UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

(Mark one)

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended January 31, 1999 or

[ ] Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _______ to ______

COMMISSION FILE NUMBER 0-6050

POWELL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

NEVADA	88-0106100
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8550 Mosley Drive, Houston, Texas	77075-1180
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (713) 944-6900

Indicate by "X" whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Common Stock, par value $.01 per share; 10,659,345 shares outstanding on January 31, 1999.

Powell Industries, Inc. and Subsidiaries

PART I - Financial Information

Powell Industries, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In Thousands, Except Share and Per Share Data)

	January 31, 1999 (unaudited)	October 31, 1998
Assets		
Current Assets:		
Cash and cash equivalents	$ 2,190	$ 601
Accounts receivable, less allowance for doubtful accounts of $821 and $761, respectively	48,581	44,255
Costs and estimated earnings in excess of billings	23,199	24,783
Inventories	17,788	16,284
Deferred income taxes	331	709
Income taxes receivable	1,305	945
Prepaid expenses and other current assets	3,049	1,441
Total Current Assets	96,443	89,018
Property, plant and equipment, net	32,190	32,311
Deferred income taxes	889	833
Other assets	5,129	4,969
Total Assets	$ 134,647	$ 127,131
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts and income taxes payable	$ 11,477	$ 12,094
Accrued salaries, bonuses and commissions	4,365	6,784
Accrued product warranty	1,511	1,388
Other accrued expenses	4,104	4,652
Billings in excess of costs and estimated earnings	6,378	3,845
Current maturities of long-term debt	2,529	1,429
Total Current Liabilities	30,364	30,192
Long-term obligations	16,685	11,571
Deferred compensation expense	1,174	1,187
Postretirement benefits liability	833	845
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, par value $.01; 5,000,000 shares authorized; none issued		
Common stock, par value $.01; 30,000,000 shares authorized, 10,659,345 and 10,656,945 shares issued and outstanding	107	107
Additional paid-in capital	5,941	5,919
Retained earnings	82,415	80,237
Deferred compensation-ESOP	(2,872)	(2,927)
Total Stockholders' Equity	85,591	83,336
Total Liabilities and Stockholders' Equity	$ 134,647	$ 127,131

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

Powell Industries, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (unaudited)
(In Thousands, Except Share and Per Share Data)

	Three Months Ended January 31, 1999	Three Months Ended January 31, 1998
Revenues	$ 54,134	$ 46,350
Cost of goods sold	43,202	35,719
Gross profit	10,932	10,631
Selling, general and administrative expenses	7,511	7,129
Earnings from operations before interest and income taxes	3,421	3,502
Interest expense, net	136	23
Earnings from operations before income taxes	3,285	3,479
Income tax provision	1,107	1,081
Net earnings	$ 2,178	$ 2,398
Net earnings per common share:		
Basic	$ 0.20	$ 0.23
Diluted	0.20	0.22
Weighted average number of common shares outstanding	10,658,545	10,643,586
Weighted average number of common and common equivalent shares outstanding	10,733,077	10,760,664

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

Powell Industries, Inc. and Subsidiaries
Condensed Consolidated Statements of Operational (unaudited)
(In Thousands)

	Three Months Ended January 31, 1999	1998
Operating Activities:		
Net earnings	$ 2,178	$ 2,398
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,082	946
Deferred income taxes (benefit)	322	80
Postretirement benefits liability	(12)	(40)
Changes in operating assets and liabilities:		
Accounts receivable	(4,326)	11,698
Costs and estimated earnings in excess of billings	1,584	(1,695)
Inventories	(1,504)	(3,063)
Prepaid expenses and other current assets	(1,608)	217
Other assets	(267)	(48)
Accounts payable and income taxes payable or receivable	(977)	(964)
Accrued liabilities	(2,844)	(4,485)
Billings in excess of costs and estimated earnings	2,533	(2,178)
Deferred compensation expense	42	64
Net cash provided by (used in) operating activities	(3,797)	2,930
Investing Activities:		
Purchases of property, plant and equipment	(850)	(3,833)
Net cash used in investing activities	(850)	(3,833)
Financing activities:		
Net borrowings of long-term debt	6,214	--
Exercise of stock options	22	61
Net cash used in financing activities	6,236	61
Net increase (decrease) in cash and cash equivalents	1,589	(842)
Cash and cash equivalents at beginning of period	601	2,219
Cash and cash equivalents at end of period	$ 2,190	$ 1,377
Supplemental disclosure of cash flow information (in thousands):		
Cash paid during the quarter for:		
Interest	$ 171	$ 169
Income taxes	--	--

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

Part I
Item 1

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, in the opinion of management, reflect all adjustments which are of a normal recurring nature necessary for a fair presentation of financial position, results of operations, and cash flows. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's October 31, 1998 annual report on Form 10-K.

B. INVENTORY

The components of inventory are summarized below (in thousands):

	January 31, 1999 (unaudited)	October 31, 1998
Raw materials and subassemblies	$ 10,027	$ 9,795
Work-in-process	7,761	6,489
Total inventories	$ 17,788	$ 16,284

C. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is summarized below (in thousands):

	January 31, 1999 (unaudited)	October 31, 1998
Land	$ 2,720	$ 2,720
Buildings and improvements	27,561	27,478
Machinery and equipment	28,932	28,149
Furniture & fixtures	4,084	4,039
Construction in process	3,303	3,364
	66,600	65,750
Less-accumulated depreciation	(34,410)	(33,439)
Total property, plant and equipment, net	$ 32,190	$ 32,311

Part I
Item 1

D. PRODUCTION CONTRACTS

For contracts in which the percentage-of-completion method is used, costs and estimated earnings in excess of billings are shown as a current asset and billings in excess of costs and estimated earnings are shown as a current liability. The components of these contracts are as follows(in thousands):

	January 31, 1999 (unaudited)	October 31, 1998
Costs and estimated earnings	$ 142,976	$ 114,127
Progress billings	(119,777)	(89,344)
Total costs and estimated earnings in excess of billings	$ 23,199	$ 24,783
Progress billings	$ 52,721	$ 67,471
Costs and estimated earnings	(46,342)	(63,626)
Total billings in excess of costs and estimated earnings	$ 6,379	$ 3,845

E. EARNINGS PER SHARE (unaudited)

In February 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share." Statement No. 128 replaced the previously reported primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options. Diluted earnings per share is very similar to the previously reported primary earnings per share. Earnings per share amounts for each period have been presented and restated to conform to the Statement 128 requirements.

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except share and per share data):

	Three months ended January 31,	
	1999	1998
Numerator:		
Numerator per basic earnings per share-income available to common shareholders	$ 2,178	$ 2,398
Denominator:		
Denominator for basic earnings per share weighted-average shares	10,658,545	10,643,586
Effect of dilutive securities-employee stock options	74,532	117,078
Denominator for diluted earnings per share-adjusted weighted-average shares assumed conversions	10,733,077	10,760,664
Basic earnings per share	$ 0.20	$ 0.23
Diluted earnings per share	$ 0.20	$ 0.22

Part I
Item 1

F. BUSINESS SEGMENTS (unaudited)

The Company has three reportable segments: 1. Switchgeer and related equipment and service (Switchgear) for distribution, control and management of electrical energy, 2. Bus duct products (Bus Duct) for distribution of electric power, and 3. Process Control Systems which consists principally of instrumentation, computer control, communications and data management systems for the control of dynamic process.

The required disclosures for the business segments are set forth below (in thousands):

	Three months ended January 31, 1999	Three months ended January 31, 1998
Revenues		
Switchgear	$ 39,237	$ 32,614
Bus Duct	6,239	6,155
Process Control Systems	6,367	4,519
Sub-total	51,843	43,288
Other	4,492	4,973
Intercompany Eliminations	(2,202)	(1,911)
Total Revenues	$ 54,133	$ 46,350
Earnings from operations before Income taxes		
Switchgear	$ 3,052	$ 3,091
Bus Duct	1,087	1,166
Process Control Systems	248	145
Sub-total	$ 4,387	$ 4,402
Other	(115)	(140)
Intercompany Eliminations	(987)	(783)
Total Earnings from Operations before Income taxes	$ 3,285	$ 3,479

Assets	January 31, 1999	October 31, 1998
Switchgear	$ 92,060	$ 90,603
Bus Duct	13,637	12,271
Process Control Systems	10,705	10,309
Sub-total	116,402	113,183
Corporate and Other	18,245	13,948
Total Assets	$ 134,647	$ 127,131

Part I
Item 2

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

RESULTS OF OPERATIONS

The following table sets forth, as a percentage of revenues, certain items from the Consolidated Statements of Operations.

Quarters ended January 31	1999	1998
Revenues	100.0%	100.0%
Gross Profit	20.2	22.9
Selling, general and administrative expenses	13.9	15.4
Earnings from operations before income taxes	6.1	7.5
Net earnings	4.0	5.2

Revenues for the quarter ended January 31, 1999 were up 17.0 percent to $54,134,000 from $46,350,000 in the first quarter of last year. The increases in revenues were mainly in the domestic markets consisting of sales increases from the Switchgear and Process Control Systems business segments due to the record backlog recorded in fiscal year 1998. Export revenues continued to be an important component of the Company's operations, accounting for $23,581,000 for the three months ending January 31, 1999 compared to $21,928,000 for the same period of 1998.

Gross profit, as a percentage of revenues, was 20.2 percent and 22.9 percent for the quarter ended January 31, 1999 and 1998, respectively. The lower percentages in 1998 were mainly due to the decline in performance of Switchgear business segment and lower prices.

Selling, general and administrative expenses as a percentage of revenues were 13.9 percent and 15.4 percent for the quarter ended January 31, 1999 and 1998, respectively. The decrease in percentages reflects the increased volume of revenues.

Income tax provision The effective tax rates on continuing operations earnings were 33.7 percent and 31.1 percent for the quarter ended January 31, 1999 and 1998, respectively. The increase was primarily due to lower estimated foreign sales corporation credits compared to the prior year as a result of a higher than normal volume of international percentage of completion projects in process at the end of the quarter. This effective tax rate difference should be a timing difference and the effective rate should finish the year at approximately 31-32 percent which is more consistent with past years.

Earnings from continuing operations were $2,178,000 or $.20 per share for the first quarter of fiscal 1999, a decrease from $2,398,000 or $.23 per share for the same period last year. The decrease was mainly due to lower gross margins in the Switchgear and Bus Duct business segments.

Backlog

The order backlog at January 31, 1999 was $136.2 million, compared to $143.4 million at October 31, 1998.

LIQUIDITY AND CAPITAL RESOURCES

In September 1998, the Company entered into a $25,000,000 revolving line of credit agreement with a major domestic bank. The Company had borrowings outstanding of $18,143,000 under this line on January 31, 1999.

The Company's ability to satisfy its cash requirements is evaluated by analyzing key measures of liquidity applicable to the Company. The following table is a summary of the measures which are significant to management:

	January 31, 1999	October 31, 1998	January 31, 1998
Working Capital	$66,079,000	$58,826,000	$51,327,000
Current Ratio	3.18 to 1	2.95 to 1	2.68 to 1
Long-term Debt to Capitalization	.2 to 1	.1 to 1	.1 to 1

Management believes that the Company continues to maintain a strong liquidity position. The increase in working capital at January 31, 1999, as compared to October 31, 1998, is due mainly to an increase in accounts receivable.

Cash and cash equivalents increased by $1,589,000 during the three months ended January 31, 1999. The primary use of cash during this period was for the increase of accounts receivables and inventory. The increase in net borrowings was the primary source of required cash for the quarter.

The Company's fiscal 1999 asset management program will continue to focus on the collection of receivables and reduction in inventories. The Company plans to satisfy its fiscal 1999 capital requirements and operating needs primarily with funds available in cash and cash equivalents of $2,190,000, funds generated from operating activities and funds available under its existing revolving credit line.

The previous discussion should be read in conjunction with the consolidated financial statements.

Year 2000 Readiness

The Year 2000 readiness issue results from the historical use in computer software programs and operating systems of a two digit number to represent the year. Certain software and hardware may fail to properly function when confronted with dates that contain "00" as a two digit year. New information about the nuances of the problem seems to become available on almost a daily basis and that is likely to continue as companies around the world focus increased attention and resources on finding solutions to the problem's many manifestations.

To address the potential risk for disruption of operations, each subsidiary of the Company has developed a compliance plan. The Company has substantially completed a comprehensive initial assessment of the readiness of its internal systems and manufacturing systems. Many of the readiness issues identified in internal systems during the course of the initial assessment have already been addressed. Numerous tests have been conducted to confirm the effectiveness of applied solutions. Additional testing will occur throughout 1999. While the Company's initial assessment is substantially complete, the Company intends to continue to update the assessment of its state of readiness based upon new information that may become available from third party vendors, suppliers and manufacturers in the months to come.

All components originally manufactured by the Company are inherently compliant in that the components do not manipulate, process, store or record date-related information. However, a few subsidiaries, including the Company's largest subsidiary, Powell Electrical Manufacturing Company, sell engineered systems that include potentially noncompliant components manufactured by third parties. The Company is pursuing a plan to evaluate the compliance status of all components manufactured by third parties and will pass through to its customers any compliance warranties provided by the components' manufacturers. The Company will continue to strongly recommend to its customers that each of them make an independent evaluation of the readiness of manufactured products that include potentially noncompliant components.

The Transdyn Controls, Inc. subsidiary is a systems integrator of primarily third party products. As an integrator, Transdyn must rely on the readiness information provided by the providers of those third party products. Microsoft is the primary provider of software Transdyn utilizes in its integrated systems. Based on currently available information, Transdyn believes that the versions of third party products currently integrated into systems it develops are either compliant or will be compliant upon application of readily available patches. Earlier versions of third party products integrated in systems delivered by Transdyn in the past are known to be noncompliant, and Transdyn will continue to work to identify and notify affected customers. Transdyn is offering its services to affected customers to assist in the testing, retrofit or upgrade process.

The costs to the Company to achieve Year 2000 readiness are not believed to be material. Most tasks associated with compliance plan implementation have been or will be completed by internal employees. Certain tasks will be performed by external solution providers; however, reliance on external resources will not be significant.

The most likely worst case Year 2000 scenario for the Company includes the following possibilities.

- A limited number of components manufactured by third parties will fail in some respect despite the manufacturers' assurances that such components are compliant. To the extent that this occurs and the Company is obligated to do so under contractual warranties, the Company will make replacement components available to customers. Otherwise, the Company will facilitate the identification of viable compliant components and replacement of the noncompliant components.

- A limited number of customers who were notified of possible compliance issues associated with older equipment will fail to timely address the issue and will seek assistance from the Company after roll-over. To the extent sufficient and appropriate resources are available, the Company will facilitate component replacement or upgrades.

- Some customers may suffer failures that cause those customers to delay placing additional orders of new equipment during the first quarter of 2000 or to delay payment for previously ordered products. The Company plans to position itself to adjust to any temporary reduction of new orders and to withstand short term cash flow issues.

- One or more physical facilities may suffer some degree of infrastructure failure, due in part to the number of geographic locations of the various subsidiaries. The Company plans to carefully manage its contractual obligations to customers during the first month of 2000 so as to minimize the effect any infrastructure failure might have on its ability to satisfy those obligations. At this time, the Company does not intend to invest in alternative sources of water, power or telecommunications. The Company will prepare further contingency plans to deal with potential infrastructure failure if and when additional information becomes available from current providers as to their state of readiness.

While other scenarios are possible given the interdependent nature of all businesses, the Company believes that the foregoing elements, individually or any combination of one or more other element, represent the most likely worst case scenario.

Any forward looking statements in the preceding paragraphs of this Form 10-Q are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward looking statements involve risks and uncertainty in that actual results may differ materially from those projected in the forward looking statements. These risks and uncertainties include, without limitation, difficulties which could arise in obtaining materials or components in sufficient quantities as needed for the Company's manufacturing and assembly operations, unforeseen political or economic problems in countries to which the Company exports its products in relation to the Company's principal competitors, any significant decrease in the Company's backlog of orders, any material employee relations problems, or any material litigation or claims made against the Company, as well as general market conditions, competition and pricing.

Part II

OTHER INFORMATION

ITEM 1. Legal Proceedings

The Company is a party to disputes arising in the ordinary course of business. Management does not believe that the ultimate outcome of these disputes will materially affect the financial position of results of operations of the Company.

ITEM 2. Changes in Securities and Use of Proceeds
None

ITEM 3. Defaults Upon Senior Securities
Not applicable

ITEM 4. Submission of Matters to a Vote of Security Holders
None

ITEM 5. Other Information
None

ITEM 6. Exhibits and Reports on Form 8-K
a. Exhibits

27.0 Financial Data Schedule

b. Reports on Form 8-K
None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POWELL INDUSTRIES, INC.
Registrant

March 11, 1999	/s/ THOMAS W. POWELL
Date	Thomas W. Powell President and Chief Executive Officer (Principal Executive Officer)
March 11, 1999	/s/ J.F. AHART
Date	J.F. Ahart Vice President, Secretary-Treasurer Chief Financial Officer (Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

Exhibit Number	Description
27.0	Financial Data Schedule

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED JANUARY 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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OCT-31-1999
JAN-31-1998
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821
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