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, 1998

or

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

COMMISSION FILE NUMBER 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; 10,645,484 shares outstanding on January 31, 1998.

Powell Industries, Inc. and Subsidiaries

PART I - Financial Information

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Powell Industries, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share and per share data)

Assets	January 31, 1998 (unaudited)	October 31, 1997
Current Assets:		
Cash and cash equivalents	$ 1,377	$ 2,219
Accounts receivable, less allowance for doubtful accounts of $477 and $465, respectively	38,693	50,391
Costs and estimated earnings in excess of billings	20,681	18,986
Inventories	16,666	13,603
Deferred income taxes	745	825
Income taxes receivable	1,251	1,351
Prepaid expenses and other current assets	2,377	2,594
Total Current Assets	81,790	89,969
Property, plant and equipment, net	29,320	26,374
Deferred income taxes	1,578	1,578
Other assets	4,935	4,946
Total Assets	$ 117,623	$ 122,867

Liabilities and Stockholders' Equity	January 31, 1998 (unaudited)	October 31, 1997
Current Liabilities:		
Accounts and income taxes payable	$ 10,865	$ 11,929
Accrued salaries, bonuses and commissions	3,666	6,737
Accrued product warranty	1,525	1,511
Accrued legal expenses	3,095	3,785
Other accrued expenses	2,544	3,282
Billings in excess of costs and estimated earnings	8,778	10,956
Total Current Liabilities	30,473	38,200
Long-term debt, net of current maturities	6,000	6,000
Deferred compensation expense	1,127	1,128
Postretirement benefits liability	1,192	1,232
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, 10,645,979 and 10,642,779 shares issued and outstanding	107	106
Additional paid-in capital	5,842	5,782
Retained earnings	75,970	73,572
Deferred compensation-ESOP	(3,088)	(3,153)
Total Stockholders' Equity	78,831	76,307
Total Liabilities and Stockholders' Equity	$ 117,623	$ 122,867

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

Powell Industries, Inc. and Subsidiaries
Consolidated Statements of Operations (unaudited)
(In thousands, except per share data)

	Three Months Ended January 31,	
	1998	1997
Revenues	$ 46,350	$ 43,128
Cost of goods sold	35,719	32,840
Gross profit	10,631	10,288
Selling, general and administrative expenses	7,129	6,888
Earnings from operations before interest and income taxes	3,502	3,400
Interest expense (income), net	23	(138)
Earnings from operations before income taxes	3,479	3,538
Income tax provision	1,081	1,169
Net earnings	$ 2,398	$ 2,369
Net earnings per common share:		
Basic	$ 0.23	$ 0.22
Diluted	0.22	0.22
Weighted average number of common shares outstanding	10,643,586	10,606,442
Weighted average number of common and common equivalent shares outstanding	10,757,675	10,743,588

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

Powell Industries, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (unaudited)
(In thousands)

	Three Months Ended January 31, 1998	1997
Operating Activities:		
Net earnings	$ 2,398	$ 2,369
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	946	830
Deferred income taxes	80	288
Postretirement benefits liability	(40)	(44)
Changes in operating assets and liabilities:		
Accounts receivable	11,698	4,774
Costs and estimated earnings in excess of billings	(1,695)	(2,943)
Inventories	(3,063)	2,933
Prepaid expenses and other current assets	217	(643)
Other assets	(48)	(99)
Accounts payable and income taxes payable or receivable	(964)	734
Accrued liabilities	(4,485)	(2,301)
Billings in excess of costs and estimated earnings	(2,178)	(434)
Deferred compensation expense	64	(728)
Net cash provided by operating activities	2,930	4,736
Investing Activities:		
Purchases of property, plant and equipment	(3,833)	(3,575)
Net cash used in investing activities	(3,833)	(3,575)
Financing activities:		
Exercise of stock options	61	2
Net cash provided by financing activities	61	2
Net increase (decrease) in cash and cash equivalents	(842)	1,163
Cash and cash equivalents at beginning of period	2,219	8,935
Cash and cash equivalents at end of period	$ 1,377	$ 10,098
Supplemental disclosure of cash flow information (in thousands):		
Cash paid during the quarter for:		
Interest	$ 169	$ 195
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 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.

B. INVENTORY

	January 31, 1998 (unaudited)	October 31, 1997
The components of inventory are summarized below (in thousands):		
Raw materials and subassemblies	$10,129	$ 8,706
Work-in-process	6,537	4,897
Total inventories	$16,666	$13,603

C. PROPERTY, PLANT AND EQUIPMENT

	January 31, 1998 (unaudited)	October 31, 1997
Property, plant and equipment is summarized below (in thousands):		
Land	$ 3,078	$ 2,720
Buildings and improvements	21,337	20,662
Machinery and equipment	25,026	24,912
Furniture & fixtures	3,179	3,121
Construction in process	7,224	4,596
	59,844	56,011
Less-accumulated depreciation	30,524	29,637
Total property, plant and equipment, net	$29,320	$26,374

Part I
Item 1

D. PRODUCTION CONTRACTS

For contracts in which the percentage-of-completion accounting 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.

	January 31, 1998 (unaudited)	October 31, 1997
The components of these contracts are as follows (in thousands):		
Costs and estimated earnings	$ 79,622	$ 85,126
Progress billings	(58,941)	(66,140)
Total costs and estimated earnings in excess of billings	$ 20,681	$ 18,986
Progress billings	$ 75,712	$ 69,213
Costs and estimated earnings	(66,934)	(58,257)
Total billings in excess of costs and estimated earnings	$ 8,778	$ 10,956

E. EARNINGS PER SHARE

In 1997, 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 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 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,	
	1998 (unaudited)	1997
Numerator:		
Numerator for basic and diluted earnings per share- income available to common shareholders	$ 2,398	$ 2,369
Denominator:		
Denominator for basic earnings per share weighted-average shares	10,643,586	10,606,442
Effect of dilutive securities: Employee incentive stock options	114,089	137,146
Denominator for diluted earnings per share-adjusted weighted-average shares assumed conversions	10,757,675	10,743,588
Basic earnings per share	$ 0.22	$ 0.22
Diluted earnings per share	$ 0.23	$ 0.22

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	1998	1997
Revenues	100.0%	100.0%
Gross Profit	22.9	23.9
Selling, general and administrative expenses	15.4	16.0
Net earnings before income taxes	7.5	8.2
Income tax provision	2.3	2.7
Net earnings	5.2	5.5

Revenues for the quarter ended January 31, 1998 were up seven percent to $46,350,000 from $43,128,000 in the first quarter of last year. This increase in volume was due primarily to higher electrical distribution equipment revenues. Export sales were $21,928,000 or 47.3 percent of sales, an increase of 25.7 percent from $17,444,000 in the first quarter of 1997.

Gross profit, as a percentage of revenues, was 22.9 percent and 23.9 percent for the quarters ended January 31, 1998 and 1997, respectively. The lower percentage in the first quarter of 1998 was due to changes in product mix shipped during 1998 which were partially offset by efficiencies due to the increased volume of activity.

Selling, general and administrative expenses as a percentage of revenues were 15.4 percent and 16.0 percent for the quarters ended January 31, 1998 and 1997, respectively. The decrease in percentages reflects lower spending levels for selling, general and administrative functions relative to increased volume of revenues.

Income tax provision The effective tax rate was 31.1 percent and 33.0 percent for the quarters ended January 31, 1998 and 1997, respectively. The decrease was primarily due to lower projected tax rates for 1998 due to an increased level of foreign sales credits.

Net earnings from operations were $2,398,000 for the first quarter of fiscal 1998, unchanged from $2,369,000 for the first quarter of fiscal 1997, or $.22 per diluted earnings per share for both periods reported.

Backlog

The order backlog at January 31, 1998 was $138.7 million compared to $137.3 million at October 31, 1997.

LIQUIDITY AND CAPITAL RESOURCES

In August 1997, the Company entered into a $20,000,000 revolving line of credit agreement with a major domestic bank. The Company had borrowings outstanding of $6,000,000 under this line on January 31, 1998.

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, 1998	October 31, 1997	January 31, 1997
Working Capital	$51,327,000	$51,769,000	$45,157,000
Current Ratio	2.68 to 1	2.36 to 1	2.52 to 1
Debt to Capitalization	.1 to 1	.1 to 1	.1 to 1

Management believes that the Company continues to maintain a strong liquidity position. The small decrease in working capital at January 31, 1998, as compared to October 31, 1997 is due mainly to a decrease in current assets (primarily accounts receivable) offset by a smaller decrease in current liabilities.

Cash and cash equivalents decreased by $842,000 during the three months ended January 31, 1998. The primary use of cash during this period was for capital expenditures related to the plant expansion and due to decreased current liabilities.

The Company's fiscal 1998 asset management program will continue to focus on the collection of receivables and reduction in inventories. The Company plans to satisfy its fiscal 1998 capital requirements and operating needs primarily with funds available in cash and cash equivalents of $1,377,000, 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.

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

On August 5, 1993, the Company was served with a lawsuit by National Westminster Bank plc ("NatWest") alleging the Company had defaulted on a Construction Guaranty provided to NatWest in 1992 in connection with a project at MacDill Air Force Base. NatWest is seeking damages in excess of $20,000,000. The Company has denied the substantive allegations of the complaint and has filed counterclaims for damages against NatWest alleging fraud, bad faith and failure to preserve and protect its collateral and seeking a declaratory judgment that the Company is not in default of the Construction Guaranty.

On February 4, 1998, the United States District Court, Southern District of New York, issued a memorandum and order denying the Company's motion for summary judgment, and granting NatWest's motion for partial summary judgment, with respect to certain defenses and one counterclaim of the Company. The Court dismissed several of the Company's alleged defenses, in particular, (1) its defense that the Company was fraudulently induced by NatWest into executing the Construction Guaranty, (2) its defense that the contract between NatWest's borrower, Empire Energy Management Systems, Inc., and the United States Air Force was terminated for the convenience of the government, and (3) its defense of secondary liability. Both NatWest and the Company have requested a trial date.

The ultimate disposition of the NatWest litigation is not presently determinable. However, an unfavorable outcome to the NatWest litigation could have a material effect on the Company's financial position and results of operations.

ITEM 2. Changes in Securities

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 8K

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 12, 1998	/s/ Thomas W. Powell
Date	Thomas W. Powell President and Chief Executive Officer (Principal Executive Officer)
March 12, 1998	/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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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER
ENDED JANUARY 31, 1998 AND IS QUAILIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH
FINANCIAL STATEMENTS.

1,000

3-MOS
OCT-31-1998
JAN-31-1998
1,377
0
39,170
477
16,666
81,790
59,843
30,523
117,623
30,473
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107
78,724
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46,350
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2,398
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0.22