board's designation as a Participating Company under the Plan and formally adopting the Plan, agrees to assume secondary liability for the payment of any benefit accrued or increased while a Participant serves on the board of directors of a Participating Company that is a Direct Subsidiary or Indirect Subsidiary of the Participating Company at the time such benefit is accrued or increased. Such liability shall survive any revocation of designation as a Participating Employer with respect to any liabilities accrued at the time of such revocation. Nothing in this paragraph shall be interpreted as prohibiting any Participating Company or any other person from expressly agreeing to assumption of liability for a Plan Participant's payment of any benefits under the Plan.

14.2 ALLOCATION OF ASSET. The interests of each Participating Company in and to the Policy as described in Section 6.2 shall be allocated, if applicable, pro rata among those Participating Companies who employed the Participant and reported the Participant as being on their payroll during the accrual or increase of the Plan benefit. Such allocation of asset shall survive any revocation of designation as a Participating Company or termination of the Plan with respect to any asset accrued at the time of such revocation or termination.

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14.3 PROTECTIVE PROVISIONS. A Participant will cooperate with the Participating Company by furnishing any and all information requested by the Participating Company, in order to facilitate the payment of benefits hereunder, and by taking such physical examination as the Participating Company may deem necessary and taking such other action as may be requested by the Participating Company.

14.4 TRANSFER OF PARTICIPANT'S INTEREST IN THE POLICY. In the event a Participant shall transfer all of his interest in the Policy, then all of a Participant's interest in the Policy shall be vested in his transferee, who shall be substituted as a party hereunder, and a Participant shall have no further interest in the Policy.

14.5 TERMS. In this Plan document, unless the context clearly indicates the contrary, the masculine gender will be deemed to include the feminine gender, and the singular shall include the plural.

14.6 GOVERNING LAW. The provisions of this Plan shall be construed and interpreted according to the laws of the State of Oregon, except as preempted by federal law.

14.7 VALIDITY. In case any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provisions had never been inserted herein.

14.8 NOTICE. Any notice or filing required or permitted to be given to the Senior Administrative Officer under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Senior Administrative Officer or to Secretary of Company. Notice to the Senior Administrative Officer, if mailed, shall be addressed to the principal executive offices of the Participating Company. Notice mailed to the Participant shall be at such address as is given in the records of the

Participating Company. Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

14.9 SUCCESSORS. The provisions of this Plan shall bind and inure to the benefit of each Participating Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of the Participating Company, and successors of any such corporation or other business entity.

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14.10 NOT A CONTRACT OF SERVICE. The terms and conditions of this Plan shall not be deemed to constitute a contract of service between a Participating Company and a Participant, and neither a Participant nor a Participant's Spouse or Dependent shall have any rights against a Participating Company except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained on the Board of a Participating Company nor shall it interfere with the Participant's right to terminate his directorship at any time.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its officers thereunto duly authorized this 19th day of November, 1997.

PORTLAND GENERAL HOLDINGS, INC.

By: /s/ Don F. Kielblock

Its: Vice President

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SCHEDULE I

DEATH BENEFITS PAYABLE UNDER

PORTLAND GENERAL HOLDINGS, INC.

OUTSIDE DIRECTORS' LIFE INSURANCE BENEFIT PLAN

1997 RESTATEMENT

EFFECTIVE JUNE ____, 1997

Outside Directors

\$200,000

EXHIBIT A

COLLATERAL ASSIGNMENT

THIS ASSIGNMENT, made and entered into and effective this _____ day of _____, 19____, by the undersigned as owner (the Owner) of that certain Life Insurance Policy No. _____ issued by _____ (Insurer) and any supplementary contracts issued in connection therewith (said policy and contracts being herein called the Policy), upon the life of _____ (Insured), to Portland General Corporation, an Oregon corporation (the Assignee).

WITNESSETH:

WHEREAS, the Insured is a Director of the Assignee; and

WHEREAS, said Assignee desires to provide the Insured with supplemental life insurance protection by contributing a portion of the annual premium due on the Policy, as more specifically provided for in the split dollar arrangement set forth in the Outside Directors' Life Insurance Benefit Plan (the Plan); and adopted as restated by the Assignee on January 1, 1996, a copy of which is attached hereto, incorporated by reference and made a part hereof; and

WHEREAS, in consideration of the Assignee agreeing to pay a portion of the premium, the Owner agrees to grant the Assignee an interest in the policy as security for the recovery of the Assignee's premium outlay.

NOW THEREFORE, for value received, the undersigned hereby assigns, transfers and sets over to the Assignee, its successors and assigns, the following specific rights in the Policy, subject to the following terms and conditions:

1. This Assignment is made, and the Policy is to be held, as collateral security for the premium payments made by Assignee, pursuant to the terms of the Plan.

2. The Assignee's interest in the Policy shall further be limited to:

a. the right to recover the aggregate amount of insurance premium paid by the Assignee less the aggregate portion contributed by the Participant (the Assignee's Share of Premium) in the event the Policy is surrendered or canceled by the Owner as provided in Section 7.1 of the Plan,

b. the right to recover, upon the death of the Participant, all proceeds in excess of the death benefit promised in Schedule I of the Outside Directors' Life Insurance Benefit Plan,

c. the right to recover the Assignee's Share of Premium, the right to recover the excess of cash value over the Net Single Premium, or the right to receive ownership of the Policy in the event of termination of the split dollar arrangement as provided in Article 8

of the Plan.

3. Except as specifically herein granted to the Assignee, the Owner shall retain all incidents of ownership in the Policy including, but not limited to, the right to assign his interest in the Policy, the right to change the beneficiary of that portion of the proceeds to which he is entitled under Article 6 of the Plan, and the right to exercise all settlement options permitted by the terms of the Policy. Provided, however, that all rights retained by the Owner shall be subject to the terms and conditions of the Plan.

4. The Assignee shall, upon request, forward the Policy to the Insurer, without unreasonable delay, for endorsement of any designation of change of beneficiary, any election of optional mode of settlement, or the exercise of any other right reserved by the Owner hereunder.

5. The Insurer is hereby authorized to recognize the Assignee's claims to rights hereunder without investigating the reason for any action taken by the Assignee, the amount of its Share of Premium, the existence of any default therein, the giving of any notice required herein, or the application to be made by the Assignee of any amounts to be paid to the Assignee.

The signature of the Assignee shall be sufficient for the exercise of any rights under the Policy assigned hereby to the Assignee, and the receipt of the Assignee for any sums received by it shall be a full discharge and release therefore to the Insurer.

6. The insurer shall be fully protected in recognizing the requests made by the Owner for surrender of the Policy with or without the consent of the Assignee, and, upon such surrender, the Policy shall be terminated and shall be of no further force or effect.

7. Upon the full payment to the Assignee of its Share of Premium, or in the event of a Change in Control upon recovery of the excess of cash value over the Net Single Premium the Assignee shall release the Collateral Assignment and reassign to the Owner all specific rights included in this Collateral Assignment.

IN WITNESS WHEREOF, the undersigned Owner has executed this Assignment the date and year first above written.

Witness

Owner

PORTLAND GENERAL HOLDINGS, INC.
RETIREMENT PLAN FOR OUTSIDE DIRECTORS
1997 RESTATEMENT

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PORTLAND GENERAL HOLDINGS, INC.
RETIREMENT PLAN FOR OUTSIDE DIRECTORS
1997 RESTATEMENT

ARTICLE I-PURPOSE

1.1 Purpose

The Portland General Holdings, Inc. Retirement Plan for Outside Directors is designed to enhance the Participating Companies' ability to attract and retain competent and experienced Directors by providing retirement benefits for certain Directors who retire after the Effective Date. The Plan first became effective on January 1, 1985 and was amended by the 1990 and 1996 Restatements.

1.2 Effective Date

This 1997 Restatement is effective June 25, 1997.

1.3 Plan Sponsor

The Plan is maintained for the benefit of previous Outside Directors of Portland General Corporation, an Oregon corporation, and Outside Directors of any corporations or other entities affiliated with or subsidiary to it, if such corporations or entities are selected by the Board.

ARTICLE II-DEFINITIONS

2.1 Actuarially Equivalent

"Actuarially Equivalent" shall mean the equivalence in value between two (2) or more forms and/or times of payment based upon a determination by an actuary chosen by the Senior Administrative Officer using a discount rate equal to the 30-year Treasury Bill rate on the January 1st of the year in which the determination occurs plus one percent (1%) and the unisex

mortality table chosen by the actuary, which choice shall be binding on all parties.

2.2 Benefit Service

"Benefit Service" shall mean the continuous amount of time, in completed months, as an Outside Director. Benefit Service shall commence on the Outside Director's first election to the Board as an Outside Director and shall end at the last Board or committee meeting the Outside Director attends. Concurrent service on more than one Participating Company's Board shall be counted only once as actual months of service.

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2.3 Board

"Board" shall mean the Board of Directors of Portland General Holdings, Inc.

2.4 Change in Control

A "Change in Control" shall mean:

(a) Any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Portland General Holdings, Inc. ("PGH"), any trustee or other fiduciary holding securities under an employee benefit plan of PGH, or any Employer owned, directly or indirectly, by the stockholders of PGH in substantially the same proportions as their ownership of stock of PGH), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities representing thirty percent (30%) or more of the combined voting power of PGH's then outstanding voting securities; or

(b) During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by PGH's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors as of the beginning of the period of whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

(c) Notwithstanding anything to the contrary in the foregoing, no "Change in Control" shall be deemed to have occurred upon the consummation of the Amended and Restated Agreement and Plan of Merger by and among Enron Corp., Portland General Corporation and Enron Oregon Corp., dated as of July 20, 1996, or amended and restated from time to time (the "Merger Agreement").

2.5 Committee

"Committee" shall mean the Non-Qualified Benefits Committee of the Board.

2.6 Company

"Company" shall mean Portland General Holdings, Inc., an Oregon Corporation.

2.7 Compensation

"Compensation" shall mean the greater of actual annual retainer and fees for attendance at PGC Board and various committee meetings that the Outside Director earned in the last 12 months of Benefit Service, or one-third (1/3) of the total annual retainer and fees earned in the last thirty-six (36) months of Benefit Service.

2.8 Dependent

"Dependent" shall mean an unmarried child of the Outside Director until the age of nineteen (19) (age twenty-six (26) if a full-time student). An unmarried child shall also qualify as a Dependent by reason of mental retardation or physical handicap for as long as the condition exists, if such child qualifies as a dependent under regulations set forth by the Internal Revenue Service by reason of such mental retardation or physical handicap.

2.9 Direct Subsidiary

"Direct Subsidiary" means any corporation of which a Participating Company owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote.

2.10 Effective Date

"Effective Date" shall mean June 25, 1997.

2.11 Indirect Subsidiary

"Indirect Subsidiary" means any corporation of which a Participating Company directly and constructively owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote. In determining the amount of stock of a corporation that is constructively owned by a Participating Company, stock owned, directly or constructively, by a corporation shall be considered as being owned proportionately by its shareholders according to such shareholders' share of voting power of all classes of its stock entitled to vote.

2.12 Marriage

"Marriage" shall mean the Marriage or Remarriage of a Participant prior to their separation from service on the Board.

2.13 Outside Director

"Outside Director" shall mean a member of the PGC Board who is not an employee of Portland General Holdings, Inc. or any Direct Subsidiary or Indirect Subsidiary or affiliate of Portland General Holdings, Inc..

2.14 PGC Board

"PGC Board" shall mean the Board of Directors of Portland General Corporation, or the Board of Directors of the successor corporation established pursuant to the Merger Agreement as defined in Section 2.4(c), or any Advisory Committee to the Portland General Electric Company or the board or officers of a corporation qualifying as a Participating Company of the Plan, including subsidiaries and joint venture partners, the status of which shall be determined at the discretion of the Senior Administrative Office.

2.15 Participant

"Participant" shall mean any eligible Outside Director elected to the PGC Board prior to the Suspension Date.

2.16 Participating Company

"Participating Company" shall mean the Company or any affiliated or subsidiary company designated by the Board as a Participating Company under the Plan, as long as such designation has become effective and continues to be in effect. The designation as a Participating Company shall become effective only upon acceptance of such designation and the formal adoption of the Plan by a Participating Company. A Participating Company may revoke its acceptance of designation as a Participating Company at any time, but until it makes such revocation, all of the provisions of this Plan and any amendments thereto shall apply to the Outside Directors of the Participating Company and their Beneficiaries.

2.17 Plan

"Plan" shall mean the Portland General Holdings, Inc. Retirement Plan for Outside Directors.

2.18 Retirement Date

"Retirement Date" shall mean the first day of the month coincident with or next following the date of separation from service as an Outside Director, other than by death, after the earlier of age seventy (70) or ten (10) years of Benefit Service.

2.19 Senior Administrative Officer

"Senior Administrative Officer" shall mean the employee in the management position designated by the Committee to administer the Plan.

2.20 Spouse

"Spouse" shall mean the person to whom the Outside Director was legally married at the Outside Director's date of death.

2.21 Suspension Date

"Suspension Date" shall mean January 1, 1996.

2.22 Termination

"Termination" shall mean removal from the PGC Board by shareholders during a current term of office.

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ARTICLE III-RETIREMENT BENEFITS

3.1 Eligibility

Each Participant who reaches a Retirement Date on or after the Effective Date shall be eligible for retirement benefits under this Plan. Benefits shall be payable to such Participant under this Plan when the Participant no longer serves on the PGC Board.

3.2 Benefit Upon Retirement

(a) The annual benefit payable under this Plan shall equal five percent (5%) of Compensation for each of the first ten (10) years of Benefit Service plus two and one-half percent (2.5%) of Compensation for each of the next ten (10) years of Benefit Service up to a maximum benefit of seventy-five percent (75%) of Compensation for years of Benefit Service completed prior to the Suspension Date. No further accruals shall be made following the Suspension Date.

(b) All Participants shall be vested in their accrued benefit as of the Suspension Date.

3.3 Form of Benefit Payment

The benefits shall be paid in the form elected by the Participant at the time the Outside Director becomes a Participant in the Plan. Except in the

case of Marriage of a Participant (in which case a Participant may reelect), this election shall be made one time and shall be irrevocable. The election shall be in the form prescribed by the Company and filed with the Senior Administrative Officer. The following options shall be available:

(a) If the Participant is unmarried as of the Retirement Date, the benefit shall be paid:

(i) As a straight life annuity; or

(ii) Over a length of time equal to the lesser of the Outside Director's Benefit Service or the Outside Director's lifetime.

(b) If the Participant is married as of the Retirement Date, the benefit may be paid:

(i) As a straight life annuity; or

(ii) As a fifty percent (50%) joint and survivor annuity; or

(iii) As a one hundred percent (100%) joint and survivor annuity;
or

(iv) Over a period of time equal to the Outside Director's Benefit Service so long as the Outside Director or Spouse is living;
or

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(v) Over a length of time equal to the lesser of the Outside Director's Benefit Service or the Outside Director's lifetime, or upon death, survivor benefit payable for the lesser of Spouse's life, twelve (12) months, or Outside Director's Benefit Service.

Benefits paid in a form other than pursuant to Section 3.3(a)(ii) or (b)(v) shall be calculated on an Actuarially Equivalent basis. In the event an election is not on file at the time benefit payments commence, benefits shall be paid as a straight life annuity if the Participant is unmarried or a fifty percent (50%) joint and survivor annuity if the Participant is married. One-twelfth (1/12) of the annual benefit shall be payable monthly on the first day of each month.

(c) If the benefit to be paid is less than ten thousand dollars (\$10,000) as of the Suspension Date, a lump-sum payment shall be paid notwithstanding the form elected.

3.4 Commencement of Payment

Benefit payments shall commence within thirty (30) days following separation from service on the Board.

ARTICLE IV-BENEFITS AFTER CHANGE IN CONTROL

4.1 Benefit Upon a Change in Control

Upon the Termination of a Participant within three (3) years following a Change in Control, the following shall apply to the benefits for each Participant who is an Outside Director at the time such Change in Control occurs:

(a) A benefit shall be payable regardless of the Outside Director's Benefit Service, Retirement Date, or age.

(b) The annual benefit payable shall equal five percent (5%) of Compensation for each of the first ten (10) years of Benefit Service plus two and one-half percent (2.5%) of Compensation for each of the remaining years of Benefit Service, up to ten (10) years of Benefit

Service, for years of Benefit Service completed prior to the Suspension Date, except that the Participant's total benefit shall not exceed seventy-five percent (75%) of Compensation.

4.2 Form of Payment

A benefit, Actuarially Equivalent to the benefit payable over the lesser of twenty (20) years or years of service on the Board as computed under 4.1(c), shall be paid in a lump sum.

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4.3 Commencement of Payment

Benefit payment shall be made within sixty (60) days following Termination of the Outside Director.

ARTICLE V-SURVIVOR BENEFITS

5.1 Survivor Benefit

If an Outside Director, who is eligible for a retirement benefit, dies while serving on the PGC Board, a survivor's benefit equal to the Participant's monthly Retirement benefit shall be paid to the Spouse of the Outside Director. Such benefit shall be the Actuarially Equivalent amount payable under this Plan, as of the Suspension Date, as if the Outside Director had retired on the first day of the month in which he or she died and had been receiving the benefit as elected under Section 3.3 (b) (ii), (iii), (iv), or (v).

5.2 Cessation of Benefit Upon Remarriage

In the event a Spouse receiving benefits under this Plan remarries, such Spouse will stop receiving, as of the date of remarriage, any further monthly benefits from this Plan. However, in lieu of any further monthly benefits from this Plan, a Spouse will receive the lesser of the remaining monthly benefits or six (6) months of benefits in a lump sum within forty-five (45) days from the date of such remarriage. In the event the Senior Administrative Officer is not notified of such remarriage within six (6) months, no benefit shall be payable under this Section.

ARTICLE VI-ADMINISTRATION

6.1 Senior Administrative Officer; Duties

This Plan shall be administered by the Senior Administrative Officer, as designated by the Committee. Members of the Committee may be Participants under this Plan. The Senior Administrative Officer shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions including interpretations of this Plan as may arise in connection with the Plan. The Senior Administrative Officer shall report to the Committee on an annual basis regarding Plan activity and at such other times as may be requested by the Committee.

6.2 Agents

In the administration of the Plan, the Senior Administrative Officer may, from time to time, employ agents and delegate to such agents, including employees of any Participating Company, such administrative duties as it sees fit, and may, from time to time, consult with counsel, who may be counsel to any Participating Company.

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6.3 Binding Effect of Decisions

The decision or action of the Senior Administrative Officer with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

6.4 Indemnity of Senior Administrative Officer; Committee

Each Participating Company shall indemnify and hold harmless the Senior Administrative Officer and the Committee and its individual members against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

6.5 Availability of Plan Documents

Each Participant shall receive a copy of this Plan, and the Senior Administrative Officer shall make available for inspection by any Participant a copy of the rules and regulations used in administering the Plan.

6.6 Cost of Plan Administration

The Company shall bear all expenses of administration. However, a ratable portion of the expense shall be charged back to each Participating Company.

ARTICLE VII-CLAIMS PROCEDURE

7.1 Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan or requesting information under the Plan shall present the request in writing to the Senior Administrative Officer or his delegatee who shall respond in writing as soon as practicable.

7.2 Denial of Claim

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

- (a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.
- (b) A description of any additional material or information required and an explanation of why it is necessary.
- (c) An explanation of the Plan's claim review procedure.

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7.3 Review of Claim

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Senior Administrative Officer. The claim or request shall be reviewed by the Senior Administrative Officer, who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents and submit issues and comments in writing.

7.4 Final Decision

The decision of the Senior Administrative Officer on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE VIII-AMENDMENT AND TERMINATION OF PLAN

8.1 Amendment

The Senior Administrative Officer may amend the Plan from time to time as may be necessary for administrative purposes and legal compliance, provided, however, that no such amendment shall affect the benefit rights of Participants or Beneficiaries in the Plan. The Committee may amend the Plan at any time, provided, however, that no amendment shall be effective to decrease or restrict the rights of Participants and Beneficiaries to the benefit accrued at the time of the amendment.

8.2 Termination

The board of directors of each Participating Employer may at any time, in its sole discretion, terminate or suspend the Plan in whole or in part for that Participating Employer. However, no such termination or suspension shall adversely affect the benefits of Participants which have accrued prior to such action, the benefits of any Participant who has previously retired, the benefits of any Beneficiary of a Participant who has previously died, or already accrued Plan liabilities between Participating Employers.

ARTICLE IX-MISCELLANEOUS

9.1 Unfunded Plan

This Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of Outside Directors.

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9.2 Liability

(a) Liability of Benefits. Except as otherwise provided in this paragraph, liability for the payment of a Participant's benefit pursuant to this Plan shall be borne solely by the Participating Company for which the Participant serves during the accrual or increase of the Plan benefit, and no liability for the payment of any Plan benefit shall be incurred by reason of Plan sponsorship or participation except for the Plan benefits of a Participating Company's own Outside Directors. Provided, however, that each Participating Company, by accepting the Board's designation as a Participating Company under the Plan and formally adopting the Plan, agrees to assume secondary liability for the payment of any benefit accrued or increased while a Participant serves on the board of directors of a Participating Company that is a Direct Subsidiary or Indirect Subsidiary of the Participating Company at the time such benefit is accrued or increased. Such liability shall survive any revocation of designation as a Participating Employer with respect to any liabilities accrued at the time of such revocation. Nothing in this paragraph shall be interpreted as prohibiting any Participating Company or any other person from expressly agreeing to the liability for a Plan Participants' payment of any benefits under the Plan.

(b) Unsecured General Creditor. Participants of this Plan, and any Spouse, Dependents, heirs, successors, and assigns shall have no secured legal or equitable rights, interest or claims in any property or assets of Participating Company, nor shall they be beneficiaries of, or have any rights, claims or interests in any life insurance

policies, annuity contracts or the proceeds therefrom owned or which may be acquired by Participating Company. Except as provided in Section 9.3, such policies, annuity contracts or other assets of Participating Company shall not be held under any trust for the benefit of any Participant, Spouse, Dependents, heirs, successors or assigns, or held in any way as collateral security for the fulfilling of the obligations of Participating Company under this Plan. Any and all of Participating Company's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of Participating Company. Participating Company's obligation under the Plan shall be that of an unfunded and unsecured promise to pay money in the future.

9.3 Trust Fund

At its discretion, each Participating Company, jointly or severally, may establish one or more trusts, with such trustees as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of Participating Company's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, Participating Company shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by, Participating Company.

9.4 Nonassignability

Neither a Participant of this Plan nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all

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rights to which are, expressly declared to be nonassignable and nontransferable.

No part of the amount payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

9.5 Payment to Guardian

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Senior Administrative Officer may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor or incompetent person. The Senior Administrative Officer may require proof of incompetency, minority, incapacity or guardianship as he may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Senior Administrative Officer, the Committee and the Company from all liability with respect to such benefit.

9.6 Terms

In this Plan document, unless the context clearly indicates the contrary, the masculine gender will be deemed to include the feminine gender, and the singular shall include the plural.

9.7 Protective Provisions

A Participant shall cooperate with Participating Company by furnishing any and all information requested by Participating Company, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as Participating Company may deem necessary and taking such other action as may be requested by Participating Company.

9.8 Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of the State of Oregon, except as preempted by federal law.

9.9 Validity

If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

9.10 Notice

Any notice or filing required or permitted to be given to the Senior Administrative Officer under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the Senior Administrative Officer or the Secretary of Company. Notice, if mailed, shall be addressed to the principal executive offices of Company. Notice mailed to the Participant shall be at such address as is given in the records of the Company. Such notice shall

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be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

9.11 Successors

The provisions of this Plan shall bind and inure to the benefit of Participating Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of Participating Company, and successors of any such corporation or other business entity.

9.12 Not a Contract of Service

The terms and conditions of this Plan shall not be deemed to constitute a contract of service between a Participating Company and a Participant, and neither a Participant nor a Participant's Spouse or Dependent shall have any rights against a Participating Company except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained on the Board of a Participating Company nor shall it interfere with the Participant's right to terminate his directorship at any time.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its officers thereunto duly recognized, this 5th day of September, 1997.

PORTLAND GENERAL HOLDINGS, INC.

By: /s/ Don F. Kielblock

Its: Vice President

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PORTLAND GENERAL HOLDINGS, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
1997 RESTATEMENT

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PORTLAND GENERAL HOLDINGS, INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

1997 RESTATEMENT

ARTICLE 1

PURPOSE

1.1 PURPOSE. The principal objectives of this Supplemental Executive Retirement Plan are to provide key executives with competitive retirement benefits, protect against reductions in retirement benefits due to tax law limitations on qualified plans and to facilitate early retirement. The Plan is designed to provide a benefit which, when added to other retirement income of the executive, will meet this objective. This Plan was originally effective on July 1, 1983, and amended by the 1996 Restatement.

1.2 EFFECTIVE DATE. This 1997 Restatement is adopted to make amendments to the Plan effective June 25, 1997.

ARTICLE 2

DEFINITIONS

2.1 ACTUARIALLY EQUIVALENT. "Actuarially Equivalent" shall mean the equivalence in value between two or more forms and/or times of payment based upon a determination by an actuary chosen by the Senior Administrative Officer using sound actuarial assumptions at the time of such determination and applied on a uniform and consistent basis for all Participants.

2.2 BASIC PLAN. "Basic Plan" shall mean the Participating Employers' Pension Plan or Plans, as may be amended from time to time, and any successor defined benefit retirement income plan or plans maintained by the Participating Employers which qualify under Section 401(a) of the Internal Revenue Code.

2.3 BASIC PLAN OFFSET. "Basic Plan Offset" shall mean the amount of benefit that would be paid from the Basic Plan to a Participant, assuming eligible compensation used to calculate such benefit includes amounts deferred under any Participating Employer sponsored non-qualified deferred compensation plan, in the form of a straight life annuity from the Early, Normal, Disability or Postponed Retirement Date, regardless of the amount actually paid or the actual method of payment under the Basic Plan.

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2.4 BOARD. "Board" shall mean the Board of Directors of Portland General Holdings, Inc.

2.5 CAUSE. "Cause" shall mean:

2.5.1 The final conviction (or, without limitation, confession, plea bargain, plea of nolo contendere or similar disposition in a court of law) of a Participant of a felony connected with or related to or which affects the performance of Participant's obligations as an employee of a Participating Employer;

2.5.2 Perpetration of fraud against or affecting a Participating Employer; or

2.5.3 Misfeasance or malfeasance in connection with a Participant's employment with a Participating Employer.

2.6 CHANGE IN CONTROL. A "Change in Control" shall mean:

(a) Any "person," as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Portland General Holdings, Inc. ("PGH"), any trustee or other fiduciary holding securities under an employee benefit plan of PGH, or any Employer owned, directly or indirectly, by the stockholders of PGH in substantially the same proportions as their ownership of stock of PGH), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities representing thirty percent (30%) or more of the combined voting power of PGH's then outstanding voting securities; or

(b) During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by PGH's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors as of the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

(c) Notwithstanding anything to the contrary in the foregoing, no "Change in Control" shall be deemed to have occurred upon the consummation of the Amended and Restated Agreement and Plan of Merger by and among Enron Corp., Portland General Corporation and Enron Oregon Corp., dated as of July 20, 1996, or amended and restated from time to time.

2.7 COMMITTEE. "Committee" shall mean the Non-qualified Benefits Committee of the Board.

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2.8 COMPANY. "Company" shall mean Portland General Holdings, Inc., an Oregon corporation.

2.9 CREDITED SERVICE. "Credited Service" shall mean a Participant's Years of Credited Service or Benefit Service as defined in the Basic Plan. A Participant may, at the option of the Committee, be credited with additional Years of Credited Service. Such additional Years of Service may be for calculation of the benefit under Section 4.1 or Section 4.2 or calculation of the unreduced Benefit Date under Section 4.7 and may be in different amounts for each purpose.

2.10 DEPENDENT. "Dependent" shall mean an unmarried child of the Participant until the age of nineteen (19) (age twenty-six (26) if a full time student). An unmarried child may also qualify as a Dependent by reason of mental retardation or physical handicap for as long as the condition exists, if such child qualifies as a dependent under regulations set forth by the Internal Revenue Service by reason of such mental retardation or physical handicap.

2.11 DIRECT SUBSIDIARY. "Direct Subsidiary" shall mean any corporation of which a Participating Employer owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote.

2.12 DISABILITY. "Disability" shall mean the inability of a Participant to perform with reasonable continuity the material duties of any gainful occupation for which the Participant is reasonably fitted by education, training and experience.

2.13 EARNINGS. "Earnings" shall mean total annual base salary, before any reductions pursuant to voluntary deferrals by the employee under Participating Employer-sponsored plans; plus any cash annual incentive compensation awards; plus any cash long-term incentive awards earned prior to January 1, 1987, but excluding any other long-term incentive awards. For purposes of determining Earnings for any particular year, Earnings for the year shall consist of base salary, cash annual incentive compensation awards, and cash long-term incentive awards earned prior to January 1, 1987, earned during that year.

2.14 EMPLOYMENT. "Employment" shall mean the period or periods during which an individual is an employee of one or more Participating Employers.

2.15 FINAL AVERAGE EARNINGS. "Final Average Earnings" shall mean a Participant's highest average of any three consecutive years' Earnings during the final ten (10) years of Employment. If the Participant has fewer than three (3) years of Employment, then his Final Average Earnings shall be determined based on the average of the actual Employment period.

2.16 FINAL EARNINGS. "Final Earnings" shall mean the Participant's Earnings for the year ending on the date a Change in Control under Section ** occurs.

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2.17 INDIRECT SUBSIDIARY. "Indirect Subsidiary" shall mean any corporation of which a Participating Employer directly and constructively owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote. In determining the amount of stock of a corporation that is constructively owned by a Participating Employer, stock owned, directly or constructively, by a corporation shall be considered as being owned proportionately by its shareholders according to such shareholders' share of voting power of all classes of its stock entitled to vote.

2.18 OTHER RETIREMENT INCOME. "Other Retirement Income" shall mean retirement income payable to a Participant as set forth below:

2.18.1 FOR OTHER THAN DISABILITY RETIREMENT: Any periodic income continuance, severance payments or other defined benefit retirement payments from a Participating Employer.

2.18.2 FOR DISABILITY RETIREMENT: Income from the Portland General Holdings, Inc. Long-Term Disability Plan or any other long-term disability plan sponsored by a Participating Employer.

2.19 PARTICIPANT. "Participant" shall mean an employee of a Participating Employer, who is also a Senior Officer as defined in Section 2.23 and designated in writing as a Participant by the Senior Administrative Officer prior to June 25, 1997.

2.20 PARTICIPATING EMPLOYER. "Participating Employer" shall mean Company or any affiliated or subsidiary company designated by the Board as a Participating Employer under the Plan, as long as such designation has become effective and continues to be in effect. The designation as a Participating Employer shall become effective only upon the acceptance of such designation and the formal adoption of the Plan by a Participating Employer. A Participating Employer may revoke its acceptance of designation as a Participating Employer at any time, but until it makes such revocation, all of the provisions of this Plan and any amendments thereto shall apply to the Participants and their Beneficiaries of the Participating Employer.

2.21 PLAN. "Plan" shall mean the Portland General Holdings, Inc. Supplemental Executive Retirement Plan, as may be amended from time to time.

2.22 RETIREMENT. "Retirement" and "Retire" shall mean the termination of a Participant's Employment with Portland General Holdings, Inc. and any and all Direct or Indirect Subsidiaries or affiliates of Portland General Holdings, Inc. on one of the Retirement dates specified in Section 3.2.

2.23 SENIOR ADMINISTRATIVE OFFICER. "Senior Administrative Officer" shall mean the employee in the management position designated by the Committee to administer the Plan.

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2.24 SENIOR OFFICE. "Senior Officer" shall mean the Chief Executive Officer, the President, Division Presidents, all Senior Vice Presidents, all Vice Presidents, the Treasurer and the Controller of the Participating Employer, all as elected or appointed by the board of directors of the Participating Employer.

2.25 SPOUSE. "Spouse" shall mean an individual who is a spouse as defined under the Basic Plan.

ARTICLE 3

ELIGIBILITY

3.1 ELIGIBILITY. Eligibility to participate shall be limited to those employees who have attained the position of Senior Officer and are designated in writing as a Participant by the Senior Administrative Officer prior to June 25, 1997, or those employees who have previously been selected as Participants.

3.2 RETIREMENT. Each Participant is eligible to Retire and receive a benefit under this Plan beginning on one of the following dates:

3.2.1 NORMAL RETIREMENT DATE, which is the first day of the month following the month in which the Participant reaches age sixty-five (65);

3.2.2 EARLY RETIREMENT DATE, which is the first day of any month following the month in which the Participant reaches age fifty-five (55) and has completed five (5) years of Employment with Portland General Holdings, Inc. and any Direct and Indirect Subsidiaries or affiliates of Portland General Holdings, Inc.;

3.2.3 POSTPONED RETIREMENT DATE, which is the first day of the month following the Participant's Normal Retirement Date in which the Participant terminates Employment with Portland General Holdings, Inc. and any and all Direct and Indirect Subsidiaries or affiliates of Portland General Holdings, Inc.; or

3.2.4 DISABILITY RETIREMENT DATE, which is the first day of the month following six (6) months of Disability as certified by the Senior Administrative Officer.

3.3 FORFEITURES. A Participant who is receiving, or may be entitled to receive, a benefit shall forfeit any right to receive benefits if one of the following occurs:

3.3.1 The Participant is discharged for Cause, as determined by the Committee;

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3.3.2 The Participant performs services for an organization where there is a conflict of interest which is adverse to the Company's interest, as determined by the Committee; or

3.3.3 The Participant voluntarily terminates employment without providing for transition in disregard of the Company's best interests, as determined by the Committee.

ARTICLE 4

AMOUNT, FORM AND PAYMENT OF SUPPLEMENTAL BENEFIT

4.1 NORMAL RETIREMENT BENEFIT. The annual benefit payable at a Normal Retirement Date under the Plan shall equal:

4.1.1 Three percent (3%) of Final Average Earnings for each of the first fifteen (15) years of Credited Service, plus one and one half percent (1 1/2 %) of Final Average Earnings for each of the next ten (10) years of Credited Service, plus, for service accrued prior to March 1, 1988, three-quarters of one percent (3/4 %) for each year of Credited Service in excess of twenty-five (25) (Annual Supplemental Benefit);

4.1.1.1 less any Basic Plan Offset;

4.1.1.2 less any Other Retirement Income.

4.2 EARLY RETIREMENT BENEFIT.

4.2.1 The annual benefit payable at an Early retirement Date shall equal the Annual Supplemental Benefit based on Credited Service to the Early Retirement Date, reduced in accordance with Section 4.6 as appropriate;

4.2.1.1 less any Basic Plan Offset;

4.2.1.2 less any Other Retirement Income.

4.2.2 An additional benefit ("Temporary Social Security Supplement") shall be payable to a Participant who commences benefits on an Early Retirement Date which is prior to the earliest date the Participant is eligible for retirement benefits under the Social Security Act. Such Temporary Social Security Supplement shall not be payable during any period when the Participant is eligible to collect Social Security disability benefits. Such Temporary Social Security Supplement shall equal the Social Security benefit payable at such earliest date based on calculation procedures in the Basic Plan. Such amount shall be payable until the earlier of:

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4.2.2.1 the earliest date the Participant is eligible for Social Security retirement benefits; or

4.2.2.2 the Participant's date of death.

4.3 SEPARATION FROM SERVICE BENEFIT. The annual benefit payable at a date of separation from service other than as a result of Retirement, Disability, or Termination upon a Change in Control shall equal:

4.3.1 Annual Supplemental Benefit based on Credited Service and Final Average Earnings as of the Participant's date of separation from service, reduced in accordance with Section 4.6 as appropriate;

4.3.1.1 less any Basic Plan Offsets;

4.3.1.2 less any Other Retirement Income.

4.3.2 The benefit shall commence on the first day of the month following such date that would have constituted an Early Retirement Date had the Participant remained employed.

4.4 POSTPONED RETIREMENT BENEFIT. The annual benefit payable at a Postponed Retirement Date shall be equal to the benefit determined in accordance with Section 4.1 based on Credited Service and Final Average Earnings as of the Participant's Postponed Retirement Date.

4.5 RETENTION OF ACCRUED BENEFIT. In the event a Participant is transferred to an employer who is not a Participating Employer, the benefit payable at Retirement Date shall be calculated based on Credit Service and Final Average Earnings with all Participating Employers and as of the last date of Employment with a Participating Employer. In the event a Participant is transferred to a position other than that of Senior Officer, the benefit payable at Retirement Date shall be calculated based on Credited Service and Final Average Earnings as a Senior Officer as of the last day such Senior Officer status was held with all Participating Employers.

4.6 REDUCTION OF BENEFITS. In the event that a benefit calculated under Sections 4.2 or 4.3 is to commence prior to the Unreduced Benefit Date such benefit shall be reduced by seven-twelfths of one percent (7/12%) for each month by which the date of benefit commencement precedes the Unreduced Benefit Date.

4.7 UNREDUCED BENEFIT DATE. "Unreduced Benefit Date" shall mean the earlier of:

4.7.1 The first of the month following the date the Participant attains age sixty-two (62), or

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4.7.2 The earliest date when the sum of the Participant's age and Credited Service would total eighty-five (85) years.

4.8 COMMENCEMENT OF BENEFITS. Benefits payable in accordance with Sections 4.1, 4.2 and 4.4 shall commence on the first day of the month following the Participant's Retirement and shall continue to be paid on the first day of each succeeding month until the first day of the month following the later of the death of the Participant or the death of the Participant's Spouse.

4.9 FORM OF BENEFIT. The benefits under this Plan shall be payable as follows:

4.9.1 If the Participant is unmarried when benefits begin, a straight life annuity; or

4.9.2 If the Participant is married when benefits begin, an annuity in the same amount as 4.9.1 for the life of the Participant and an annuity of fifty percent (50%) of that amount continuing to the Participant's Spouse for the life of Participant's Spouse, if the Participant predeceases the Spouse.

4.10 BENEFIT INCREASES FOR RETIREES. Benefits payable to retirees receiving benefits under this Plan shall be increased in the same manner and at the same time as benefits are increased for retirees under the Basic Plan.

ARTICLE 5

PRE-RETIREMENT SURVIVOR BENEFITS

5.1 SURVIVOR BENEFIT. If a Participant should die before actual Retirement, the Spouse will receive a benefit equal to:

5.1.1 Fifty percent (50%) of the amount of the Participant's Annual Supplemental Benefit determined in accordance with Section 4.1, based on the Final Average Earnings at death but assuming Credited Service continued to accrue until Normal Retirement Date;

5.1.2 Less any benefits to such Spouse actually payable from the Basic Plan.

5.2 BENEFIT PAYMENT. Spouse benefits will be payable monthly, and will commence on the first day of the month following the month in which the Participant dies. The last payment will be on the first day of the month in which the Spouse dies, or such other date pursuant to the provisions of Section 5.4. Payments may commence to eligible Dependents pursuant to Section 5.3.

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5.3 DEPENDENT BENEFIT. If no eligible Spouse survives the Participant, or if the surviving Spouse who was eligible for payment under this Section dies with eligible Dependents remaining, the benefit determined in Section 5.1 above shall be payable to any eligible Dependents in equal shares. Such monthly benefit shall be paid each Dependent until such person fails to qualify as a Dependent.

5.4 CESSATION OF BENEFIT UPON REMARRIAGE. In the event a Spouse receiving benefits under this Plan remarries, such Spouse will stop receiving, as of the date of remarriage, any further monthly benefits from this Plan (including future benefits to any Dependents). However, in lieu of any further monthly benefits from this Plan, a Spouse will receive six (6) months of benefits in a lump sum within forty-five (45) days after the Senior Administrative Officer is notified of such remarriage.

ARTICLE 6

DISABILITY BENEFITS

6.1 DISABILITY RETIREMENT. In the event a Participant suffers a Disability after completing two (2) years of Employment, the Participant shall be entitled to Retire on a Disability Retirement Date.

6.2 DISABILITY BENEFIT. The annual Disability benefit shall be equal to the benefit determined in accordance with Section 4.1, based on projected years of Credit Service to Normal Retirement and based on Final Average Earnings determined as of the last day of Employment with Participating Employer before commencement of Disability.

6.3 FORM AND COMMENCEMENT OF BENEFITS. Disability benefits will be payable monthly and will commence on the Participant's Disability Retirement Date. The last Disability payment will be as of the first day of the month during which a disabled Participant either recovers, dies or retires under the Basic Plan. In the case of a disabled Participant, recovery will be determined by the Senior Administrative Officer. If the Participant retires under the Basic Plan, retirement benefits shall be payable pursuant to Sections 4.1, 4.2 or 4.4 of this Plan based on years of Credited Service at Retirement date and Final Average Earnings assuming no change in Earnings at his Disability Retirement Date.

6.4 SURVIVOR AND DEPENDENT BENEFITS. In the event a disabled Participant dies, the Participant's Spouse and Dependents shall be eligible for Pre-Retirement Survivor Benefits as set out in Article 5.

6.5 EVIDENCE OF CONTINUE DISABILITY. The Senior Administrative Officer may require, no more frequently than once per calendar year, that a disabled Participant submit medical evidence of continued Disability satisfactory to the Senior Administrative Officer. The Disability benefit may be discontinued based on a consideration of such evidence or lack thereof.

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ARTICLE 7

ADMINISTRATION

7.1 SENIOR ADMINISTRATIVE OFFICER; DUTIES. This Plan shall be administered by the Senior Administrative Officer appointed by the Committee. The Senior Administrative Officer may be a Participant under the Plan. The Senior Administrative Officer shall have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretations of the Plan, as may arise in connection with the Plan. The Senior Administrative Officer shall report to the Committee on an annual basis regarding Plan activity and at such other times as may be requested by the Committee.

7.2 AGENTS. In the administration of this Plan, the Senior Administrative Officer may, from time to time, employ agents and delegate to such agents, including employees of any Participating Employer, such administrative duties as he sees fit, and may from time to time consult with counsel who may be counsel to any Participating employer.

7.3 BINDING EFFECT OF DECISIONS. The decision or action of the Senior Administrative Officer with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be

final, conclusive and binding upon all persons having any interest in the Plan.

7.4 INDEMNITY OF SENIOR ADMINISTRATIVE OFFICER; COMMITTEE. Each Participating Employer shall indemnify and hold harmless the Senior Administrative Officer, the Committee, and its individual members against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

7.5 AVAILABILITY OF PLAN DOCUMENTS. Each Participant shall receive a copy of this Plan, and the Senior Administrative Officer shall make available for inspection by any Participant a copy of the rules and regulations used in administering the Plan.

7.6 COST OF PLAN ADMINISTRATION. The Company shall bear all expenses of administration of this Plan. However, a ratable portion of the expense shall be charged back to each Participating Employer.

ARTICLE 8

CLAIMS PROCEDURE

8.1 CLAIM. Any person claiming a benefit, requesting an interpretation or ruling under the Plan or requesting information under the Plan shall present the request in writing to the

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Senior Administrative Officer or his delegatee who shall respond in writing as soon as practicable.

8.2 DENIAL OF CLAIM. If the claim or request is denied, the written notice of denial shall state:

8.2.1 The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

8.2.2 A description of any additional material or information required and an explanation of why it is necessary.

8.2.3 An explanation of the Plan's claim review procedure.

8.3 REVIEW OF CLAIM. Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Senior Administrative Officer. The claim or request shall be reviewed by the Senior Administrative Officer, who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents and submit issues and comments in writing.

8.4 FINAL DECISION. The decision by the Senior Administrative Office on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE 9

TERMINATION OR AMENDMENT

9.1 AMENDMENT. The Senior Administrative Officer may amend the Plan from time to time as may be necessary for administrative purposes and legal compliance of the Plan, provided, however, that no such amendment shall affect the benefit rights of Participants or Beneficiaries in the Plan. The Committee may amend the Plan at any time, provided, however, that no amendment shall be effective to decrease or restrict the rights of

Participants and Beneficiaries to the benefit accrued at the time of the amendment.

9.2 TERMINATION. The board of directors of each Participating Employer may at any time, in its sole discretion, terminate or suspend the Plan in whole or in part for that Participating Employer. However, no such termination or suspension shall adversely affect the benefits of Participants which have accrued prior to such action, the benefits of any Participant who has

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previously retired, the benefits of any Beneficiary of a Participant who has previously died, or already accrued Plan liabilities between Participating employers.

ARTICLE 10

MISCELLANEOUS

10.1 UNFUNDED PLAN. This Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301, and 401 of the Employee Retirement Income Security Act of 1974, as amended (ERISA), and therefore to be exempt from the provisions of Parts 2, 3, and 4 of Title I of ERISA. Accordingly, the Board may terminate the Plan, subject to Section 9.2 of this Plan, or remove certain employees as Participants if it is determined by the United States Department of Labor or a court of competent jurisdiction that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA (as currently in effect or hereafter amended) which is not so exempt.

10.2 LIABILITY.

10.2.1 LIABILITY FOR BENEFITS. Except as otherwise provided in this section, liability for the payment of a Participant's benefit pursuant to this Plan shall be borne solely by the Participating Employer that employs the Participant and reports the Participant as being on its payroll during the accrual or increase of the Plan benefit, and no liability for the payment of any Plan benefit shall be incurred by reason of Plan sponsorship or participation except for the Plan benefits of a Participating Employer's own employees. Provided, however, that each Participating Employer, by accepting the Board's designation as a Participating Employer under the Plan and formally adopting the Plan, agrees to assume secondary liability for the payment of any benefit accrued or increased while a Participant is employed and on the payroll of a Participating Employer that is a Direct Subsidiary or Indirect Subsidiary of the Participating Employer at the time such benefit is accrued or increased. Such liability shall survive any revocation of designation as a Participating Employer with respect to any liabilities as accrued at the time of such revocation. Nothing in this section shall be interpreted as prohibiting any Participating Employer or any other person from expressly agreeing to assumption of liability for a Plan Participant's payment of any benefits under the Plan.

10.2.2 UNSECURED GENERAL CREDITOR. Participants and their Beneficiaries, heirs, successors, and assigns shall have no secured legal or equitable rights, interest or claims in any property or assets of Participating Employer, nor shall they be Beneficiaries of, or have any rights, claims or interests in any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by Participating Employer. Except as provided in Section 10.3, such policies, annuity contracts or other assets of Participating Employer shall not be held under any trust for the benefit of Participants,

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their Beneficiaries, heirs, successors or assigns, or held in any way as collateral security for the fulfilling of the obligations of Participating Employer under this Plan. Any and all of Participating Employer's assets and policies shall be, and remain, the general, unpledged, unrestricted assets of Participating Employer. Participating Employer's obligation under the Plan shall be that of an unfunded and unsecured promise to pay money in the future.

10.3 TRUST FUND. At its discretion, each Participating Employer, jointly or severally, may establish one or more trusts, with such trustees as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of Participating Employer's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, Participating Employer shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by a Participating Employer.

10.4 NONASSIGNABILITY. Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be nonassignable and nontransferable. No part of the amount payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgements, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.5 PAYMENT TO GUARDIAN. If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Senior Administrative Officer may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor or incompetent person. The Senior Administrative Officer may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor or incompetent person. The Senior Administrative Officer may require proof of incompetency, minority, incapacity or guardianship as he may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Senior Administrative Officer, the Participating Employer and the Company from all liability with respect to such benefit.

10.6 NOT A CONTRACT OF EMPLOYMENT. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between Participating Employer and the Participant, and the Participant (or the Participant's Beneficiary) shall have no rights against Participating Employer except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of Participating Employer or to interfere with the right of Participating Employer to discipline or discharge a Participant at any time.

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10.7 PROTECTIVE PROVISION. A Participant shall cooperate with Participating Employer by furnishing any and all information requested by Participating Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as Participating Employer may deem necessary and taking such other action as may be requested by Participating Employer.

10.8 TERMS. In this Plan document, unless the context clearly indicates the contrary, the masculine gender will be deemed to include the feminine gender, and the singular shall include the plural.

10.9 GOVERNING LAW. The provisions of this Plan shall be construed and interpreted according to the laws of the State of Oregon, except as preempted by federal law.

10.10 VALIDITY. If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.11 NOTICE. Any notice or filing required or permitted to be given to the Senior Administrative Officer under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the Senior Administrative Officer or the Secretary of the Participating Employer. Notice mailed to the Participant shall be at such address as is given in the records of the Participating Employer. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.12 SUCCESSORS. The provisions of this Plan shall bind and inure to the benefit of Participating Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of Participating Employer, and successors of any such corporation or other business entity.

IN WITNESS WHEREOF, and pursuant to the resolution of the board, the Company has caused this instrument to be executed by its officers thereunto duly authorized this 19th day of November, 1997.

PORTLAND GENERAL HOLDINGS, INC.

By: /s/ Don F. Kielblock

Its: Vice President

PORTLAND GENERAL HOLDINGS, INC.
OUTSIDE DIRECTORS' DEFERRED COMPENSATION PLAN
1997 RESTATEMENT

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PORTLAND GENERAL HOLDINGS, INC.

OUTSIDE DIRECTORS' DEFERRED COMPENSATION PLAN

1997 RESTATEMENT

ARTICLE I-PURPOSE

1.1 Restatement

Portland General Corporation adopted a Deferred Compensation Plan effective January 1, 1983 to cover Directors, officers and certain key employees. The Plan was renamed and amended by the 1987 Restatement and further amended by the 1988, 1990, 1994 and 1996 Restatements.

1.2 Purpose

The purpose of this Outside Directors' Deferred Compensation Plan is to provide elective deferred compensation to Outside Directors. It is intended that the Plan will aid in attracting and retaining Outside Directors of exceptional ability.

1.3 Effective Date

This Restatement shall be effective as of June 25, 1997.

1.4 Plan Sponsor

The Plan is maintained for the benefit of previous Outside Directors of Portland General Corporation, an Oregon Corporation, and Outside Directors of any corporations or other entities affiliated with or subsidiary to it, if such corporations or entities have been selected by the Board.

ARTICLE II-DEFINITIONS

2.1 Account

"Account" means the account, maintained by the Participating Company in accordance with Article IV with respect to any deferral of Compensation pursuant to this Plan.

2.2 Beneficiary

"Beneficiary" means the person, persons or entity entitled under Article VI to receive any Plan benefits payable after Participant's death.

2.3 Board

"Board" means the Board of Directors of Portland General Holdings, Inc.

2.4 Change in Control

"Change in Control" means an occurrence in which:

(a) Any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Portland General Holdings, Inc. ("PGH"), any trustee or other fiduciary holding securities under an employee benefit plan of PGH, or any Employer owned, directly or indirectly, by the stockholders of PGH in substantially the same proportions as their ownership of stock of PGH), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities representing thirty percent (30%) or more of the combined voting power of PGH's then outstanding voting securities; or

(b) During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by PGH's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors as of the beginning of the period of whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

(c) Notwithstanding anything to the contrary in the foregoing, no "Change in Control" shall be deemed to have occurred upon the consummation of the Amended and Restated Agreement and Plan of Merger by and among Enron Corp., Portland General Corporation and Enron Oregon Corp., dated as of July 20, 1996, or amended and restated from time to time.

2.5 Committee

"Committee" means the Non-Qualified Benefits Committee of the Board.

2.6 Company

"Company" means Portland General Holdings, Inc., an Oregon Corporation.

2.7 Compensation

"Compensation" means annual retainer and fees for attendance at board and various committee meetings paid to an Outside Director by the Participating Company during the calendar year with respect to duties performed as a member of the board. Compensation, for purposes of this Plan, may include any new form of cash remuneration paid by the Participating Company to an Outside Director which is explicitly designated as deferrable pursuant to this Plan by the Deferral Election form approved by the Senior Administrative Officer. Compensation does not include expense reimbursements, imputed compensation, or any form of noncash compensation or benefits.

2.8 Deferral Election

"Deferral Election" means the election completed by the Participant in a form approved by the Senior Administrative Officer which indicates the Participant's irrevocable election to defer Compensation as designated in the Deferral Election, pursuant to Article III.

2.9 Determination Date

"Determination Date" means the last day of each calendar month.

2.10 Direct Subsidiary

"Direct Subsidiary" means any corporation of which a Participating Company owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote.

2.11 Financial Emergency

"Financial Emergency" means a financial need resulting from a serious unforeseen personal or family emergency, such as an act of God, an adverse business or financial transaction, divorce, serious illness or accident, or death in the family.

2.12 Indirect Subsidiary

"Indirect Subsidiary" means any corporation of which a Participating Company directly and constructively owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote. In determining the amount of stock of a corporation that is constructively owned by a Participating Company stock owned, directly or constructively, by a corporation shall be considered as being owned proportionately by its shareholders according to such shareholder's share of voting power of all classes of its stock entitled to vote.

2.13 Interest

"Interest" means the interest yield computed at the monthly equivalent of an annual yield that is three (3) percentage points higher than the annual yield on Moody's Average Corporate Bond Yield Index for the three (3) calendar months preceding the immediately prior month as published by Moody's Investors Service, Inc. (or any successor thereto), or, if such index is no longer published, a substantially similar index selected by the Board.

2.14 Merger Agreement

"Merger Agreement" shall mean the Agreement and Plan of Merger by and between Enron Corporation, Portland General Corporation and New Falcon Corp., dated as of July 20, 1996, as that Agreement may be amended or restated from time to time.

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2.15 Outside Director

"Outside Director" means a member of the PGC Board who is not an employee of Portland General Holdings, Inc. or any Direct Subsidiary or Indirect Subsidiary or affiliate of Portland General Holdings, Inc.

2.16 PGC Board

"PGC Board" shall mean the Board of Directors of Portland General Corporation, or the Board of Directors of the successor corporation established pursuant to the Merger Agreement, or any Advisory Committee to Portland General Electric Company or the board or officers of a corporation qualifying as a Participating Company of the Plan, including subsidiaries and joint venture partners, the status of which shall be determined at the discretion of the Senior Administrative Office.

2.17 Participant

"Participant" means any eligible Outside Director who has elected to make deferrals under this Plan.

2.18 Participating Company

"Participating Company" means the Company or any affiliated or subsidiary company designated by the Board as a Participating Company under the Plan, as long as such designation has become effective and continues to be in effect. The designation as a Participating Company shall become effective only upon the acceptance of such designation and the formal adoption of the Plan by a Participating Company. A Participating Company may revoke its acceptance of designation as a Participating Company at any time, but until it makes such revocation, all of the provisions of this Plan and any amendments thereto shall apply to the Outside Directors of the Participating Company and their Beneficiaries.

2.19 Plan

"Plan" means the Portland General Holdings, Inc. Outside Directors' Deferred Compensation Plan, as may be amended from time to time.

2.20 Policies

"Policies" means any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by the Participating Company.

2.21 President

"President" means the President of the Company.

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2.22 Senior Administrative Officer

"Senior Administrative Officer" means the employee in the management position designated by the Committee to administer the Plan.

ARTICLE III-ELIGIBILITY AND DEFERRALS

3.1 Eligibility

(a) Eligibility. An Outside Director shall be eligible to participate by making Deferral Elections under paragraph 3.2 below. The Senior Administrative Officer shall notify eligible Outside Directors about the Plan and the benefits provided under it.

(b) Cessation of Eligibility. An Eligible Outside Director who ceases to serve on the PGC Board shall cease participating as to new deferrals immediately.

3.2 Deferral Elections

(a) Time of Elections. An eligible Outside Director may elect to participate in the Plan with respect to any calendar year by making an election to defer Compensation in a Deferral Election in a form approved by the Senior Administrative Officer. The Deferral Election must be filed with the Senior Administrative Officer no later than December 15, or such shorter period as designated in the Deferral Election form.

(b) Mid-Year Eligibility. If an individual first becomes eligible to participate during a calendar year and wishes to defer Compensation during the remainder of that year, a Deferral Election may be filed no later than thirty (30) days following notification to the Outside Director by the Senior Administrative Officer of eligibility to participate. Such Deferral Election shall be effective only with regard to Compensation earned after it is filed with the Senior Administrative Officer.

(c) Irrevocability. A Deferral Election for the following calendar year shall become irrevocable on the December 15 by which it is due under paragraph 3.2(a) and a Deferral Election for the current calendar year shall become irrevocable upon filing with the Senior Administrative Officer under paragraph 3.2(b).

3.3 Limits on Elective Deferrals

An eligible Outside Director may elect to defer up to one hundred percent (100%) of Compensation. The level elected must be in one percent (1%) increments.

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ARTICLE IV-DEFERRED COMPENSATION ACCOUNT

4.1 Crediting to Account

The amount of the elective deferrals for a Participant under this Plan shall be credited to an Account for the Participant on the books of the Participating Company at the time the Compensation would have been paid in cash. Any taxes or other amounts due from a Participant with respect to the deferred Compensation under federal, state or local law, shall be withheld from nondeferred Compensation payable to the Participant at the time the deferred amounts are credited to the Account to the extent possible. To the extent not possible, such amounts shall be withheld from deferred Compensation with the balance to be credited to the Participant's Account.

4.2 Determination of Accounts

The last day of each calendar month shall be a Determination Date. Each Participant's Account as of each Determination Date shall consist of the balance of the Account as of the immediately preceding Determination Date, plus the Participant's elective deferrals, and Interest credited under this Plan, minus the amount of any distributions made from this Plan since the immediately preceding Determination Date. Interest credited shall be calculated as of each Determination Date based upon the average daily balance of the Account since the preceding Determination Date.

4.3 Vesting of Accounts

Account balances in this Plan shall be fully vested at all times.

4.4 Statement of Accounts

The Senior Administrative Officer shall submit to each Participant, after the close of each calendar quarter and at such other times as determined by the Senior Administrative Officer, a statement setting forth the balance of the Account maintained for the Participant.

ARTICLE V-PLAN BENEFITS

5.1 Benefits

(a) Entitlement to Benefits at Termination. Benefits under this Plan shall be payable to a Participant on termination of membership on all boards of Participating Companies. The amount of the benefit shall be the balance of the Participant's Account including Interest to the date of payment, in the form elected under Paragraph 5.3 below.

Notwithstanding the above, if a Participant terminates Board membership with a Participating Company but, within sixty (60) days thereafter, becomes a Board member of an affiliate of the Company or Portland General Electric Company, including subsidiaries and joint venture partners, the status of which shall be determined at the discretion of the Senior Administrative Officer, the Participating

Company shall continue to maintain the Participant's Account pursuant to Section IV. Benefits shall be payable to

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such Participant under this paragraph or Paragraph 5.1(b) below when the Participant is no longer a member of the Board of any affiliated company, as determined at the discretion of the Senior Administrative Officer.

(b) Entitlement to Benefits at Death. Upon the death of a Participant for whom an Account is held under this Plan, a death benefit shall be payable to the Participant's Beneficiary in the same form as the Participant elected for payments at termination of service on the Board, under paragraph 5.3 below. The amount of the benefit shall be the balance of the Participant's Account including Interest to the date of payment.

5.2 Withdrawals for Financial Emergency

A Participant may withdraw part or all of the Participant's Account for a Financial Emergency as follows:

(a) Determination. The existence of a Financial Emergency and the amount to be withdrawn shall be determined by the Senior Administrative Officer.

(b) Suspension. A Participant who makes a withdrawal for Financial Emergency shall be suspended from participation for twelve (12) months from the date of withdrawal. Compensation payable during such suspension that would have been deferred under this Plan shall instead be paid to the Participant.

5.3 Form of Benefit Payment

(a) The Plan benefits attributable to the elective deferrals for any calendar year shall be paid in one (1) of the forms set out below, as elected by the Participant in the form of payment designation filed with the Deferral Election for that year. The forms of benefit payment are:

(i) A lump sum payment; or

(ii) Monthly installment payments in substantially equal payments of principal and Interest over a period of up to one hundred eighty (180) months. The amount of the installment payment shall be redetermined on the first day of the month coincidental with or next following the anniversary of the date of termination each year, based upon the then current rate of Interest, the remaining Account balance, and the remaining number of payment periods.

(iii) For Participants designated by the President to the Senior Administrative Officer, monthly installment payments over a period of up to one hundred eighty (180) months, consisting of interest only payments for up to one hundred twenty (120) months and principal and interest payments of the remaining Account balance over the remaining period. The amount of the installment payment shall be redetermined on the first day of the month coincidental with or next following the anniversary of the date of termination each year, based upon the then current rate of Interest, the remaining Account balance, and the remaining number of payment periods.

(iv) In the event the account balance is ten thousand (\$10,000) or less, that benefit will be paid out in a lump sum notwithstanding the form of benefit payment elected by the Participant.

(b) A Participant may elect to file a change of payment designation which shall supersede all prior form of payment designations with respect to the Participant's entire Account. The Participant may redesignate a combination of lump sum and monthly installments if approved by the Senior Administrative Officer. If, upon termination, the Participant's most recent change of payment designation has not been in effect for twelve (12) full months prior to such termination, then the prior election shall be used to determine the form of payment. The Senior Administrative Officer may, in his sole discretion, direct that plan benefits be paid pursuant to the change of payment designation, notwithstanding the twelve (12) month requirement.

(c) Participants designated by the President to the Senior Administrative Officer may elect to file a change of payment designation which shall supersede all prior form of payment designations with respect to the Participant's entire Account. The Participant may redesignate monthly installment payments over a period of up to one hundred eighty (180) months, consisting of interest only payments for up to one hundred twenty (120) months and principal and interest payments of the remaining Account balance over the remaining period. To be effective, such designation must be approved by the President and the Senior Administrative Officer. If, upon termination, the Participant's most recent change of payment designation has not been in effect for twelve (12) full months prior to such termination, then the prior election shall be used to determine the form of payment. The Senior Administrative Officer may, in his sole discretion, direct that Plan benefits be paid pursuant to the change of payment designation, notwithstanding the twelve (12) month requirement.

5.4 Accelerated Distribution

Notwithstanding any other provision of the Plan, a Participant shall be entitled to receive, upon written request to the Senior Administrative Officer, a lump sum distribution of all or a portion of the vested Account balance, subject to the following:

(a) Penalty.

(i) If the distribution is requested within thirty-six (36) months following a Change in Control, six percent (6%) of the account shall be forfeited and ninety-four percent (94%) of the account paid to the Participant.

(ii) If the distribution is requested at any time other than that in (i) above, ten percent (10%) of the account shall be forfeited and ninety percent (90%) of the account paid to the Participant.

(b) Suspension. A Participant who receives a distribution under this section shall be suspended from participation in this Plan for twelve (12) calendar months from the date of such distribution. The account balance shall be as of the Determination Date immediately preceding the date on which the Senior Administrative Officer receives the written request. The amount payable under this section shall be paid in a lump sum within

sixty-five (65) days following the receipt of the Participant's written request by the Senior Administrative Officer.

5.5 Taxes

Each Participating Company shall withhold from payments made hereunder any taxes required to be withheld from a Participant's Compensation for the federal or any state or local government. Withholding shall also apply to Beneficiary, unless an election against withholding is made under Section 3405(a)(2) of the Internal Revenue Code.

5.6 Commencement of Payments

Payment shall commence at the discretion of the Senior Administrative Officer, but not later than sixty-five (65) days after the end of the month in which a Participant retires, dies or otherwise terminates membership on the Board of Portland General Corporation. All payments shall be made as of the first day of the month.

5.7 Full Payment of Benefits

Notwithstanding any other provision of this Plan, all benefits shall be paid no later than one hundred eighty (180) months following the date payment to Participant commences.

5.8 Payment to Guardian

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Senior Administrative Officer may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor or incompetent person. The Senior Administrative Officer may require proof of incompetency, minority, incapacity or guardianship as he may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Senior Administrative Officer, the Participating Company and the Company from all liability with respect to such benefit.

ARTICLE VI-BENEFICIARY DESIGNATION

6.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate one (1) or more persons or entities as the Participant's Beneficiary, primary as well as secondary, to whom benefits under this Plan shall be paid in the event of the Participant's death prior to complete distribution to the Participant of the benefits due under the Plan. Each Beneficiary designation shall be in a written form prescribed by the Senior Administrative Officer and will be effective only when filed with the Senior Administrative Officer during the Participant's lifetime.

6.2 Amendments

Any Beneficiary designation may be changed by a Participant without the consent of any Beneficiary by the filing of a new Beneficiary designation with the Senior Administrative

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Officer. If a Participant's Compensation is community property, any Beneficiary designation shall be valid or effective only as permitted under applicable law.

6.3 No Beneficiary Designation

In the absence of an effective Beneficiary designation, or if all Beneficiaries predecease a Participant, the Participant's estate shall be the Beneficiary. If a Beneficiary dies after a Participant and before payment of benefits under this Plan has been completed, the remaining benefits shall be payable to the Beneficiary's estate.

6.4 Effect of Payment

Payment to the Beneficiary shall completely discharge the Participating Company's obligations under this Plan.

ARTICLE VII-ADMINISTRATION

7.1 Senior Administrative Officer; Duties

This Plan shall be administered by a Senior Administrative Officer as designated by the Committee. Members of the Committee may be participants under this Plan. The Senior Administrative Officer shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions including interpretations of this Plan as may arise in connection with the Plan. The Senior Administrative Officer shall report to the Committee on an annual basis regarding Plan activity, and at such other times as may be requested by the Committee.

7.2 Agents

In the administration of the Plan, the Senior Administrative Officer may, from time to time, employ agents and delegate to such agents, including employees of any Participating Company, such administrative duties as he sees fit, and may from time to time consult with counsel, who may be counsel to any Participating Company.

7.3 Binding Effect of Decisions

The decision or action of the Senior Administrative Officer with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

7.4 Indemnity of Senior Administrative Officer; Committee

Each Participating Company shall indemnify and hold harmless the Senior Administrative Officer, the Committee and its individual members, against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

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7.5 Availability of Plan Documents

Each Participant shall receive a copy of this Plan, and the Senior Administrative Officer shall make available for inspection by any Participant a copy of the rules and regulations used in administering the Plan.

7.6 Cost of Plan Administration

The Company shall bear all expenses of administration. However, a ratable portion of the expense shall be charged back to each Participating Company.

ARTICLE VIII-CLAIMS PROCEDURE

8.1 Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan or requesting information under the Plan shall present the request in writing to the Senior Administrative Officer or his delegatee who shall respond in writing as soon as practicable.

8.2 Denial of Claim

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

(a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

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

(c) An explanation of the Plan's claim review procedure.

8.3 Review of Claim

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Senior Administrative Officer. The claim or request shall be reviewed by the Senior Administrative Officer, who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents and submit issues and comments in writing.

8.4 Final Decision

The decision by the Senior Administrative Officer on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

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ARTICLE IX-AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment

The Senior Administrative Officer may amend the Plan from time to time as may be necessary for administrative purposes and legal compliance of the Plan, provided, however, that no such amendment shall affect the benefit rights of Participants or Beneficiaries in the Plan. The Committee may amend the Plan at any time, provided, however, that no amendment shall be effective to decrease or restrict the accrued rights of Participants and Beneficiaries to the amounts in their Accounts at the time of the amendment. Such amendments shall be subject to the following:

(a) Preservation of Account Balance. No amendment shall reduce the amount accrued in any Account to the date such notice of the amendment is given.

(b) Changes in Interest Rate. No amendment shall reduce the rate of Interest to be credited, after the date of the amendment, on the amount already accrued in any Account or on the deferred Compensation credited to any Account under Deferral Elections already in effect on the date of the amendment.

9.2 Termination

The board of directors of each Participating Company may at any time, in its sole discretion, terminate or suspend the Plan in whole or in part. However, no such termination or suspension shall adversely affect the benefits of Participants which have accrued prior to such action, the benefits of any Participant who has previously retired, the benefits of any Beneficiary of a Participant who has previously died, or already accrued Plan liabilities between Participating Companies.

9.3 Payment at Termination

If the Plan is terminated, payment of each Account to a Participant or

a Beneficiary for whom it is held shall commence pursuant to Paragraph 5.6, and shall be paid in the form designated by the Participant.

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ARTICLE X-MISCELLANEOUS

10.1 Unfunded Plan

This Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for Outside Directors. This Plan is not intended to create an investment contract, but to provide retirement benefits to eligible individuals who have elected to participate in the Plan. Eligible individuals are directors of the Participating Company, who by virtue of their position with the Participating Company, are uniquely informed as to the Participating Company's operations and have the ability to materially affect the Participating Company's profitability and operations.

10.2 Liability

(a) Liability for Benefits. Except as otherwise provided in this paragraph, liability for the payment of a Participant's benefit pursuant to this Plan shall be borne solely by the Participating Company for which the Participant serves during the accrual or increase of the Plan benefit, and no liability for the payment of any Plan benefit shall be incurred by reason of Plan sponsorship or participation except for the Plan benefits of a Participating Company's own Outside Directors. Provided, however, that each Participating Company, by accepting the Board's designation as a Participating Company under the Plan and formally adopting the Plan, agrees to assume secondary liability for the payment of any benefit accrued or increased while a Participant serves on the board of directors of a Participating Company that is a Direct Subsidiary or Indirect Subsidiary of the Participating Company at the time such benefit is accrued or increased. Such liability shall survive any revocation of designation as a Participating Company with respect to any liabilities accrued at the time of such revocation. Nothing in this paragraph shall be interpreted as prohibiting any Participating Company or any other person from expressly agreeing to the assumption of liability for a Plan Participant's payment of any benefits under the Plan.

(b) Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors and assigns shall have no secured legal or equitable rights, interest or claims in any property or assets of the Participating Company, nor shall they be beneficiaries of, or have any rights, claims or interests in any Policies or the proceeds therefrom owned or which may be acquired by the Participating Company. Except as provided in paragraph 10.3, such Policies or other assets of the Participating Company shall not be held under any trust for the benefit of Participants, their Beneficiaries, heirs, successors or assigns, or held in any way as collateral security for the fulfilling of the obligations of the Participating Company under this Plan. Any and all of the Participating Company's assets and Policies shall be, and remain, the general, unpledged, unrestricted assets of the Participating Company. Participating Company's obligation under the Plan shall be that of an unfunded and unsecured promise to pay money in the future.

10.3 Trust Fund

At its discretion, each Participating Company, jointly or severally, may establish one (1) or more trusts, with such trustee as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be

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subject to the claims of the Participating Company's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the Participating Company shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by the Participating Company.

10.4 Nonassignability

Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be nonassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.5 Protective Provisions

A Participant will cooperate with the Participating Company by furnishing any and all information requested by the Participating Company, in order to facilitate the payment of benefits hereunder, and by taking such physical examination as the Participating Company may deem necessary and taking such other action as may be requested by the Participating Company.

10.6 Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of the State of Oregon, except as preempted by federal law.

10.7 Terms

In this Plan document, unless the context clearly indicates the contrary, the masculine gender will be deemed to include the feminine gender, and the singular shall include the plural.

10.8 Validity

In case any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.9 Notice

Any notice or filing required or permitted to be given to the Senior Administrative Officer under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Senior Administrative Officer, or to Secretary of the Participating Company. Notice mailed to the Participant shall be at such address as is given in the records of the Participating Company. Notice to the Senior Administrative Officer, if mailed, shall be addressed to the principal executive offices of the Company. Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

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10.10 Successors

The provisions of this Plan shall bind and inure to the benefit of

each Participating Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of a Participating Company, and successors of any such corporation or other business entity.

10.11 Not a Contract of Service

The terms and conditions of this Plan shall not be deemed to constitute a contract of service between a Participating Company and a Participant and neither a Participant nor a Participant's Beneficiary shall have any rights against a Participating Company except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained on the Board of a Participating Company nor shall it interfere with the Participant's right to terminate his directorship at any time.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its officers thereunto duly authorized, this 5th day of September, 1997.

PORTLAND GENERAL HOLDINGS, INC.

By: /s/ Don F. Kielblock

Its: Vice President

PORTLAND GENERAL HOLDINGS, INC.
MANAGEMENT DEFERRED COMPENSATION PLAN
1997 RESTATEMENT

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PORTLAND GENERAL HOLDINGS, INC.

MANAGEMENT DEFERRED COMPENSATION PLAN

1997 RESTATEMENT

ARTICLE I-PURPOSE

1.1 Restatement

Portland General Corporation adopted a Management Deferred Compensation Plan effective January 1, 1987 to cover qualified management employees. Portland General Corporation also restated its Directors' and Senior Officers' Deferred Compensation Plan on January 1, 1987. Pursuant to Article 8.1 of the Management Deferred Compensation Plan and Article 9.1 of the Directors' and Senior Officers' Deferred Compensation Plan, 1987 Restatement, the Company has amended both plans in order to merge the plans for all employees of Participating Employers. The existing plans were merged, renamed and amended for all management employees of Participating Employers by the December 1, 1988 Restatement. The Plan was further amended by the 1990, 1994 and 1996 Restatements.

1.2 Purpose

The purpose of this Management Deferred Compensation Plan is to provide elective deferred compensation in excess of the limits on elective deferrals under qualified cash or deferred arrangements. It is intended that the Plan will aid in attracting and retaining personnel of exceptional ability.

1.3 Effective Date

This 1997 Restatement shall be effective as of June 25, 1997.

1.4 Plan Sponsor

The Plan is adopted for the benefit of selected employees of Portland General Holdings, Inc., an Oregon corporation, and selected employees of any corporations or other entities affiliated with or subsidiary to it, if such corporations or entities are selected by the Board.

ARTICLE II-DEFINITIONS

2.1 Account

"Account" means the account maintained by a Participating Employer in accordance with Article IV with respect to any deferral of Compensation pursuant to this Plan.

2.2 Base Salary

"Base Salary" means the Eligible Employee's actual base pay in the pay period and, except as provided herein, excluding any bonuses and/or overtime pay.

2.3 Beneficiary

"Beneficiary" means the person, persons or entity entitled under Article VII to receive any Plan benefits payable after a Participant's death.

2.4 Board

"Board" means the Board of Directors of Portland General Holdings, Inc..

2.5 Bonuses

"Bonuses" means Our Teamworks Awards, Notable Achievement Awards, and any other form of cash Incentive Compensation explicitly designated as deferrable pursuant to this Plan by the Deferral Election form approved by the Senior Administrative Officer.

2.6 Change in Control

"Change in Control" means an occurrence in which:

(a) Any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Portland General Holdings, Inc. ("PGH"), any trustee or other fiduciary holding securities under the employee benefit plan of PGH, or any Employer owned, directly or indirectly, by the stockholders of PGH in substantially the same proportions as their ownership of stock of PGH), is or becomes the "beneficial owner" (as defined in Rule 13d-3) under the Exchange Act), directly or indirectly, of securities representing thirty percent (30%) or more of the combined voting power of PGH's then outstanding voting securities; or

(b) During any period or two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by PGC's stockholders was approval by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors as of the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof.

(c) Notwithstanding anything to the contrary in the foregoing, no "Change in Control" shall be deemed to have occurred upon the consummation of the Amended and Restated Agreement and Plan of Merger by and among Enron Corp., Portland General Corporation and Enron Oregon Corp., dated as of July 20, 1996, or amended and restated from time to time.

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2.7 Committee

"Committee" means the Non-Qualified Benefits Committee of the Board.

2.8 Company

"Company" means Portland General Holdings, Inc., an Oregon Corporation.

2.9 Compensation

"Compensation" means the total of the following, before reduction for elective deferrals under this Plan or a Participating Employer's tax qualified Retirement Savings Plan or any other flexible benefit plan:

(a) Base Salary;

(b) Bonuses;

(c) Any interest on the above payments credited by a Participating Employer for the benefit of an Eligible Employee prior to the date of payment, without respect to any deferral of Compensation made pursuant to this Plan, by a Participating Employer.

Compensation, for purposes of this Plan, may include any new form of cash remuneration paid by a Participating Employer to any Eligible Employee which is explicitly designated as deferrable pursuant to this Plan by the Deferral Election form approved by the Senior Administrative Officer. Compensation for purposes of this Plan, does not include expense reimbursements, imputed income, or any form of noncash compensation or benefits.

2.10 Deferral Election

"Deferral Election" means the election completed by Participant in a form approved by the Senior Administrative Officer which indicates Participant's irrevocable election to defer Compensation as designated in the Deferral Election, pursuant to Article III.

2.11 Determination Date

"Determination Date" means the last day of each calendar month.

2.12 Direct Subsidiary

"Direct Subsidiary" means any corporation of which a Participating Employer owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote.

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2.13 Eligible Employee

"Eligible Employee" means an employee of a Participating Employer who:

(a) Is exempt;

(b) Is not covered by a collective bargaining agreement; and

(c) If employed for the entire calendar year, receives or, based on current levels of base pay is expected to receive, Compensation from one (1) or more Participating Employers in the calendar year, in an amount equal to or in excess of the threshold amount described in 2.13(e) below, or

(d) If employed for a part of the calendar year, receives or, based on an annualized level of base pay would have received, Compensation from one (1) or more Participating Employers in the calendar year, in an amount equal to or in excess of the threshold amount described in 2.13(e) below. Notwithstanding the above, eligibility is at the discretion of the Senior Administrative Officer.

(e) The threshold amount in calendar year 1996 and any subsequent year shall be eighty-five thousand dollars (\$85,000). Such amount may be adjusted by the Senior Administrative Officer each subsequent calendar year at the same time and in not less than the percentage ratio as the cost of living adjustment in the dollar limit on defined benefits under Section 415(d) of the Internal Revenue Code.

2.14 Financial Emergency

"Financial Emergency" means a financial need resulting from a serious unforeseen personal or family emergency, such as an act of God, an adverse business or financial transaction, divorce, serious illness or accident, or death in the family.

2.15 Incentive Compensation

"Incentive Compensation" means payments made to a Participant in recognition of meritorious work performance but shall not include, without limitation, any payment received as moving expense, mortgage expense or mortgage interest reimbursement.

2.16 Indirect Subsidiary

"Indirect Subsidiary" means any corporation of which a Participating Employer directly and constructively owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote. In determining the amount of stock of a corporation that is constructively owned by a Participating Employer, stock owned, directly or constructively, by a corporation shall be considered as being owned proportionately by its shareholders according to such shareholders' share of voting power of all classes of its stock entitled to vote.

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2.17 Interest

"Interest" means the interest yield computed at the monthly equivalent of an annual yield that is three (3) percentage points higher than the annual yield on Moody's Average Corporate Bond Yield Index for the three (3) calendar months preceding the immediately prior month as published by Moody's Investors Service, Inc. (or any successor thereto), or, if such index is no longer published, a substantially similar index selected by the Board.

2.18 Paid Time Off

"Paid Time Off" means those vacation and holiday days for which the Employer pays employees for time not worked.

2.19 Paid Time Off Cancellation

"Paid Time Off Cancellation" means cash payments made in lieu of Paid Time Off earned by an Eligible Employee.

2.20 Participant

"Participant" means any Eligible Employee who has elected to make deferrals under this Plan.

2.21 Participating Employer

"Participating Employer" means the Company or any affiliated or subsidiary company designated by the Board as a Participating Employer under the Plan, as long as such designation has become effective and continues to be in effect. The designation as a Participating Employer shall become effective only upon the acceptance of such designation and the formal adoption of the Plan by a Participating Employer. A Participating Employer may revoke its acceptance of designation as a Participating Employer at any time, but until it makes such revocation, all of the provisions of this Plan and any amendments thereto shall apply to the Eligible Employees of the Participating Employer and their Beneficiaries.

2.22 Pension Plan

"Pension Plan" means the Participating Employer's Pension Plan, as may be amended from time to time, and any successor defined benefit retirement income plan or plans maintained by the Participating Employer which qualify under Section 401(a) of the Internal Revenue Code.

2.23 Plan

"Plan" means the Portland General Holdings, Inc. Management Deferred Compensation Plan, as may be amended from time to time.

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2.24 Policies

"Policies" means any life insurance policies, annuity contracts or the proceeds therefrom owned or which may be acquired by Participating Employer.

2.25 President

"President" means the President of the Company.

2.26 Senior Administrative Officer

"Senior Administrative Officer" means the employee in the management position designated by the Committee to administer the Plan.

ARTICLE III-ELIGIBILITY AND DEFERRALS

3.1 Eligibility

(a) General. An Eligible Employee who has completed one (1) year of continuous employment with one (1) or more Participating Employers shall be eligible to participate by making a Deferral Election under Paragraph 3.2 below. The Senior Administrative Officer shall notify Eligible Employees about the Plan and the benefits provided under it. The requirement of one (1) year of continuous employment may be waived by the Senior Administrative Officer.

(b) Cessation of Eligibility. An Eligible Employee who ceases to be an employee of a Participating Employer or to satisfy condition 2.13(a) or 2.13(b) of the definition of Eligible Employee shall cease participating as to new deferrals immediately. An Eligible Employee who ceases to satisfy condition 2.13(c) of the definition of Eligible Employee may continue to participate in the Plan if such individual has a current election to defer under the Plan at the time the Employee ceases to satisfy condition 2.13(c).

3.2 Deferral Elections

(a) Time of Elections. An Eligible Employee may elect to participate in the Plan with respect to any Compensation and/or Paid Time Off Cancellation designated in a Deferral Election in a form approved by the Senior Administrative Officer. The Deferral Election must be filed with the Senior Administrative Officer no later than December 15, or such shorter period as is designated in the Deferral Election form.

(b) Mid-Year Eligibility. If an individual first becomes eligible to participate during a calendar year and wishes to defer Compensation and/or Paid Time Off Cancellation during the remainder of the year, a Deferral Election may be filed no later than thirty (30) days following notification of eligibility to participate to the individual by the Senior Administrative Officer. Such Deferral Election shall

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be effective only with regard to Compensation and/or Paid Time Off Cancellation earned after it is filed with the Senior Administrative Officer.

(c) Irrevocability. A Deferral Election for the following calendar year shall become irrevocable on the December 15 by which it is due under Paragraph 3.2(a) and a Deferral Election for the current calendar year shall become irrevocable upon filing with the Senior Administrative Officer under Paragraph 3.2(b).

(d) Transfer to a Participating Employer. If a Participant transfers employment from one (1) Participating Employer to another Participating Employer, the Participant's Deferral Election shall remain in effect for the remainder of the calendar year with respect to Compensation earned by the individual after the transfer to the new Participating Employer.

3.3 Limits on Elective Deferrals

A Participant may elect to defer up to eighty percent (80%) of Base Salary and up to one hundred percent (100%) of Bonuses. The level of deferral elected in either case must be in one percent (1%) increments. A Participant may elect to defer up to one hundred twenty (120) hours per year of Paid Time Off in one-tenth (1/10) hour increments, but may not defer any Paid Time Off earned in prior calendar years, or the first two hundred (200) hours of Paid Time Off earned in the calendar year to which the Deferral Election relates.

3.4 Matching Contributions

The Participating Employer shall provide a matching contribution for each Participant who is making deferrals of Base Salary under this Plan. The matching contribution shall be six percent (6%) of the Participant's annual elective Base Salary deferral under this Plan. For purposes of this provision, Base Salary shall not include amounts received as a Nuclear Regulatory Commission licensing bonus.

3.5 Welfare Benefits

Compensation deferred under this Plan shall constitute compensation for purposes of any welfare plans, (as defined by the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), sponsored by the Participating Employer.

ARTICLE IV-DEFERRED COMPENSATION ACCOUNT

4.1 Crediting to Account

The amount of the elective deferrals and matching contributions for a Participant under this Plan shall be credited to an Account for the Participant on the books of the Participating Employer at the time the Compensation would have been paid in cash. Any taxes or other amounts due from the Participant with respect to the deferred Compensation under federal, state or local law, such as a Participant's share of FICA, shall be withheld from nondeferred Compensation payable to the Participant at the time the deferred amounts are credited to the Account.

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4.2 Determination of Accounts

The last day of each calendar month shall be a Determination Date. Each Participant's Account as of each Determination Date shall consist of the balance of the Account as of the immediately preceding Determination Date, plus the Participant's elective deferrals, matching contributions, and Interest credited under this Plan, minus the amount of any distributions made from this Plan since the immediately preceding Determination Date. Interest credited shall be calculated as of each Determination Date based upon the average daily balance of the Account since the preceding Determination Date.

4.3 Vesting of Accounts

Account balances in this Plan shall be fully vested at all times.

4.4 Statement of Accounts

The Senior Administrative Officer shall submit to each Participant, after the close of each calendar quarter and at such other times as determined by the Senior Administrative Officer a statement setting forth the balance of the Account maintained for the Participant.

ARTICLE V-PLAN BENEFITS

5.1 Benefits

(a) Entitlement to Benefits at Termination. Benefits under this Plan shall be payable to a Participant on termination of employment with all Participating Employers. The amount of the benefit shall be the balance of the Participant's Account including Interest to the date of payment, in the form elected under Paragraph 5.3 below.

Notwithstanding the above, if a Participant transfers employment from a Participating Employer to an affiliate of the Company or Portland General Electric Company, including subsidiaries and joint venture partners, the status of which shall be determined at the discretion of the Senior Administrative Officer, the Participating Employer shall continue to maintain the Participant's Account pursuant to Section IV. Benefits shall be payable to such Participant under this paragraph or Paragraph 5.1(b) below when the Participant is no longer employed by any affiliated company, as determined at the discretion of the Senior Administrative Officer.

(b) Entitlement to Benefits at Death. Upon the death of a Participant for whom an Account is held under this Plan, a death benefit shall be payable to the Participant's Beneficiary in the same form as the Participant elected for payments at termination of employment, under Paragraph 5.3 below. The amount of the benefit shall be the balance of the Participant's Account including Interest to the date of payment.

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5.2 Withdrawals for Financial Emergency

A Participant may withdraw part or all of the Participant's Account for a Financial Emergency as follows:

(a) Determination. The existence of a Financial Emergency and the amount to be withdrawn shall be determined by the Senior Administrative Officer.

(b) Suspension. A Participant who makes a withdrawal for Financial Emergency from any company-sponsored deferral plan, whether qualified or nonqualified, shall be suspended from participation in this Plan for twelve (12) months from the date of such withdrawal. Compensation and/or Paid Time Off Cancellation payable during such suspension that would have been deferred under this Plan shall instead be paid to the Participant. No matching contribution shall be credited to a Participant's Account under this Plan during any period of suspension.

5.3 Form of Benefit Payment

(a) The Plan benefits attributable to the elective deferrals for any calendar year shall be paid in one (1) of the forms set out below, as elected by the Participant in the form of payment designation filed with the Deferral Election for that year. The forms of benefit payment are:

(i) A lump-sum payment;

(ii) Monthly installment payments in substantially equal payments of principal and Interest over a period of up to one hundred eighty (180) months. The amount of the installment payment shall be redetermined on the first day of the month coincidental with or next following the anniversary of the date of termination each year, based upon the then current rate of Interest, the remaining Account balance, and the remaining number of payment periods; or

(iii) For Participants designated by the President to the Senior Administrative Officer, monthly installment payments over a period of up to one hundred eighty (180) months, consisting of interest only payments for up to one hundred twenty (120) months and principal and interest payments of the remaining Account balance over the remaining period. The amount of the installment payment shall be redetermined on the first day of the month coincidental with or next following the anniversary of the date of termination each year, based upon the then current rate of Interest, the remaining Account balance, and the remaining number of payment periods.

(iv) In the event the account balance is ten thousand dollars (\$10,000) or less, that benefit will be paid out in a lump sum notwithstanding the form of benefit payment elected by the Participant.

(b) A Participant may elect to file a change of payment designation which shall supersede all prior form of payment designations with respect to the Participant's entire Account. The Participant may redesignate a combination of

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lump sum and monthly installments if approved by the Senior Administrative Officer. If, upon termination, the Participant's most recent change of payment designation has not been in effect for twelve (12) full months prior to such termination, then the prior election shall be used to determine the form of payment. The Senior Administrative Officer may, in his sole discretion, direct that plan benefits be paid pursuant to the change of payment designation, notwithstanding the twelve (12) month requirement.

(c) Participants designated by the President to the Senior Administrative Officer may elect to file a change of payment designation which shall supersede all prior form of payment designations with respect to the Participant's entire Account. The Participant may redesignate monthly installment payments over a period of up to one hundred eighty (180) months, consisting of interest only payments for up to one hundred twenty (120) months and principal and interest payments of the remaining Account balance over the remaining period. To be effective, such designation must be approved by the President and the Senior Administrative Officer. If, upon termination, the Participant's most recent change of payment designation has not been in effect for twelve (12) full months prior to such termination, then the prior election shall be used to determine the form of payment. The Senior Administrative Officer may, in his sole discretion, direct that Plan benefits be paid pursuant to the change of payment designation, notwithstanding the twelve (12) month requirement.

5.4 Accelerated Distribution

Notwithstanding any other provision of the Plan, a Participant shall be entitled to receive, upon written request to the Senior Administrative Officer, a lump-sum distribution of all or a portion of the vested Account balance, subject to the following:

(a) Penalty.

(i) If the distribution is requested within thirty-six (36) months following a Change in Control, six percent (6%) of the

account shall be forfeited and ninety-four percent (94%) of the account paid to the Participant.

(ii) If the distribution is requested at any time other than that in (i) above, ten percent (10%) of the account shall be forfeited and ninety percent (90%) of the account paid to the Participant.

(b) Suspension. A Participant who receives a distribution under this section shall be suspended from participation in this Plan for twelve (12) calendar months from the date of such distribution. All eligibility requirements must be met to reenter the Plan. The account balance shall be as of the Determination Date immediately preceding the date on which the Senior Administrative Officer receives the written request. The amount payable under this section shall be paid in a lump sum within sixty-five (65) days following the receipt of the Participant's written request by the Senior Administrative Officer.

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5.5 Withholding; Payroll Taxes

Each Participating Employer shall withhold from payments made hereunder any taxes required to be withheld from a Participant's wages for the federal or any state or local government. Withholding shall also apply to payments to a Beneficiary unless an election against withholding is made under Section 3405(a)(2) of the Internal Revenue Code.

5.6 Commencement of Payments

Payment shall commence at the discretion of the Senior Administrative Officer, but not later than sixty-five (65) days after the end of the month in which a Participant retires, dies or otherwise terminates employment. All payments shall be made as of the first day of the month.

5.7 Full Payment of Benefits

Notwithstanding any other provision of this Plan, all benefits shall be paid no later than one hundred eighty (180) months following the date payment to a Participant commences.

5.8 Payment to Guardian

If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Senior Administrative Officer may direct payment of such Plan benefit to the guardian, legal representative or person having the care and custody of such minor or incompetent person. The Senior Administrative Officer may require proof of incompetency, minority, incapacity or guardianship as he may deem appropriate prior to distribution of the Plan benefit. Such distribution shall completely discharge the Senior Administrative Officer, the Participating Employer, and the Company from all liability with respect to such benefit.

ARTICLE VI-RESTORATION OF PENSION PLAN BENEFITS

6.1 Pension Plan

If a Participating Employer maintains a tax qualified Pension Plan for the benefit of eligible employees, and the Pension Plan provides benefits determined under a formula that is based in part on the employee's nondeferred compensation, a Participant in this Plan may receive a smaller benefit under the Pension Plan as a result of electing deferrals under this Plan.

6.2 Restoration of Pension Plan Benefits

In addition to the benefits payable under Paragraph 5.1 above, Participating Employer shall pay to any Participant whose Pension Plan benefit is not restored under any other employee or executive benefit plan maintained by Participating Employer, a benefit payment equal to the excess of (b) over (a) as follows:

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(a) The actuarial equivalent lump sum present value of the retirement income (or death benefit) payable (either immediately or deferred) under the Pension Plan; and

(b) the actuarial equivalent lump sum present value of the retirement income (or death benefit) that would have been payable under the Pension Plan if Participant had made no Deferral Elections in any calendar year under this Plan. The actuarial equivalent lump sum present values shall be calculated in the same manner and using the same factors as are used to calculate lump-sum distributions under the Pension Plan. If Participant terminates employment prior to attaining the age of fifty-five (55), payment of the restoration of Pension Plan benefits shall be made as if Participant had made a lump-sum election pursuant to Paragraph 5.3(a) (i) above with respect to the payment of the restoration of Pension Plan benefits. If Participant terminates employment upon or after attaining the age of fifty-five (55), payment of the restoration of Pension Plan benefits shall be made as if Participant had made an election to receive monthly installment payments in substantially equal payments of principal and Interest over a period of one hundred twenty (120) months pursuant to Paragraph 5.3(a) (ii) above with respect to the payment of the restoration of Pension Plan benefits. In the event the actuarial equivalent lump sum present value is ten thousand dollars (\$10,000) or less, that benefit will be paid out in a lump sum.

6.3 Restoration of Pension Plan Benefits in Event of Change in Control

In the event of a Change in Control, and a subsequent termination of the Pension Plan within three (3) years following a Change in Control, all Plan Participants shall receive a restoration of Pension Plan benefits under Paragraph 6.2.

ARTICLE VII-BENEFICIARY DESIGNATION

7.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate one (1) or more persons or entities as the Participant's Beneficiary, primary as well as secondary, to whom benefits under this Plan shall be paid in the event of the Participant's death prior to complete distribution to the Participant of the benefits due under the Plan. Each Beneficiary designation shall be in a written form prescribed by the Senior Administrative Officer and will be effective only when filed with the Senior Administrative Officer during the Participant's lifetime.

7.2 Amendments

Any Beneficiary designation may be changed by a Participant without the consent of any Beneficiary by the filing of a new Beneficiary designation with the Senior Administrative Officer. If a Participant's Compensation is community property, any Beneficiary designation shall be valid or effective only as permitted under applicable law.

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7.3 No Beneficiary Designation

In the absence of an effective Beneficiary designation, or if all Beneficiaries predecease a Participant, the Participant's estate shall be the Beneficiary. If a Beneficiary dies after a Participant and before payment of benefits under this Plan has been completed, the remaining benefits shall be payable to the Beneficiary's estate.

7.4 Effect of Payment

Payment to the Beneficiary shall completely discharge the Participating Employer's obligations under this Plan.

ARTICLE VIII-ADMINISTRATION

8.1 Senior Administrative Officer; Duties

This Plan shall be administered by a Senior Administrative Officer appointed by the Committee. The Senior Administrative Officer may be a Participant under this Plan. The Senior Administrative Officer shall have the authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions including interpretations of this Plan as may arise in connection with the Plan. The Senior Administrative Officer shall report to the Committee on an annual basis regarding Plan activity, and at such other times as may be requested by the Committee.

8.2 Agents

In the administration of this Plan, the Senior Administrative Officer may, from time to time, employ agents and delegate to such agents, including employees of any Participating Employer, such administrative duties as he sees fit, and may from time to time consult with counsel, who may be counsel to any Participating Employer.

8.3 Binding Effect of Decisions

The decision or action of the Senior Administrative Officer in respect of any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

8.4 Indemnity of Senior Administrative Officer; Committee

Each Participating Employer shall indemnify and hold harmless the Senior Administrative Officer, the Committee, and its individual members against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

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8.5 Availability of Plan Documents

Each Participant shall receive a copy of this Plan, and the Senior Administrative Officer shall make available for inspection by any Participant a copy of the rules and regulations used in administering the Plan.

8.6 Cost of Plan Administration

The Company shall bear all expenses of administration of this Plan. However, a ratable portion of the expense shall be charged back to each Participating Employer.

ARTICLE IX-CLAIMS PROCEDURE

9.1 Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan or requesting information under the Plan shall present the request in writing to the Senior Administrative Officer or his delegatee who shall respond in writing as soon as practicable.

9.2 Denial of Claim

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

(a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based.

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

(c) An explanation of the Plan's claim review procedure.

9.3 Review of Claim

Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Senior Administrative Officer. The claim or request shall be reviewed by the Senior Administrative Officer, who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents and submit issues and comments in writing.

9.4 Final Decision

The decision by the Senior Administrative Officer on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

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ARTICLE X-AMENDMENT AND TERMINATION OF PLAN

10.1 Amendment

The Senior Administrative Officer may amend the Plan from time to time as may be necessary for administrative purposes and legal compliance of the Plan, provided, however, that no such amendment shall affect the benefit rights of Participants or Beneficiaries in the Plan. The Committee may amend the Plan at any time, provided, however, that no amendment shall be effective to decrease or restrict the accrued rights of Participants and Beneficiaries to the amounts in their Accounts at the time of the amendment. Such amendments shall be subject to the following:

(a) Preservation of Account Balance. No amendment shall reduce the amount accrued in any Account to the date such notice of the amendment is given.

(b) Changes in Interest Rate. No amendment shall reduce the rate of Interest to be credited, after the date of the amendment, on the amount already accrued in any Account or on the deferred Compensation credited to any Account under Deferral Elections already in effect on the date of the amendment.

10.2 Termination

The board of directors of each Participating Employer may at any time, in its sole discretion, terminate or suspend the Plan in whole or in part for that Participating Employer. However, no such termination or suspension shall adversely affect the benefits of Participants which have accrued prior to such action, the benefits of any Participant who has previously retired, the benefits of any Beneficiary of a

Participant who has previously died, or already accrued Plan liabilities between Participating Employers.

10.3 Payment at Termination

If the Plan is terminated, payment of each Account to a Participant or a Beneficiary for whom it is held shall commence pursuant to Paragraph 5.6, and shall be paid in the form designated by the Participant.

ARTICLE XI-MISCELLANEOUS

11.1 Unfunded Plan

This Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Sections 201, 301, and 401 of ERISA, and therefore to be exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. Accordingly, the Board may terminate the Plan and commence termination payout under 10.3 above for all or certain Participants, or remove certain employees as Participants, if it is determined by the United States Department of Labor or a court of competent jurisdiction that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA

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which is not so exempt. This Plan is not intended to create an investment contract, but to provide retirement benefits to eligible individuals who have elected to participate in the Plan. Eligible individuals are select members of management who, by virtue of their position with Participating Employer, are uniquely informed as to Participating Employer's operations and have the ability to materially affect Participating Employer's profitability and operations.

11.2 Liability

(a) Liability for Benefits. Except as otherwise provided in this paragraph, liability for the payment of a Participant's benefit pursuant to this Plan shall be borne solely by the Participating Employer that employs the Participant and reports the Participant as being on its payroll during the accrual or increase of the Plan benefit, and no liability for the payment of any Plan benefit shall be incurred by reason of Plan sponsorship or participation except for the Plan benefits of a Participating Employer's own employees. Provided, however, that each Participating Employer, by accepting the Board's designation as a Participating Employer under the Plan and formally adopting the Plan, agrees to assume secondary liability for the payment of any benefit accrued or increased while a Participant is employed and on the payroll of a Participating Employer that is a Direct Subsidiary or Indirect Subsidiary of the Participating Employer at the time such benefit is accrued or increased. Such liability shall survive any revocation of designation as a Participating Employer with respect to any liabilities accrued at the time of such revocation. Nothing in this paragraph shall be interpreted as prohibiting any Participating Employer or any other person from expressly agreeing to the assumption of liability for a Plan Participant's payment of any benefits under the Plan.

(b) Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors, and assigns shall have no secured legal or equitable rights, interest or claims in any property or assets of a Participating Employer, nor shall they be beneficiaries of, or have any rights, claims or interests in any Policies or the proceeds therefrom owned or which may be acquired by a Participating Employer. Except as provided in Section 11.3, such Policies or other assets of a Participating Employer shall not be held under any trust for the benefit of Participants, their Beneficiaries, heirs,

successors or assigns, or held in any way as collateral security for the fulfilling of the obligations of a Participating Employer under this Plan. Any and all of a Participating Employer's assets and Policies shall be, and remain, the general, unpledged, unrestricted assets of the Participating Employer. A Participating Employer's obligation under the Plan shall be that of an unfunded and unsecured promise to pay money in the future.

11.3 Trust Fund

At its discretion, each Participating Employer, jointly or severally, may establish one (1) or more trusts, with such trustee as the Board may approve, for the purpose of providing for the payment of such benefits. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Participating Employer's creditors. To the extent any benefits provided under the Plan are actually paid from any such trust, the

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Participating Employer shall have no further obligation with respect thereto, but to the extent not so paid, such benefits shall remain the obligation of, and shall be paid by the Participating Employer.

11.4 Nonassignability

Neither a Participant nor any other person shall have any right to sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be nonassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

11.5 Not a Contract of Employment

The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between a Participating Employer and a Participant, and neither a Participant nor a Participant's Beneficiary shall have any rights against a Participating Employer except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of a Participating Employer or to interfere with the right of a Participating Employer to discipline or discharge a Participant at any time.

11.6 Protective Provisions

A Participant will cooperate with a Participating Employer by furnishing any and all information requested by a Participating Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examination as a Participating Employer may deem necessary and taking such other action as may be requested by a Participating Employer.

11.7 Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of the State of Oregon, except as preempted by federal law.

11.8 Terms

In this Plan document, unless the context clearly indicates the contrary, the masculine gender will be deemed to include the female gender, and the singular shall include the plural.

11.9 Validity

In case any provisions of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be

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construed and enforced as if such illegal and invalid provision had never been inserted herein.

11.10 Notice

Any notice or filing required or permitted to be given to the Senior Administrative Officer under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Senior Administrative Officer or to Secretary of Participating Employer. Notice to the Senior Administrative Officer, if mailed, shall be addressed to the principal executive offices of Participating Employer. Notice mailed to the Participant shall be at such address as is given in the records of the Participating Employer. Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

11.11 Successors

The provisions of this Plan shall bind and inure to the benefit of each Participating Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of a Participating Employer, and successors of any such corporation or other business entity.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its officers thereunto duly authorized this 5th day of September, 1997.

PORTLAND GENERAL HOLDINGS, INC.

By: /s/ Don F. Kielblock

Its: Vice President

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PORTLAND GENERAL HOLDINGS, INC.

SENIOR OFFICERS' LIFE INSURANCE BENEFIT PLAN

1997 RESTATEMENT

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PORTLAND GENERAL HOLDINGS, INC.

SENIOR OFFICERS' LIFE INSURANCE BENEFIT PLAN

1997 RESTATEMENT

ARTICLE I-PURPOSE

1.1 Purpose

This Plan has been established to provide Senior Officers of Portland General Corporation and Participating Companies with supplemental life insurance protection for their families in the event of death under a split dollar life insurance arrangement. This Plan became effective on January 1, 1987, and was restated effective December 1, 1988, and January 1, 1996.

1.2 Effective Date

This 1997 Restatement is adopted to make amendments to the Plan effective June 25, 1997.

ARTICLE II-DEFINITIONS

Whenever used in this document, the following terms shall have the meanings set forth in this Article unless a contrary or different meaning is expressly provided:

2.1 Board

"Board" shall mean the Board of Directors of Portland General Holdings, Inc..

2.2 Cash Value

"Cash Value" shall mean the Policy's cash value as that term is defined in the Policy.

2.3 Cause

"Cause" shall have the meaning specified in any employment contract in effect between the Participant and the Participating Employer; provided, that if no such employment contract is in effect, or if such an employment contract is in effect but does not define the term "Cause," then such term shall mean termination of the Participant's employment by action of the Participating Employer's Board of Directors because of the Participant's (i) conviction of a felony (which, through lapse of time or otherwise, is not subject to appeal); or (ii) willful refusal without proper legal cause to perform the Participant's duties and responsibilities; or (iii) willfully engaging in conduct which the Participant has or should have reason to know may be materially injurious to PGC, PGE, or the Participating Employer.

2.4 Change in Control

"Change in Control" shall mean an occurrence in which:

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(a) Any "person," as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Portland General Holdings, Inc. ("PGH"), any trustee or other fiduciary holding securities under an employee benefit plan of PGH, or any Employer owned, directly or indirectly, by the stockholders of PGH in substantially the same proportions as their ownership of stock of PGH), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities representing thirty percent (30%) or more of the combined voting power of PGH's then outstanding voting securities;

(b) During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director whose election by the Board or nomination for election by PGC's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors as of the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(c) Notwithstanding anything to the contrary in the foregoing, no "Change in Control" shall be deemed to have occurred upon the consummation of the Amended and Restated Agreement and Plan of Merger by and among Enron Corp., Portland General Corporation and Enron Oregon Corp., dated as of July 20, 1996, or amended and restated from time to time.

2.5 Committee

"Committee" shall mean the Non-qualified Benefits Committee of the Board.

2.6 Company

"Company" shall mean Portland General Holdings, Inc., an Oregon corporation.

2.7 Date of Participation

"Date of Participation" shall mean the earlier of the date on which the Policy is issued or the date on which the Insurer agrees to bind coverage.

2.8 Direct Subsidiary

"Direct Subsidiary" shall mean any corporation of which a Participating Employer owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote.

2.9 Indirect Subsidiary

"Indirect Subsidiary" shall mean any corporation of which a Participating Employer directly and constructively owns at least eighty percent (80%) of the total combined voting power of all classes of its stock entitled to vote. In determining the amount of stock of a corporation that is constructively owned by a Participating Employer, stock owned, directly or constructively, by a corporation shall be considered as being owned proportionately by its shareholders according to such shareholders' share of voting power of all classes of its stock entitled to vote.

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2.10 Insurer

"Insurer" shall mean any insurance company issuing a life insurance policy under this Plan.

2.11 Involuntary Termination

"Involuntary Termination" shall have the meaning specified in any employment contract in effect between the Participant and the Participating Employer; provided, that if no such employment contract is in effect, or if such an employment contract is in effect but does not define the term "Involuntary Termination," then such term shall mean termination of the Participant's employment under any of the following circumstances:

(a) Termination by the Participating Employer on any grounds whatsoever except (i) for "Cause" as defined above, or (ii) upon Employee's death or permanent disability; or

(b) Termination by the Participant within sixty (60) days of and in connection with or based upon any of the following:

(i) An assignment to the Participant of duties and responsibilities inconsistent with his position or inappropriate to a senior officer of the Participating Employer;

(ii) A reduction in the Participant's annual base salary or a failure to continue the Participant's participation in any compensation or employee benefit plan or program in which the

Participant was participating other than as a result of the expiration of such plan or program or as part of a general program to reduce employee benefits on a proportional basis relative to other employees of the Participating Employer; or

(iii) A relocation of the Participant from Portland, Oregon without the Participant's consent.

2.12 Merger Agreement

"Merger Agreement" shall mean the Amended and Restated Agreement and Plan of Merger by and among Enron Corp., Portland General Corporation and Enron Oregon Corp., dated as of July 20, 1996, as that Agreement may be amended or restated from time to time.

2.13 Net Single Premium

"Net Single Premium" shall mean the amount calculated by an enrolled actuary selected by the Senior Administrative Officer required to obtain the level death benefit promised in Table I calculated using the 1983 group annuity table male rates and employing continuous functions.

2.14 Participant

"Participant" shall mean a Senior Officer who has been designated in writing as a Participant by the Committee and has elected to participate in the Plan.

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2.15 Participant's Share

"Participant's Share" shall mean the aggregate portion of premiums contributed by the Participant.

2.16 Participating Employer

"Participating Employer" shall mean the Company or any affiliated or subsidiary company designated by the Board as a Participating Employer under the Plan, as long as such designation has become effective and continues to be in effect. The designation as a Participating Employer shall become effective only upon the acceptance of such designation and the formal adoption of the Plan by a Participating Employer. A Participating Employer may revoke its acceptance of designation as a Participating Employer at any time, but until it makes such revocation, all of the provisions of this Plan and any amendments thereto shall apply to the Participants and their beneficiaries of the Participating Employer.

2.17 Participating Employer's Share of Premium

"Participating Employer's Share of Premium" shall mean the aggregate amount of insurance premium paid by the Participating Employer less the Participant's Share.

2.18 Plan

"Plan" shall mean the Portland General Holdings, Inc. Senior Officers' Life Insurance Benefit Plan, as may be amended from time to time.

2.19 Policy

"Policy" shall mean each life insurance policy which is issued by an insurer on the life of the Participant.

2.20 Retirement

"Retirement" shall mean termination of employment with Portland General Holdings, Inc. and any and all Direct or Indirect Subsidiaries or affiliates of Portland General Holdings, Inc. at or after age sixty-five (65), or at or after age fifty-five (55) and five (5) years of employment with Portland General Holdings, Inc. and any and all Direct or Indirect

Subsidiaries or affiliates of Portland General Holdings, Inc..

2.21 Senior Administrative Officer

"Senior Administrative Officer" shall mean the employee in the management position by the Committee designated to administer the Plan.

2.22 Senior Officer

"Senior Officer" shall mean the Chief Executive Officer, the President, Division Presidents, all Senior Vice Presidents, all Vice Presidents, the Treasurer and the Controller of the Participating Employer, all as elected or appointed by the Board of Directors of the Participating Employer.

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ARTICLE III-PARTICIPATION

3.1 Eligibility

Eligibility shall be limited to those employees of a Participating Employer who have attained the position of Senior Officer on or before June 25, 1997.

3.2 Election to Participate

A Participant may elect to participate in the Plan by completing such documents as may be prescribed by the Senior Administrative Officer.

ARTICLE IV-POLICY TITLE AND OWNERSHIP

4.1 Policy Title

The Participant, or his transferee, shall be the owner of the Policy and may exercise all ownership rights granted to the owner by the terms of the Policy, except as herein provided. These shall include, but are not limited to, the right to assign his interest in the Policy, the right to change the beneficiary of that portion of the proceeds to which he is entitled under Article VII, and the right to exercise settlement options.

4.2 Participating Employer's Security Interest

The only rights in and to the Policy granted to a Participating Employer shall be limited to its security interest in the cash value of the Policy, as defined in the collateral assignment attached as Exhibit A, and a portion of the death benefit, as hereinafter provided under Article VI.

ARTICLE V-PREMIUM PAYMENT

5.1 Participating Employer's Premium Payment

Each premium on the Policy shall be paid by the Participating Employer as it becomes due.

5.2 Payment of the Participant's Share

At the time of each premium payment by the Participating Employer, the Participant shall pay to the Participating Employer an amount equal to the economic benefit of said Policy enjoyed by the Participant. The economic benefit shall be equal to the lesser of the Insurer's one-year term cost or the PS-58 rate.

ARTICLE VI-PARTICIPATING EMPLOYER'S INTEREST IN THE POLICY

6.1 Collateral Assignment

Each Participant shall assign the Policy to the Participating Employer as collateral, under the form of collateral assignment attached as Exhibit A. The assignment gives the Participating Employer the limited power to enforce its right to recover the Participating Employer's Share of Premium

on the Policy and/or a portion of the death benefit thereof.

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6.2 Limitations

The interest of the Participating Employer in and to the Policy shall be specifically limited to the following rights in and to the cash value and a portion of the death benefit:

(a) the right to recover the Participating Employer's Share of Premium, in the event the Policy is surrendered or canceled by the Participant, as provided in paragraph 7.1;

(b) the right to recover, upon the death of the Participant, all of the policy proceeds, in excess of that portion of the policy proceeds payable to the Participant's beneficiary or beneficiaries as provided in paragraph 7.2;

(c) the right to recover the Participating Employer's Share of Premium, or to receive ownership of the Policy, in the event of termination by the Participant in the Plan, or in the event of termination of employment as provided in paragraph 8.1, 8.2 and 8.3.

ARTICLE VII-PARTICIPANT'S INTEREST IN THE POLICY

7.1 Upon Surrender or Cancellation

Upon surrender or cancellation of the Policy, the Participating Employer shall be entitled to receive a portion of the cash surrender value equal to the Participating Employer's Share of Premium. The balance of the cash surrender value, if any, shall belong to the Participant.

7.2 Upon Death

Upon the death of the Participant, the beneficiary or beneficiaries designated by the Participant shall be entitled to receive that portion of the Policy proceeds equal to the amount set forth in Schedule I of this Plan.

7.3 Ownership of Cash Surrender Value

Notwithstanding any other provision in the Plan to the contrary, the Participant shall at all times own a portion of the cash surrender value of the Policy equal to the Participant's Share to the extent said cash surrender value exceeds the Participating Employer's Share of Premium.

ARTICLE VIII-PLAN BENEFITS

8.1 Upon Termination of Participation in the Plan

In the event the Participant terminates participation in the Plan prior to leaving the employment of the Participating Employer, the Participant shall execute any and all instruments that may be required to vest ownership of said Policy in the Participating Employer. The Participating Employer shall purchase from the Participant the Participant's interest in the cash surrender value set forth in paragraph 7.3 above for an amount equal to the Participant's Share. Thereafter, the Participant shall have no further interest in the Policy or this Plan.

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8.2 Upon Transfer to a Non-Participating Employer

In the event the Participant transfers employment to a Direct or

Indirect Subsidiary of Portland General Corporation that is an employer other than a Participating Employer, the Participant may elect either to:

(a) reimburse the Participating Employer an amount equal to the Participating Employer's Share of Premium, upon receipt of which, the Participating Employer shall release the collateral assignment and thereafter shall have no further interest in the Policy, or

(b) transfer his entire interest in the Policy to the Participating Employer by executing any and all instruments that may be required to vest ownership of said Policy in the Participating Employer. The Participating Employer shall purchase from the Participant the Participant's interest in the cash surrender value set forth in paragraph 7.3 above for an amount equal to the Participant's Share. Thereafter, the Participant shall have no further interest in the Policy or this Plan.

8.3 Upon Termination of Employment

(a) In the event of termination of employment for Cause (as determined by the Committee) with a Participating Employer before Retirement, the Participant shall execute any and all instruments that may be required to vest ownership of said Policy in the Participating Employer. The Participating Employer shall purchase from the Participant the Participant's interest in the cash surrender value set forth in paragraph 7.3 above for an amount equal to the Participant's Share. Thereafter, the Participant shall have no further interest in the Policy or this Plan.

(b) In the event of termination of employment because of a reduction in force, accepting a position of public service, or other reason not considered for Cause with a Participating Employer before Retirement, the Participant may elect either to:

(i) reimburse the Participating Employer an amount equal to the Participating Employer's Share of Premium, whereupon receipt of payment from the Participant, the Participating Employer shall release the collateral assignment and thereafter shall have no further interest in the Policy, or

(ii) execute any and all instruments that may be required to vest ownership of said policy in the Participating Employers. The Participating Employer shall purchase from the Participant the Participant's interest in the cash surrender value set forth in paragraph 7.3 above for an amount equal to the Participant's Share. Thereafter, the Participant shall have no further interest in the Policy or this Plan.

(c) In the event of termination of employment, occurring at least two (2) years from the Effective Time, as defined in the Merger Agreement, the Participant shall be deemed to have retired for purposes of this Plan and shall be eligible to make the election specified in Section 8.5.

(d) In the event of Involuntary Termination, occurring during the two-year period beginning with the date the stockholders of PGC approve the Merger Agreement, the Participant shall be entitled to the Change in Control benefit specified in Section 8.4.

8.4 Upon a Change in Control

In the event of a Change in Control, within sixty (60) days of such Change in Control, the Participating Employer shall:

(a) determine to what extent the cash value exceeds the Net Single Premium and recover the excess, if any; and

(b) upon recovery of the excess, release the collateral assignment and thereafter have no further interest in the Policy; and

(c) pay to each Participant an amount equal to the excess, if any, of the Net Single Premium over the cash value released to the Participant in (b) above.

8.5 Upon Retirement

In the event of termination of employment with Participating Employer at or after Retirement, the Participant may elect either to:

(a) reimburse the Participating Employer an amount equal to the Participating Employer's Share of Premium, whereupon receipt of payment from the Participant, the Participating Employer shall release the collateral assignment and thereafter shall have no further interest in the Policy, or

(b) continue as a Participant in the Plan with the Participating Employer continuing to pay premiums and the Participant continuing to pay the Participant's Share pursuant to Article V.

8.6 Timely Transfer of Ownership

When, under the terms of Article VIII, ownership of the Policy transfers from the Participant to the Participating Employer, the Participant shall execute any and all instruments that may be required to vest ownership of said Policy in the Participating Employer within ninety (90) days following receipt of notice from the Participating Employer.

ARTICLE IX-DURATION OF THE PLAN

9.1 Plan Continuation

Subject to the provisions of Article VIII, this Plan shall continue with respect to each Participant until such time as the Cash Value of the Policy on a Participant is sufficient to permit:

(a) the Participating Employer to recover the Participating Employer's Share of Premium; and

(b) the Participant to recover an amount equal to the federal and state income tax he will incur as a result of termination of the split dollar arrangement; and

(c) the death benefit to continue to the Participant's age ninety-five (95) with no further premium outlay based upon then current interest assumptions.

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9.2 Termination of Arrangement

When the standard required by paragraph 9.1 is achieved and upon the Participating Employer receiving the Participating Employer's Share of Premium, the split dollar arrangement with that Participant shall terminate. The Participating Employer shall release the collateral assignment and thereafter, shall have no further interest in the Policy.

ARTICLE X-AMENDMENT AND TERMINATION OF PLAN

10.1 Amendment

The Senior Administrative Officer may amend the Plan from time to time as may be necessary for administrative purposes and legal compliance, provided, however, that no such amendment shall effect the benefit rights or levels of Participants or beneficiaries in the Plan. Prior to achieving the standard required by paragraph 9.1, the Committee may not amend, modify or revoke this Plan in a manner that reduces the rights of the Participant under this Plan.

10.2 Termination

The Board of each Participating Employer may at any time, in its sole discretion, terminate the Plan in whole or in part for that Participating Employer, such that no future Participants will be allowed into the Plan. However, no such termination or suspension shall adversely affect the benefits of Participants which have accrued prior to such action, the benefits of any Participant who has previously retired, the benefits of any Beneficiary of a Participant who has previously died, or already accrued Plan liabilities between Participating Employers.

ARTICLE XI-INSURER NOT A PARTY TO PLAN

An Insurer shall be bound only by the provisions of and endorsements on the Policy, and any payments made or action taken by an Insurer in accordance therewith shall fully discharge it from all claims, suits and demands of all persons whatsoever. Except as specifically provided by endorsement on the Policy, it shall in no way be bound by the provisions of this Plan.

ARTICLE XII-NAMED FIDUCIARY

12.1 Senior Administrative Officer; Committee

The Senior Administration Officer is hereby designated the "Named Fiduciary" until removal by the Committee. As Named Fiduciary, the Senior Administrative Officer shall be responsible for the management, control and administration of the Plan established herein. The Senior Administrative Officer may allocate to others certain aspects of the management and operation responsibilities of the Plan, including the employment of advisors and the delegation of any ministerial duties to qualified individuals.

12.2 Indemnity of Senior Administrative Officer; Committee

Each Participating Employer shall indemnify and hold harmless the Senior Administrative Officer and the Committee and its individual members against any and all claims,

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loss, damage, expense or liability arising from any action or failure to act with respect to this Plan, except in the case of gross negligence or willful misconduct.

12.3 Availability of Plan Documents

Each Participant shall receive a copy of this Plan, and the Senior Administrative Officer shall make available for inspection by any Participant a copy of the rules and regulations used in administering the Plan.

12.4 Cost of Plan Administration

The Company shall bear all expenses of administration of this Plan. However, a ratable portion of the expense shall be charged back to each Participating Employer.

ARTICLE XIII-CLAIMS PROCEDURE

13.1 Claim

Claims for any benefits due under the Plan or upon surrender of the Policy shall be made in writing by the Participating Employer, and the Participant or his designated beneficiary or beneficiaries, as the case may be, to the Named Fiduciary or his delegatee who shall respond in writing as soon as practicable.

13.2 Denial of Claim

In the event a claim is denied or disputed, the Named Fiduciary shall, within a reasonable period of time after receipt of the claim, notify the Participating Employer, and the Participant or his designated beneficiary or beneficiaries, as the case may be, of such denial or dispute listing:

(a) the reasons for the denial or dispute; with specific reference to the Plan provisions upon which the denial or dispute is based;

(b) a description of any additional material or information necessary and an explanation of why it is necessary; and

(c) an explanation of the Plan's claim review procedure.

13.3 Review of Claim

Within sixty (60) days of denial or notice of claim under the Plan, a claimant may request that the claim be reviewed by the Named Fiduciary. The claim or request shall be reviewed by the Named Fiduciary, who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents and submit issues and comments in writing.

13.4 Final Decision

The decision of the Senior Administrative Officer on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty

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(120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE XIV-MISCELLANEOUS

14.1 Not a Contract of Employment

The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between a Participating Employer and a Participant, and neither a Participant nor a Participant's beneficiary shall have any rights against a Participating Employer except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of the Participating Employer or to interfere with the right of the Participating Employer to discipline or discharge him at any time.

14.2 Liability for Benefits

Except as otherwise provided in this paragraph, liability for the payment of a Participant's benefit pursuant to this Plan shall be borne solely by the Participating Employer that employs the Participant and reports the Participant as being on its payroll during the accrual or increase of the Plan benefit, and no liability for the payment of any Plan benefit shall be incurred by reason of Plan sponsorship or participation except for the Plan benefits of a Participating Employer's own employees. Provided, however, that each Participating Employer, by accepting the Board's designation as a Participating Employer under the Plan and formally adopting the Plan, agrees to assume secondary liability for the payment of any benefit accrued or increased while a Participant is employed and on the payroll of a Participating Employer that is a Direct Subsidiary or Indirect Subsidiary of the Participating Employer at the time such benefit is accrued or increased. Such liability shall survive any revocation of designation as a Participating Employer with respect to any liabilities accrued at the time of such revocation. Nothing in this paragraph shall be interpreted as prohibiting any Participating Employer or any other person from expressly agreeing to assumption of liability for a Plan Participant's

payment of any benefits under the Plan.

14.3 Allocation of Asset

The interests of each Participating Employer in and to the Policy as described in paragraph 6.2 shall be allocated, if applicable, pro rata among those Participating Employers who employed the Participant and reported the Participant as being on its payroll during the accrual or increase of the cash value. Such allocation of asset shall survive any revocation of designation as a Participating Employer or termination of the Plan with respect to any asset accrued at the time of such revocation or termination.

14.4 Protective Provisions

A Participant will cooperate with a Participating Employer by furnishing any and all information requested by the Participating Employer, in order to facilitate the payment of benefits hereunder, and by taking such physical examination as the Participating Employer may deem necessary and taking such other action as may be requested by the Participating Employer.

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14.5 Transfer of Participant's Interest in the Policy

In the event a Participant shall transfer all of his interest in the Policy, then all of a Participant's interest in the Policy shall be vested in his transferee, who shall be substituted as a party hereunder, and a Participant shall have no further interest in the Policy.

14.6 Terms

In this Plan document, unless the context clearly indicates the contrary, the masculine gender will be deemed to include the feminine gender, and the singular shall include the plural.

14.7 Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of the State of Oregon, except as preempted by federal law.

14.8 Validity

In case any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

14.9 Notice

Any notice or filing required or permitted to be given to the Senior Administrative Officer under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Senior Administrative Officer or to Secretary of Participating Employer. Notice to the Senior Administrative Officer, if mailed, shall be addressed to the principal executive offices of the Participating Employer. Notice mailed to the Participant shall be at such address as is given in the records of the Participating Employer. Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

14.10 Successors

The provisions of this Plan shall bind and inure to the benefit of the Participating Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of the Participating Employer, and successors of any such corporation or other business entity.

IN WITNESS WHEREOF, and pursuant to resolution of the board, the Company has caused this instrument to be executed by its officers thereunto duly authorized, as of this 19th day of November, 1997.

PORTLAND GENERAL HOLDINGS, INC.

By: /s/ D. F. Kielblock

Its: Vice President

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SCHEDULE I

Death Benefits Payable Under

Portland General Corporation

Senior Officers' Life Insurance Benefit Plan

1996 Restatement

Effective January 1, 1996

Chief Executive Officer	\$1,000,000
President	750,000
Senior Vice Presidents	750,000
Division Presidents	750,000
Other Officers	500,000

EXHIBIT A

Collateral Assignment

THIS ASSIGNMENT, made and entered into and effective this ____ day of _____, 19____, by the undersigned as owner (the "Owner") of that certain Life Insurance Policy No. _____ issued by _____ ("Insurer") and any supplementary contracts issued in connection therewith (said policy and contracts being herein called the "Policy"), upon the life of _____ ("Insured"), to Portland General Corporation, an Oregon corporation (the "Assignee").

WITNESSETH:

WHEREAS, the Insured is a Senior Officer of the Assignee; and

WHEREAS, said Assignee desires to provide the Insured with supplemental life insurance protection by contributing a portion of the annual premium due on the Policy, as more specifically provided for in the split dollar arrangement set forth in the Senior Officers' Life Insurance Benefit Plan (the "Plan"); and adopted as restated by the Assignee on December 1, 1988, a copy of which is attached hereto, incorporated by reference and made a part hereof; and

WHEREAS, in consideration of the Assignee agreeing to pay a portion of the premiums, the Owner agrees to grant the Assignee an interest in the policy as security for the recovery of the Assignee's premium outlay.

NOW THEREFORE, for value received, the undersigned hereby assigns, transfers and sets over to the Assignee, its successors and assigns, the following specific rights in the Policy, subject to the following terms and conditions:

1. This Assignment is made, and the Policy is to be held, as collateral security for the premium payments made by Assignee, pursuant to the terms of the Plan.

2. The Assignee's interest in the Policy shall further be limited to:

(a) the right to recover the aggregate amount of insurance premium paid by the Assignee less the aggregate portion contributed by the Participant (the "Assignee's Share of Premium") in the event the Policy is surrendered or canceled by the Owner as provided in Section 7.1 of the Plan,

(b) the right to recover, upon the death of the Participant, all proceeds in excess of the death benefit promised in Schedule I of the Senior Officers' Life Insurance Benefit Plan,

(c) the right to recover the Assignee's Share of Premium, the right to recover the excess of cash value over the Net Single Premium, or the right to receive ownership of the Policy in the event of termination of the split dollar arrangement as provided in Article VIII of the Plan.

EXHIBIT A

Collateral Assignment (Continued)

3. Except as specifically herein granted to the Assignee, the Owner shall retain all incidents of ownership in the Policy, including, but not limited to, the right to assign his interest in the Policy, the right to change the beneficiary of that portion of the proceeds to which he is entitled under Article VI of the Plan, and the right to exercise all settlement options permitted by the terms of the Policy. Provided, however, that all rights retained by the Owner shall be subject to the terms and conditions of the Plan.

4. The Assignee shall, upon request, forward the Policy to the Insurer, without unreasonable delay, for endorsement of any designation of change of beneficiary, any election of optional mode of settlement, or the exercise of any other right reserved by the Owner hereunder.

5. The Insurer is hereby authorized to recognize the Assignee's claims to rights hereunder without investigating the reason for any action taken by the Assignee, the amount of its Share of Premium, the existence of any default therein, the giving of any notice required herein, or the application to be made by the Assignee of any amounts to be paid to the Assignee.

The signature of the Assignee shall be sufficient for the exercise of any rights under the Policy assigned hereby to the Assignee, and the receipt of the Assignee for any sums received by it shall be a full discharge and release therefore to the Insurer.

6. The Insurer shall be fully protected in recognizing the requests made by the Owner for surrender of the Policy with or without the consent of the Assignee, and, upon such surrender, the Policy shall be terminated and shall be of no further force or effect.

7. Upon the full payment to the Assignee of its Share of Premium, or in the event of a Change in Control upon recovery of the excess of cash value over the Net Single Premium the Assignee shall release the Collateral

Assignment and reassign to the Owner all specific rights included in this Collateral Assignment.

IN WITNESS WHEREOF, the undersigned Owner has executed this Assignment the date and year first above written.

Witness

Owner

POWER OF ATTORNEY
PORTLAND GENERAL ELECTRIC COMPANY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by the Company of its Annual Report on Form 10-K for the year ended December 31, 1997, with the Securities and Exchange Commission, the undersigned director(s) of the Company hereby constitute and appoint Alvin L. Alexanderson, Steven N. Elliott and Joseph E. Feltz, and each of them with full power (any one of them acting alone), as true and lawful attorneys-in-fact and agents, for and on behalf and in the name, place, and stead of the undersigned, in any and all capacities, to sign, execute, and file such Annual Report on Form 10-K, together with all amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto each above-mentioned individual the full power and authority to do and perform each and every act and action requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 20th day of March, 1998.

\S\ KEN L. HARRISON

Ken L. Harrison

POWER OF ATTORNEY
PORTLAND GENERAL ELECTRIC COMPANY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by the Company of its Annual Report on Form 10-K for the year ended December 31, 1997, with the Securities and Exchange Commission, the undersigned director(s) of the Company hereby constitute and appoint Alvin L. Alexanderson, Steven N. Elliott and Joseph E. Feltz, and each of them with full power (any one of them acting alone), as true and lawful attorneys-in-fact and agents, for and on behalf and in the name, place, and stead of the undersigned, in any and all capacities, to sign, execute, and file such Annual Report on Form 10-K, together with all amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto each above-mentioned individual the full power and authority to do and perform each and every act and action requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 24th day of March, 1998.

\S\ JOSEPH M. HIRKO

Joseph M. Hirko

POWER OF ATTORNEY
PORTLAND GENERAL ELECTRIC COMPANY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by the Company of its Annual Report on Form 10-K for the year ended December 31, 1997, with the Securities and Exchange Commission, the undersigned director(s) of the Company hereby constitute and appoint Alvin L. Alexanderson, Steven N. Elliott and Joseph E. Feltz, and each of them with full power (any one of them acting alone), as true and lawful attorneys-in-fact and agents, for and on behalf and in the name, place, and stead of the undersigned, in any and all capacities, to sign, execute, and file such Annual Report on Form 10-K, together with all amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto each above-mentioned individual the full power and authority to do and perform each and every act and action requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 25th day of March, 1998.

\S\ KENNETH L. LAY

Kenneth L. Lay

POWER OF ATTORNEY
PORTLAND GENERAL ELECTRIC COMPANY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by the Company of its Annual Report on Form 10-K for the year ended December 31, 1997, with the Securities and Exchange Commission, the undersigned director(s) of the Company hereby constitute and appoint Alvin L. Alexanderson, Steven N. Elliott and Joseph E. Feltz, and each of them with full power (any one of them acting alone), as true and lawful attorneys-in-fact and agents, for and on behalf and in the name, place, and stead of the undersigned, in any and all capacities, to sign, execute, and file such Annual Report on Form 10-K, together with all amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto each above-mentioned individual the full power and authority to do and perform each and every act and action requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 23rd day of March, 1998.

\S\ JAMES V. DERRICK, JR.

James V. Derrick, Jr.

POWER OF ATTORNEY
PORTLAND GENERAL ELECTRIC COMPANY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by the Company of its Annual Report on Form 10-K for the year ended December 31, 1997, with the Securities and Exchange Commission, the undersigned director(s) of the Company hereby constitute and appoint Alvin L. Alexanderson, Steven N. Elliott and Joseph E. Feltz, and each of them with

full power (any one of them acting alone), as true and lawful attorneys-in-fact and agents, for and on behalf and in the name, place, and stead of the undersigned, in any and all capacities, to sign, execute, and file such Annual Report on Form 10-K, together with all amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto each above-mentioned individual the full power and authority to do and perform each and every act and action requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 23rd day of March, 1998.

\S\ JEFFREY K. SKILLING

Jeffrey K. Skilling

<ARTICLE> UT

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS FILED ON FORM 10-K FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1997 FOR PORTLAND GENERAL ELECTRIC COMPANY AND SUBSIDIARIES (PGE) AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

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<LEASES-CURRENT>	3
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<TOT-CAPITALIZATION-AND-LIAB>	3,256
<GROSS-OPERATING-REVENUE>	1,416
<INCOME-TAX-EXPENSE>	83
<OTHER-OPERATING-EXPENSES>	1,125
<TOTAL-OPERATING-EXPENSES>	1,208
<OPERATING-INCOME-LOSS>	208

<OTHER-INCOME-NET>	(8)
<INCOME-BEFORE-INTEREST-EXPEN>	200
<TOTAL-INTEREST-EXPENSE>	74
<NET-INCOME>	126
<PREFERRED-STOCK-DIVIDENDS>	2
<EARNINGS-AVAILABLE-FOR-COMM>	124
<COMMON-STOCK-DIVIDENDS>	144
<TOTAL-INTEREST-ON-BONDS>	63
<CASH-FLOW-OPERATIONS>	359
<EPS-PRIMARY>	0
<EPS-DILUTED>	0

<FN>

<F1>Represents the 12 month-to-date figure ending December 31, 1997.

</FN>

