

CONSOLIDATED EDISON CO OF NEW YORK INC
Form 10-Q
May 05, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2011

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 | Exact name of registrant as specified in its charter and principal office address and telephone number | State of Incorporation | I.R.S. Employer ID. Number |
|------------------------|--|------------------------|----------------------------|
| 1-14514 | Consolidated Edison, Inc. 4 Irving Place, New York, New York 10003 (212) 460-4600 | New York | 13-3965100 |
| 1-1217 | Consolidated Edison Company of New York, Inc. 4 Irving Place, New York, New York 10003 (212) 460-4600 | New York | 13-5009340 |

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.

Consolidated Edison, Inc. (Con Edison)

Yes x

No ..

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Consolidated Edison of New York, Inc. (CECONY) Yes No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Con Edison Yes No
CECONY Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Con Edison
Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
CECONY
Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Con Edison Yes No
CECONY Yes No
As of April 29, 2011, Con Edison had outstanding 292,577,516 Common Shares (\$.10 par value). All of the outstanding common equity of CECONY is held by Con Edison.

Filing Format

This Quarterly Report on Form 10-Q is a combined report being filed separately by two different registrants: Consolidated Edison, Inc. (Con Edison) and Consolidated Edison Company of New York, Inc. (CECONY). CECONY is a subsidiary of Con Edison and, as such, the information in this report about CECONY also applies to Con Edison. As used in this report, the term the Companies refers to Con Edison and CECONY. However, CECONY makes no representation as to the information contained in this report relating to Con Edison or the subsidiaries of Con Edison other than itself.

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Glossary of Terms

The following is a glossary of frequently used abbreviations or acronyms that are used in the Companies' SEC reports:

Con Edison Companies

| | |
|------------------------|---|
| Con Edison | Consolidated Edison, Inc. |
| CECONY | Consolidated Edison Company of New York, Inc. |
| Con Edison Development | Consolidated Edison Development, Inc. |
| Con Edison Energy | Consolidated Edison Energy, Inc. |
| Con Edison Solutions | Consolidated Edison Solutions, Inc. |
| O&R | Orange and Rockland Utilities, Inc. |
| Pike | Pike County Light & Power Company |
| RECO | Rockland Electric Company |
| The Companies | Con Edison and CECONY |
| The Utilities | CECONY and O&R |

Regulatory Agencies, Government Agencies, and Quasi-governmental Not-for-Profits

| | |
|---------|--|
| EPA | U. S. Environmental Protection Agency |
| FERC | Federal Energy Regulatory Commission |
| IRS | Internal Revenue Service |
| ISO-NE | ISO New England Inc. |
| NJBPU | New Jersey Board of Public Utilities |
| NJDEP | New Jersey Department of Environmental Protection |
| NYAG | New York State Attorney General |
| NYISO | New York Independent System Operator |
| NYPA | New York Power Authority |
| NYSDEC | New York State Department of Environmental Conservation |
| NYSERDA | New York State Energy Research and Development Authority |
| NYSPPSC | New York State Public Service Commission |
| NYSRC | New York State Reliability Council, LLC |
| PAPUC | Pennsylvania Public Utility Commission |
| PJM | PJM Interconnection LLC |
| SEC | U.S. Securities and Exchange Commission |

Accounting

| | |
|------|---|
| ABO | Accumulated Benefit Obligation |
| ASU | Accounting Standards Update |
| FASB | Financial Accounting Standards Board |
| LILO | Lease In/Lease Out |
| OCI | Other Comprehensive Income |
| SFAS | Statement of Financial Accounting Standards |
| SSCM | Simplified service cost method |
| VIE | Variable interest entity |

Environmental

| | |
|-----------------|---|
| CO ₂ | Carbon dioxide |
| GHG | Greenhouse gases |
| MGP Sites | Manufactured gas plant sites |
| PCBs | Polychlorinated biphenyls |
| PRP | Potentially responsible party |
| SO ₂ | Sulfur dioxide |
| Superfund | Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes |

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Units of Measure

| | |
|-------|---------------------------------|
| dths | Dekatherms |
| kV | Kilovolts |
| kWh | Kilowatt-hour |
| mdths | Thousand dekatherms |
| MMlbs | Million pounds |
| MVA | Megavolt amperes |
| MW | Megawatts or thousand kilowatts |
| MWH | Megawatt hour |

Other

| | |
|-------------------------|---|
| AFDC | Allowance for funds used during construction |
| COSO | Committee of Sponsoring Organizations of the Treadway Commission |
| EMF | Electric and magnetic fields |
| ERRP | East River Repowering Project |
| Fitch | Fitch Ratings |
| First Quarter Form 10-Q | The Companies' combined Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 |
| Form 10-K | The Companies' combined Annual Report on Form 10-K for the year ended December 31, 2010 |
| LTIP | Long Term Incentive Plan |
| Moody's | Moody's Investors Service |
| S&P | Standard & Poor's Rating Services |
| VaR | Value-at-Risk |

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Forward-Looking Statements

This report includes forward-looking statements intended to qualify for the safe-harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements of future expectation and not facts. Words such as expects, estimates, anticipates, intends, believes, plans, will and similar expressions identify forward-looking statements. Forward-looking statements are based on information available at the time the statements are made, and accordingly speak only as of that time. Actual results or developments might differ materially from those included in the forward-looking statements because of various factors such as those discussed under Risk Factors in Item 1A of the Form 10-K.

Table of Contents**Consolidated Edison, Inc.****CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

| | For the Three Months Ended March 31, | |
|---|---|-----------------|
| | 2011 | 2010 |
| | <i>(Millions of Dollars/ Except Share Data)</i> | |
| OPERATING REVENUES | | |
| Electric | \$ 1,869 | \$ 1,889 |
| Gas | 755 | 773 |
| Steam | 325 | 307 |
| Non-utility | 400 | 493 |
| TOTAL OPERATING REVENUES | 3,349 | 3,462 |
| OPERATING EXPENSES | | |
| Purchased power | 865 | 1,143 |
| Fuel | 176 | 150 |
| Gas purchased for resale | 308 | 343 |
| Other operations and maintenance | 698 | 702 |
| Depreciation and amortization | 218 | 204 |
| Taxes, other than income taxes | 458 | 428 |
| TOTAL OPERATING EXPENSES | 2,723 | 2,970 |
| OPERATING INCOME | 626 | 492 |
| OTHER INCOME (DEDUCTIONS) | | |
| Investment and other income | 9 | 6 |
| Allowance for equity funds used during construction | 4 | 5 |
| Other deductions | (4) | (3) |
| TOTAL OTHER INCOME (DEDUCTIONS) | 9 | 8 |
| INCOME BEFORE INTEREST AND INCOME TAX EXPENSE | 635 | 500 |
| INTEREST EXPENSE | | |
| Interest on long-term debt | 147 | 150 |
| Other interest | 7 | 2 |
| Allowance for borrowed funds used during construction | (2) | (3) |
| NET INTEREST EXPENSE | 152 | 149 |
| INCOME BEFORE INCOME TAX EXPENSE | 483 | 351 |
| INCOME TAX EXPENSE | 169 | 122 |
| NET INCOME | 314 | 229 |
| Preferred stock dividend requirements of subsidiary | (3) | (3) |
| NET INCOME FOR COMMON STOCK | \$ 311 | \$ 226 |
| EARNINGS PER COMMON SHARE BASIC | | |
| Net income for common stock | \$ 1.07 | \$ 0.80 |
| EARNINGS PER COMMON SHARE DILUTED | | |
| Net income for common stock | \$ 1.06 | \$ 0.80 |
| DIVIDENDS DECLARED PER SHARE OF COMMON STOCK | \$ 0.600 | \$ 0.595 |
| AVERAGE NUMBER OF SHARES OUTSTANDING BASIC (IN MILLIONS) | 292.0 | 281.4 |
| AVERAGE NUMBER OF SHARES OUTSTANDING DILUTED (IN MILLIONS) | 293.6 | 282.7 |

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

Table of Contents**Consolidated Edison, Inc.****CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

| | For the Three Months Ended March 31, | |
|---|---|--------------|
| | 2011 | 2010 |
| | <i>(Millions of Dollars)</i> | |
| OPERATING ACTIVITIES | | |
| Net Income | \$ 314 | \$ 229 |
| PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME | | |
| Depreciation and amortization | 218 | 204 |
| Deferred income taxes | 232 | 37 |
| Common equity component of allowance for funds used during construction | (4) | (5) |
| Net derivative (gains)/losses | (37) | 64 |
| Other non-cash items (net) | 2 | 104 |
| CHANGES IN ASSETS AND LIABILITIES | | |
| Accounts receivable – customers, less allowance for uncollectibles | (5) | (139) |
| Materials and supplies, including fuel oil and gas in storage | 103 | 52 |
| Other receivables and other current assets | 66 | 8 |
| Prepayments | (217) | (289) |
| Refundable energy costs | | (69) |
| Accounts payable | (154) | (100) |
| Pensions and retiree benefits | (232) | 58 |
| Accrued taxes | (20) | 70 |
| Accrued interest | 51 | 44 |
| Deferred charges, deferred derivative losses, noncurrent assets and other regulatory assets | (19) | (502) |
| Deferred credits and other regulatory liabilities | 67 | 178 |
| Other assets | (1) | (3) |
| Other liabilities | (2) | 60 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 362 | 1 |
| INVESTING ACTIVITIES | | |
| Utility construction expenditures | (398) | (430) |
| Cost of removal less salvage | (39) | (34) |
| Non-utility construction expenditures | (23) | (1) |
| Loan to affiliate | (40) | |
| Common equity component of allowance for funds used during construction | 4 | 5 |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | (496) | (460) |
| FINANCING ACTIVITIES | | |
| Net proceeds from short-term debt | 464 | 475 |
| Retirement of long-term debt | (1) | (45) |
| Issuance of common stock | 25 | 14 |
| Common stock dividends | (173) | (155) |
| Preferred stock dividends | (3) | (3) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 312 | 286 |
| CASH AND TEMPORARY CASH INVESTMENTS: | | |
| NET CHANGE FOR THE PERIOD | 178 | (173) |
| BALANCE AT BEGINNING OF PERIOD | 338 | 260 |
| BALANCE AT END OF PERIOD | \$ 516 | \$ 87 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid/(refunded) during the period for: | | |
| Interest | \$ 90 | \$ 103 |
| Income taxes | \$ (172) | |

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

Table of Contents**Consolidated Edison, Inc.****CONSOLIDATED BALANCE SHEET**

| | March 31, 2011 | December 31, 2010 |
|--|------------------------------|----------------------|
| | <i>(Millions of Dollars)</i> | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and temporary cash investments | \$ 516 | \$ 338 |
| Accounts receivable – customers, less allowance for uncollectible accounts of \$81 and \$76 in 2011 and 2010, respectively | 1,178 | 1,173 |
| Accrued unbilled revenue | 413 | 633 |
| Other receivables, less allowance for uncollectible accounts of \$9 and \$8 in 2011 and 2010, respectively | 331 | 300 |
| Fuel oil, gas in storage, materials and supplies, at average cost | 245 | 348 |
| Prepayments | 558 | 341 |
| Regulatory assets | 147 | 203 |
| Other current assets | 202 | 171 |
| TOTAL CURRENT ASSETS | 3,590 | 3,507 |
| INVESTMENTS | 413 | 403 |
| UTILITY PLANT, AT ORIGINAL COST | | |
| Electric | 20,273 | 19,851 |
| Gas | 4,392 | 4,344 |
| Steam | 2,055 | 2,038 |
| General | 1,899 | 1,911 |
| TOTAL | 28,619 | 28,144 |
| Less: Accumulated depreciation | 5,891 | 5,808 |
| Net | 22,728 | 22,336 |
| Construction work in progress | 1,253 | 1,458 |
| NET UTILITY PLANT | 23,981 | 23,794 |
| NON-UTILITY PLANT | | |
| Non-utility property, less accumulated depreciation of \$53 and \$51 in 2011 and 2010, respectively | 50 | 46 |
| Construction work in progress | 37 | 23 |
| NET PLANT | 24,068 | 23,863 |
| OTHER NONCURRENT ASSETS | | |
| Goodwill | 429 | 429 |
| Intangible assets, less accumulated amortization \$3 in 2011 and 2010 | 3 | 3 |
| Regulatory assets | 7,374 | 7,643 |
| Other deferred charges and noncurrent assets | 309 | 298 |
| TOTAL OTHER NONCURRENT ASSETS | 8,115 | 8,373 |
| TOTAL ASSETS | \$ 36,186 | \$ 36,146 |

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

Table of Contents**Consolidated Edison, Inc.****CONSOLIDATED BALANCE SHEET**

| | March 31, 2011 | December 31, 2010 |
|--|------------------------------|----------------------|
| | <i>(Millions of Dollars)</i> | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Long-term debt due within one year | \$ 5 | \$ 5 |
| Notes payable | 464 | |
| Accounts payable | 967 | 1,151 |
| Customer deposits | 296 | 289 |
| Accrued taxes | 70 | 90 |
| Accrued interest | 206 | 155 |
| Accrued wages | 94 | 102 |
| Fair value of derivative liabilities | 117 | 125 |
| Other current liabilities | 457 | 449 |
| TOTAL CURRENT LIABILITIES | 2,676 | 2,366 |
| NONCURRENT LIABILITIES | | |
| Obligations under capital leases | 5 | 7 |
| Provision for injuries and damages | 167 | 165 |
| Pensions and retiree benefits | 2,659 | 3,287 |
| Superfund and other environmental costs | 511 | 512 |
| Asset retirement obligations | 111 | 109 |
| Fair value of derivative liabilities | 52 | 77 |
| Other noncurrent liabilities | 121 | 126 |
| TOTAL NONCURRENT LIABILITIES | 3,626 | 4,283 |
| DEFERRED CREDITS AND REGULATORY LIABILITIES | | |
| Deferred income taxes and investment tax credits | 6,871 | 6,602 |
| Regulatory liabilities | 865 | 915 |
| Other deferred credits | 34 | 35 |
| TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES | 7,770 | 7,552 |
| LONG-TERM DEBT | 10,670 | 10,671 |
| SHAREHOLDERS' EQUITY | | |
| Common shareholders' equity (See Statement of Common Shareholders' Equity) | 11,231 | 11,061 |
| Preferred stock of subsidiary | 213 | 213 |
| TOTAL SHAREHOLDERS' EQUITY | 11,444 | 11,274 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 36,186 | \$ 36,146 |

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

Table of Contents**Consolidated Edison, Inc.****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

| | For the Three Months Ended March 31, | |
|--|---|-------------|
| | 2011 | 2010 |
| | <i>(Millions of Dollars)</i> | |
| NET INCOME | \$ 314 | \$ 229 |
| OTHER COMPREHENSIVE INCOME, NET OF TAXES | | |
| Pension plan liability adjustments, net of taxes of \$2 in 2011 and 2010 | 3 | 3 |
| TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAXES | 3 | 3 |
| COMPREHENSIVE INCOME | \$ 317 | \$ 232 |
| Preferred stock dividend requirements of subsidiary | (3) | (3) |
| COMPREHENSIVE INCOME FOR COMMON STOCK | \$ 314 | \$ 229 |

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

Table of Contents**Consolidated Edison, Inc.****CONSOLIDATED STATEMENT OF COMMON SHAREHOLDERS' EQUITY (UNAUDITED)**

| | Common Stock | | | | Treasury Stock | | Capital Stock Expense | Accumulated Other Comprehensive Income/(Loss) | Total |
|--|--------------|--------|------------|----------------------|----------------|------------|-----------------------------|--|-----------|
| | Shares | Amount | In Capital | Retained Earnings | Shares | Amount | | | |
| <i>(Millions of Dollars/Except Share Data)</i> | | | | | | | | | |
| BALANCE AS OF DECEMBER 31, 2009 | 281,123,741 | \$ 30 | \$ 4,420 | \$ 6,904 | 23,210,700 | \$ (1,001) | \$ (62) | \$ (42) | \$ 10,249 |
| Net income for common stock | | | | 226 | | | | | 226 |
| Common stock dividends | | | | (167) | | | | | (167) |
| Issuance of common shares dividend reinvestment and employee stock plans | 647,731 | | 28 | | | | | | 28 |
| Other comprehensive income | | | | | | | | 3 | 3 |
| BALANCE AS OF MARCH 31, 2010 | 281,771,472 | \$ 30 | \$ 4,448 | \$ 6,963 | 23,210,700 | \$ (1,001) | \$ (62) | \$ (39) | \$ 10,339 |
| BALANCE AS OF DECEMBER 31, 2010 | 291,616,334 | \$ 31 | \$ 4,915 | \$ 7,220 | 23,210,700 | \$ (1,001) | \$ (64) | \$ (40) | \$ 11,061 |
| Net income for common stock | | | | 311 | | | | | 311 |
| Common stock dividends | | | | (175) | | | | | (175) |
| Issuance of common shares dividend reinvestment and employee stock plans | 656,049 | 1 | 30 | | | | | | 31 |
| Other comprehensive income | | | | | | | | 3 | 3 |
| BALANCE AS OF MARCH 31, 2011 | 292,272,383 | \$ 32 | \$ 4,945 | \$ 7,356 | 23,210,700 | \$ (1,001) | \$ (64) | \$ (37) | \$ 11,231 |

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

Table of Contents**Consolidated Edison Company of New York, Inc.****CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

| | For the Three Months Ended March 31, | |
|---|---|---------------|
| | 2011 | 2010 |
| | <i>(Millions of Dollars)</i> | |
| OPERATING REVENUES | | |
| Electric | \$ 1,721 | \$ 1,728 |
| Gas | 663 | 683 |
| Steam | 325 | 307 |
| TOTAL OPERATING REVENUES | 2,709 | 2,718 |
| OPERATING EXPENSES | | |
| Purchased power | 483 | 552 |
| Fuel | 176 | 150 |
| Gas purchased for resale | 263 | 294 |
| Other operations and maintenance | 597 | 608 |
| Depreciation and amortization | 204 | 191 |
| Taxes, other than income taxes | 440 | 411 |
| TOTAL OPERATING EXPENSES | 2,163 | 2,206 |
| OPERATING INCOME | 546 | 512 |
| OTHER INCOME (DEDUCTIONS) | | |
| Investment and other income | 5 | 3 |
| Allowance for equity funds used during construction | 3 | 4 |
| Other deductions | (3) | (2) |
| TOTAL OTHER INCOME (DEDUCTIONS) | 5 | 5 |
| INCOME BEFORE INTEREST AND INCOME TAX EXPENSE | 551 | 517 |
| INTEREST EXPENSE | | |
| Interest on long-term debt | 132 | 135 |
| Other interest | 5 | 3 |
| Allowance for borrowed funds used during construction | (2) | (2) |
| NET INTEREST EXPENSE | 135 | 136 |
| INCOME BEFORE INCOME TAX EXPENSE | 416 | 381 |
| INCOME TAX EXPENSE | 145 | 135 |
| NET INCOME | 271 | 246 |
| Preferred stock dividend requirements | (3) | (3) |
| NET INCOME FOR COMMON STOCK | \$ 268 | \$ 243 |

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

Table of Contents**Consolidated Edison Company of New York, Inc.
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

| | For the Three Months Ended March 31, | |
|---|---|--------------|
| | 2011 | 2010 |
| | <i>(Millions of Dollars)</i> | |
| OPERATING ACTIVITIES | | |
| Net income | \$ 271 | \$ 246 |
| PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME | | |
| Depreciation and amortization | 204 | 191 |
| Deferred income taxes | 207 | 64 |
| Common equity component of allowance for funds used during construction | (3) | (4) |
| Other non-cash items (net) | 29 | 29 |
| CHANGES IN ASSETS AND LIABILITIES | | |
| Accounts receivable customers, less allowance for uncollectibles | 22 | (110) |
| Materials and supplies, including fuel oil and gas in storage | 84 | 38 |
| Other receivables and other current assets | (77) | 99 |
| Prepayments | (291) | (284) |
| Refundable energy costs | | (77) |
| Accounts payable | (119) | (77) |
| Pensions and retiree benefits | (255) | 39 |
| Accrued taxes | (37) | (4) |
| Accrued interest | 44 | 35 |
| Deferred charges, deferred derivative losses, noncurrent assets and other regulatory assets | (63) | (346) |
| Deferred credits and other regulatory liabilities | 52 | 134 |
| Other liabilities | 4 | 49 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 72 | 22 |
| INVESTING ACTIVITIES | | |
| Utility construction expenditures | (379) | (412) |
| Cost of removal less salvage | (37) | (33) |
| Common equity component of allowance for funds used during construction | 3 | 4 |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | (413) | (441) |
| FINANCING ACTIVITIES | | |
| Net proceeds from short-term debt | 464 | 475 |
| Capital contribution by parent | | 12 |
| Dividend to parent | (170) | (167) |
| Preferred stock dividends | (3) | (3) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 291 | 317 |
| CASH AND TEMPORARY CASH INVESTMENTS: | | |
| NET CHANGE FOR THE PERIOD | (50) | (102) |
| BALANCE AT BEGINNING OF PERIOD | 78 | 131 |
| BALANCE AT END OF PERIOD | \$ 28 | \$ 29 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid during the period for: | | |
| Interest | \$ 82 | \$ 96 |
| Income taxes | \$ 35 | |

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

Table of Contents**Consolidated Edison Company of New York, Inc.
CONSOLIDATED BALANCE SHEET**

| | March 31, 2011 | December 31, 2010 |
|--|------------------------------|----------------------|
| | <i>(Millions of Dollars)</i> | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and temporary cash investments | \$ 28 | \$ 78 |
| Accounts receivable – customers, less allowance for uncollectible accounts of \$73 and \$68 in 2011 and 2010, respectively | 1,003 | 1,025 |
| Other receivables, less allowance for uncollectible accounts of \$8 and \$7 in 2011 and 2010, respectively | 122 | 103 |
| Accrued unbilled revenue | 288 | 473 |
| Accounts receivable from affiliated companies | 310 | 249 |
| Fuel oil, gas in storage, materials and supplies, at average cost | 222 | 306 |
| Prepayments | 373 | 82 |
| Regulatory assets | 116 | 151 |
| Other current assets | 108 | 98 |
| TOTAL CURRENT ASSETS | 2,570 | 2,565 |
| INVESTMENTS | | |
| | 177 | 167 |
| UTILITY PLANT AT ORIGINAL COST | | |
| Electric | 19,140 | 18,735 |
| Gas | 3,891 | 3,844 |
| Steam | 2,055 | 2,038 |
| General | 1,731 | 1,746 |
| TOTAL | 26,817 | 26,363 |
| Less: Accumulated depreciation | 5,389 | 5,314 |
| Net | 21,428 | 21,049 |
| Construction work in progress | 1,143 | 1,345 |
| NET UTILITY PLANT | 22,571 | 22,394 |
| NON-UTILITY PROPERTY | | |
| Non-utility property, less accumulated depreciation of \$22 in 2011 and 2010 | 7 | 7 |
| NET PLANT | 22,578 | 22,401 |
| OTHER NONCURRENT ASSETS | | |
| Regulatory assets | 6,813 | 7,058 |
| Other deferred charges and noncurrent assets | 258 | 244 |
| TOTAL OTHER NONCURRENT ASSETS | 7,071 | 7,302 |
| TOTAL ASSETS | \$ 32,396 | \$ 32,435 |

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

Table of Contents**Consolidated Edison Company of New York, Inc.
CONSOLIDATED BALANCE SHEET**

| | March 31, 2011 | December 31, 2010 |
|--|------------------------------|----------------------|
| | <i>(Millions of Dollars)</i> | |
| LIABILITIES AND SHAREHOLDER'S EQUITY | | |
| CURRENT LIABILITIES | | |
| Notes payable | \$ 464 | \$ |
| Accounts payable | 771 | 924 |
| Accounts payable to affiliated companies | 15 | 13 |
| Customer deposits | 283 | 276 |
| Accrued taxes | 17 | 34 |
| Accrued taxes to affiliated companies | 9 | 29 |
| Accrued interest | 174 | 130 |
| Accrued wages | 87 | 93 |
| Other current liabilities | 452 | 460 |
| TOTAL CURRENT LIABILITIES | 2,272 | 1,959 |
| NONCURRENT LIABILITIES | | |
| Obligations under capital leases | 5 | 7 |
| Provision for injuries and damages | 160 | 159 |
| Pensions and retiree benefits | 2,280 | 2,900 |
| Superfund and other environmental costs | 392 | 392 |
| Asset retirement obligations | 111 | 109 |
| Fair value of derivative liabilities | 22 | 29 |
| Other noncurrent liabilities | 113 | 116 |
| TOTAL NONCURRENT LIABILITIES | 3,083 | 3,712 |
| DEFERRED CREDITS AND REGULATORY LIABILITIES | | |
| Deferred income taxes and investment tax credits | 6,309 | 6,071 |
| Regulatory liabilities | 724 | 783 |
| Other deferred credits | 31 | 31 |
| TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES | 7,064 | 6,885 |
| LONG-TERM DEBT | 9,743 | 9,743 |
| SHAREHOLDER'S EQUITY | | |
| Common shareholder's equity (See Statement of Common Shareholder's Equity) | 10,021 | 9,923 |
| Preferred stock | 213 | 213 |
| TOTAL SHAREHOLDER'S EQUITY | 10,234 | 10,136 |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | \$ 32,396 | \$ 32,435 |

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

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Consolidated Edison Company of New York, Inc.

CONSOLIDATED STATEMENT OF COMMON SHAREHOLDER'S EQUITY (UNAUDITED)

| | Common Stock | | Additional Paid-In Capital | Retained Earnings | Repurchased Con Edison Stock | Capital Stock Expense | Accumulated Other Comprehensive Income/(Loss) | Total |
|--|--------------|--------|----------------------------------|----------------------|---------------------------------------|-----------------------------|--|----------|
| | Shares | Amount | | | | | | |
| <i>(Millions of Dollars/Except Share Data)</i> | | | | | | | | |
| BALANCE AS OF DECEMBER 31, 2009 | 235,488,094 | \$ 589 | \$ 3,877 | \$ 5,909 | \$ (962) | \$ (62) | \$ (4) | \$ 9,347 |
| Net income | | | | 246 | | | | 246 |
| Capital contribution from parent | | | | 12 | | | | |