CONSOLIDATED EDISON INC
Form 10-K
February 18, 2016

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

FORM 10-K

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x Annual Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015
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 1-14514
Consolidated Edison, Inc.
Exact name of registrant as specified in its charter
and principal office address and telephone number

New York	13-3965100
State of Incorporation	I.R.S. Employer ID. Number

4 Irving Place,
New York, New York 10003
(212) 460-4600

Commission File Number 1-1217
Consolidated Edison Company of New York, Inc.
Exact name of registrant as specified in its charter
and principal office address and telephone number

New York	13-5009340
State of Incorporation	I.R.S. Employer ID. Number

4 Irving Place,
New York, New York 10003
(212) 460-4600

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Consolidated Edison, Inc., Common Shares ($.10 par value)	New York Stock Exchange

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Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Consolidated Edison, Inc. (Con Edison)	Yes	x	No	¨
Consolidated Edison Company of New York, Inc. (CECONY)	Yes	x	No	¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Con Edison	Yes	¨	No	x
CECONY	Yes	¨	No	x

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.

Con Edison	Yes	x	No	¨
CECONY	Yes	x	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	x	No	¨
CECONY	Yes	x	No	¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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. x

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	x	Accelerated filer	¨	Non-accelerated filer	¨	Smaller reporting company	¨

CECONY

Large accelerated filer	¨	Accelerated filer	¨	Non-accelerated filer	x	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Con Edison	Yes	¨	No	x
CECONY	Yes	¨	No	x

The aggregate market value of the common equity of Con Edison held by non-affiliates of Con Edison, as of June 30, 2015, was approximately $17.0 billion.

As of January 29, 2016, Con Edison had outstanding 293,589,401 Common Shares ($.10 par value).

All of the outstanding common equity of CECONY is held by Con Edison.

Documents Incorporated By Reference

Portions of Con Edison's definitive proxy statement for its Annual Meeting of Stockholders to be held on May 16, 2016, to be filed with the Commission pursuant to Regulation 14A, not later than 120 days after December 31, 2015, is incorporated in Part III of this report.

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Filing Format

This Annual Report on Form 10-K 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 wholly-owned subsidiary of Con Edison and, as such, the information in this report about CECONY also applies to Con Edison. CECONY meets the conditions set forth in General Instruction (I)(1)(a) and (b) of Form 10-K and is therefore filing this Form 10-K with the reduced disclosure format.

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 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.
Con Edison Transmission	Con Edison Transmission, Inc.
CET Electric	Consolidated Edison Transmission, LLC
CET Gas	Con Edison Gas Midstream, LLC
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 Other Organizations	
EPA	U. S. Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
IASB	International Accounting Standards Board
IRS	Internal Revenue Service
NJBPU	New Jersey Board of Public Utilities
NJDEP	New Jersey Department of Environmental Protection
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
NYSPSC	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	
ASU	Accounting Standards Update
GAAP	Generally Accepted Accounting Principles in the United States of America
LILO	Lease In/Lease Out
OCI	Other Comprehensive Income
VIE	Variable interest entity
Environmental	
CO2	Carbon dioxide
GHG	Greenhouse gases
MGP Sites	Manufactured gas plant sites
PCBs	Polychlorinated biphenyls
PRP	Potentially responsible party
RGGI	Regional Greenhouse Gas Initiative

Superfund	Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes

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Units of Measure	
AC	Alternating current
Dt	Dekatherms
kV	Kilovolt
kWh	Kilowatt-hour
MDt	Thousand dekatherms
MMlb	Million pounds
MVA	Megavolt ampere
MW	Megawatt or thousand kilowatts
MWh	Megawatt hour

Other	
AFUDC	Allowance for funds used during construction
AMI	Advance metering infrastructure
COSO	Committee of Sponsoring Organizations of the Treadway Commission
DER	Distributed energy resources
EGWP	Employer Group Waiver Plan
Fitch	Fitch Ratings
LTIP	Long Term Incentive Plan
Moody’s	Moody’s Investors Service
REV	Reforming the Energy Vision
S&P	Standard & Poor’s Financial Services LLC
VaR	Value-at-Risk

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Introduction

This introduction contains certain information about Con Edison and its subsidiaries, including CECONY, and is qualified in its entirety by reference to the more detailed information appearing elsewhere or incorporated by reference in this report.

Con Edison's mission is to provide energy services to our customers safely, reliably, efficiently and in an environmentally sound manner; to provide a workplace that allows employees to realize their full potential; to provide a fair return to our investors; and to improve the quality of life in the communities we serve.

Con Edison is a holding company that owns:

- CECONY, which delivers electricity, natural gas and steam to customers in New York City and Westchester County;
- Orange & Rockland Utilities, Inc. (O&R) (together with CECONY referred to as the Utilities), which delivers electricity and natural gas to customers primarily located in southeastern New York, and northern New Jersey and northeastern Pennsylvania;
- Competitive energy businesses, which sell to retail customers electricity purchased in wholesale markets and enter into related hedging transactions; provide energy-related products and services to wholesale and retail customers, and develop, own and operate renewable and energy infrastructure projects; and
- Con Edison Transmission, Inc. (Con Edison Transmission), which invests in electric and gas transmission projects.

Con Edison anticipates that the Utilities, which are subject to extensive regulation, will continue to provide substantially all of its earnings over the next few years. The Utilities have approved rate plans that are generally designed to cover each company's cost of service, including the capital and other costs of the company's energy delivery systems. The Utilities recover from their full-service customers (who purchase electricity from the company), generally on a current basis, the cost the Utilities pay for energy and charge all of their customers the cost of delivery service.

Selected Financial Data

Con Edison

	For the Year Ended December 31,					
(Millions of Dollars, except per share amounts)	2011	2012	2013	2014	2015	
Operating revenues	$12,886	$12,188	$12,354	$12,919	$12,554	
Energy costs	5,001	3,887	4,054	4,513	3,716	
Operating income	2,239	2,339	2,244	2,209	2,427	
Net income	1,062	1,141	1,062	(b) 1,092	1,193	
Total assets (f)(g)	38,873	40,845	(a) 40,451	(c) 44,071	(d) 45,642	(e)
Long-term debt (f)	10,068	9,994	10,415	11,546	12,006	
Total equity	11,649	11,869	12,245	12,585	13,061	
Net Income per common share – basic	$3.59	$3.88	$3.62	$3.73	$4.07	
Net Income per common share – diluted	$3.57	$3.86	$3.61	$3.71	$4.05	
Dividends declared per common share	$2.40	$2.42	$2.46	$2.52	$2.60	
Book value per share	$39.05	$40.53	$41.81	$42.97	$44.50	
Average common shares outstanding (millions)	293	293	293	293	293	
Stock price low	$48.55	$53.63	$54.33	$52.23	$56.86	
Stock price high	$62.74	$65.98	$63.66	$68.92	$72.25	

(a) Reflects a $1,846 million increase in net plant and a $304 million increase in regulatory assets for deferred storm costs.

(b) Reflects a charge to earnings of $95 million (after taxes of $63 million) relating to the LILO transactions. See "Lease In/Lease Out Transactions" in Note J to the financial statements in Item 8.

(c) Reflects a $2,947 million decrease in regulatory assets for unrecognized pension and other postretirement costs offset by an increase of $1,497 million, $280 million, $257 million and $223 million in net plant, cash, special deposits and regulatory assets for future income tax, respectively.

(d) Reflects a $2,116 million increase in regulatory assets for unrecognized pension and other postretirement costs and a $1,391 million increase in net plant. See Notes B, E and F to the financial statements in Item 8.

(e) Reflects a $2,382 million increase in net plant offset by a $970 million decrease in regulatory assets for unrecognized pension and other postretirement costs. See Notes B, E and F to the financial statements in Item 8.

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(f) Reflects $75 million, $68 million, $74 million and $85 million in 2011, 2012, 2013 and 2014, respectively, related to the adoption of Accounting Standards Update (ASU) No. 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." See Note C to the financial statements in Item 8.

(g) Reflects $266 million, $296 million, $122 million and $152 million in 2011, 2012, 2013, 2014, respectively, related to the adoption of ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." See Note L to the financial statements in Item 8.

CECONY

	For the Year Ended December 31,					
(Millions of Dollars)	2011	2012	2013	2014	2015	
Operating revenues	$10,432	$10,187	$10,430	$10,786	$10,328	
Energy costs	3,243	2,665	2,873	2,985	2,304	
Operating income	2,083	2,093	2,060	2,139	2,247	
Net income	978	1,014	1,020	1,058	1,084	
Total assets (e)(f)	34,994	36,630	(a) 36,095	(b) 39,443	(c) 40,230	(d)
Long-term debt (e)	9,153	9,083	9,303	10,788	10,787	
Shareholder's equity	10,431	10,552	10,847	11,188	11,415	

(a) Reflects a $1,243 million increase in net plant and a $229 million increase in regulatory assets for deferred storm costs.

(b) Reflects a $2,797 million decrease in regulatory assets for unrecognized pension and other postretirement costs offset by an increase of $1,405 million, $280 million, $215 million and $199 million in net plant, cash, regulatory assets for environmental remediation costs and regulatory assets for future income tax, respectively.

(c) Reflects a $1,999 million increase in regulatory assets for unrecognized pension and other postretirement costs and a $1,440 million increase in net plant. See Notes B, E and F to the financial statements in Item 8.

(d) Reflects a $1,725 million increase in net plant and a $912 million decrease in regulatory assets for unrecognized pension and other postretirement costs. See Notes B, E and F to the financial statements in Item 8.

(e) Reflects $67 million, $62 million, $63 million and $76 million in 2011, 2012, 2013 and 2014, respectively, related to the adoption of ASU No. 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." See Note C to the financial statements in Item 8.

(f) Reflects $157 million, $193 million, $100 million and $118 million in 2011, 2012, 2013 and 2014, respectively, related to the adoption of ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." See Note L to the financial statements in Item 8.

Significant 2015 Developments and Outlook

- Con Edison reported 2015 net income of $1,193 million or $4.07 a share compared with $1,092 million or $3.73 a share in 2014. Adjusted earnings were $1,196 million or $4.08 a share in 2015 compared with $1,140 million or $3.89 a share in 2014. See "Results of Operations" in Item 7 and "Non-GAAP Financial Measure" below.
- In 2015, the Utilities invested $2,595 million to upgrade and reinforce their energy delivery systems, and the competitive energy businesses invested $823 million in renewable electric production projects. In 2016, the Companies are expected to invest $3,168 million for their energy delivery systems and $985 million in renewable electric production projects. Con Edison plans to meet its 2016 capital requirements, including for maturing securities, through internally-generated funds and the issuance of securities. The company's plans include the issuance of between $1,000 million and $1,500 million of long-term debt at the Utilities and the issuance of additional debt secured by its renewable electric production projects. The company's plans also include the issuance of up to $200 million of common equity in addition to equity under its dividend reinvestment, employee stock purchase and long term incentive plans. See "Capital Requirements and Resources" in Item 1.
- In June 2015, Con Edison initiated a plan to sell the retail electric supply business of its competitive energy businesses. In October 2015 O&R entered into an agreement to sell Pike to Corning Natural Gas Holding Corporation. See Note U to the financial statements in Item 8.

CECONY forecasts average annual growth in peak demand in its service area at design conditions over the next five years for electric and gas to be approximately 0.2 percent and 2.3 percent, respectively, and average annual decrease in steam peak demand in its service area at design conditions over the next five years to be approximately 0.8 percent.

- O&R forecasts average annual growth of the peak demand in its service area over the next five years at design conditions for electric and gas to be approximately 0.3 percent and 0.6 percent, respectively. See “The Utilities” in Item 1.

In September 2015, CECONY, the New York State Public Service Commission (NYSPSC) staff and others entered into a Joint Proposal to settle the proceeding the NYSPSC commenced in February 2009 to examine the prudence of

- certain CECONY expenditures and related matters. Pursuant to the Joint Proposal, which is subject to NYSPSC approval, the company is required to credit $116 million to customers and, for the period

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2017 through 2044, to not seek to recover from customers an aggregate $55 million relating to return on its capital expenditures. In addition, the company's revenues that were made subject to potential refund in this proceeding would no longer be subject to refund. See "Other Regulatory Matters" in Note B to the financial statements in Item 8 .

- In June 2015, the National Transportation Safety Board determined that the probable cause of a March 2014 explosion and fire, in which eight people died and more than 50 people were injured, was (1) the failure of a defective fusion joint at a service tee (which joined a plastic service line to a plastic distribution main) installed by CECONY that allowed gas to leak from the distribution main and migrate into a building where it ignited and (2) a breach in a New York City sewer line that allowed groundwater and soil to flow into the sewer, resulting in a loss of support for the distribution main, which caused it to sag and overstressed the defective fusion joint. In November 2015, the NYSPSC ordered CECONY to show cause why the NYSPSC should not commence proceedings to penalize the company for alleged violations of gas safety regulations identified by the NYSPSC staff in its investigation of the incident and to review the prudence of the company's conduct associated with the incident. In December 2015, the company responded that the NYSPSC should not institute the proceedings and disputed the alleged violations. See "Other Regulatory Matters" in Note B and "Manhattan Explosion and Fire" in Note H to the financial statements in Item 8.
- In 2015, the NYSPSC adopted Joint Proposals with respect to CECONY's rates for electric delivery service for 2016 and O&R's rates for electric and gas delivery service through October 2017 and 2018, respectively; the NYSPSC continued its Reforming the Energy Vision (REV) proceeding to improve system efficiency and reliability, encourage renewable energy and distributed energy resources and empower customer choice; and the NYSPSC continued its proceeding to investigate the practices of qualifying persons to perform plastic fusions on gas facilities. See "Utility Regulation" in Item 1 and Note B to the financial statements in Item 8.
- In January 2016, CECONY filed a request with the NYSPSC for electric and gas rate increases of $482 million and $154 million, respectively, effective January 2017. The filing reflects a return on common equity of 9.75 percent and a common equity ratio of 48 percent. See "Rate Plans" in Note B to the financial statements in Item 8.

Available Information

Con Edison and CECONY file annual, quarterly and current reports and other information, and Con Edison files proxy statements, with the Securities and Exchange Commission (SEC). The public may read and copy any materials that the Companies file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580 Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site at www.sec.gov that contains reports, proxy statements, and other information regarding issuers (including Con Edison and CECONY) that file electronically with the SEC.

This information the Companies file with the SEC is also available free of charge on or through the Investor Information section of their websites as soon as reasonably practicable after the reports are electronically filed with, or furnished to, the SEC. Con Edison's internet website is at: www.conedison.com; and CECONY's is at: www.coned.com.

The Investor Information section of Con Edison's website also includes the company's Standards of Business Conduct (its code of ethics) and amendments or waivers of the standards for executive officers or directors, corporate governance guidelines and the charters of the following committees of the company's Board of Directors: Audit Committee, Management Development and Compensation Committee, and Corporate Governance and Nominating Committee. This information is available in print to any shareholder who requests it. Requests should be directed to: Corporate Secretary, Consolidated Edison, Inc., 4 Irving Place, New York, NY 10003.

Information on the Companies' websites is not incorporated herein.

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 "forecasts," "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 including, but not limited to, those discussed under “Risk Factors,” in Item 1A.

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Non-GAAP Financial Measure

Adjusted earnings (which Con Edison formerly referred to as earnings from ongoing operations) is a financial measure that is not determined in accordance with generally accepted accounting principles in the United States of America (GAAP). This non-GAAP financial measure should not be considered as an alternative to net income, which is an indicator of financial performance determined in accordance with GAAP. Adjusted earnings excludes from net income the net mark-to-market changes in the fair value of the derivative instruments the competitive energy businesses use to economically hedge market price fluctuations in related underlying physical transactions for the purchase or sale of electricity and gas. Adjusted earnings may also exclude from net income certain other items that the company does not consider indicative of its ongoing financial performance. Management uses this non-GAAP financial measure to facilitate the analysis of the company's financial performance as compared to its internal budgets and previous financial results. Management also uses this non-GAAP financial measure to communicate to investors and others the company’s expectations regarding its future earnings and dividends on its common stock. Management believes that this non-GAAP financial measure also is useful and meaningful to investors to facilitate their analysis of the company's financial performance. The following table is a reconciliation of Con Edison’s reported net income to adjusted earnings and reported earnings per share to adjusted earnings per share.

(Millions of Dollars, except per share amounts)	2011	2012	2013	2014	2015
Reported net income – GAAP basis	$1,051	$1,138	$1,062	$1,092	$1,193
Impairment of assets held for sale (a)	—	—	—	—	3
Gain on sale of solar electric production projects (b)	—	—	—	(26)	—
Loss from LILO transactions (c)	—	—	95	1	—
Net mark-to-market effects of the competitive energy businesses (d)	13	(40)	(45)	73	—
Adjusted earnings	$1,064	$1,098	$1,112	$1,140	$1,196
Reported earnings per share – GAAP basis (basic)	$3.59	$3.88	$3.62	$3.73	$4.07
Impairment of assets held for sale	—	—	—	—	0.01
Gain on sale of solar electric production projects	—	—	—	(0.09)	—
Loss from LILO transactions	—	—	0.32	—	—
Net mark-to-market effects of the competitive energy businesses	0.05	(0.13)	(0.14)	0.25	—
Adjusted earnings per share	$3.64	$3.75	$3.80	$3.89	$4.08

(a) An impairment charge of $3 million, after taxes of $2 million, was recorded related to O&R's wholly-owned subsidiary, Pike County Light & Power Company (Pike).

(b) After taxes of $19 million.

(c) In 2013, a court disallowed tax losses claimed by Con Edison relating to Con Edison Development’s Lease In/Lease Out (LILO) transactions and the company subsequently terminated the transactions, resulting in a charge to earnings of $95 million (after taxes of $63 million). In 2014, adjustments were made to taxes and accrued interest. See Note J to the financial statements in Item 8.

(d) After taxes of $9 million, $29 million, $30 million and $55 million for the years ended December 31, 2011 through 2014, respectively.

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Incorporation By Reference

Information in any item of this report as to which reference is made in this Item 1 is hereby incorporated by reference in this Item 1. The use of terms such as “see” or “refer to” shall be deemed to incorporate into Item 1 at the place such term is used the information to which such reference is made.

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PART I

Item 1: Business

Overview

Consolidated Edison, Inc. (Con Edison), incorporated in New York State in 1997, is a holding company that owns all of the outstanding common stock of Consolidated Edison Company of New York, Inc. (CECONY), Orange and Rockland Utilities, Inc. (O&R), the competitive energy businesses and Con Edison Transmission, Inc. (Con Edison Transmission). As used in this report, the term the "Companies" refers to Con Edison and CECONY.

Con Edison's principal business operations are those of CECONY, O&R and the competitive energy businesses. CECONY's principal business operations are its regulated electric, gas and steam delivery businesses. O&R's principal business operations are its regulated electric and gas delivery businesses. The competitive energy businesses sell electricity to retail customers, provide energy-related products and services, and develop, own and operate renewable and energy infrastructure projects.

Con Edison seeks to provide shareholder value through continued dividend growth, supported by earnings growth in regulated utilities and contracted assets. The company invests to provide reliable, resilient, safe and clean energy critical for New York City's growing economy. The company is an industry-leading owner and operator of contracted, large-scale solar generation in the United States. Con Edison is a responsible neighbor, helping the communities it serves become more sustainable.

CECONY

Electric

CECONY provides electric service to approximately 3.4 million customers in all of New York City (except a part of Queens) and most of Westchester County, an approximately 660 square mile service area with a population of more than nine million.

Gas

CECONY delivers gas to approximately 1.1 million customers in Manhattan, the Bronx, parts of Queens and most of Westchester County.

Steam

CECONY operates the largest steam distribution system in the United States by producing and delivering approximately 22,000 MMlb of steam annually to approximately 1,700 customers in parts of Manhattan.

O&R

Electric

O&R and its utility subsidiaries, Rockland Electric Company (RECO) and Pike County Light & Power Company (Pike) (together referred to herein as O&R) provide electric service to approximately 0.3 million customers in southeastern New York and in adjacent areas of northern New Jersey and northeastern Pennsylvania, an approximately 1,350 square mile service area.

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Gas
O&R delivers gas to over 0.1 million customers in southeastern New York and adjacent areas of northeastern Pennsylvania.

Assets Held for Sale
In October 2015, O&R entered into an agreement to sell Pike to Corning Natural Gas Holding Corporation (see Note U to the financial statements in Item 8).

Competitive Energy Businesses
Con Edison pursues competitive energy opportunities through three wholly-owned subsidiaries: Con Edison Solutions, Con Edison Energy and Con Edison Development. These businesses sell to retail customers electricity purchased in wholesale markets and enter into related hedging transactions, provide energy-related products and services to wholesale and retail customers, and develop, own and operate renewable and energy infrastructure projects.

Assets Held for Sale
In June 2015, Con Edison initiated a plan to sell the retail electric supply business of its competitive energy businesses (see Note U to the financial statements in Item 8).

Con Edison Transmission
Con Edison Transmission invests in electric and gas transmission projects through its wholly-owned subsidiaries, Consolidated Edison Transmission, LLC (CET Electric) and Con Edison Gas Midstream, LLC (CET Gas). CET Electric, which was formed in 2014, is investing in a company that is expected to own electric transmission assets being developed in New York. At December 31, 2015, Con Edison's capital contribution to CET Electric was $3 million. CET Gas, which was formed in 2016, is investing in a company developing a proposed gas transmission project in West Virginia and Virginia. See "Con Edison Transmission," below.

Utility Regulation
State Utility Regulation
Regulators
The Utilities are subject to regulation by the NYSPSC, which under the New York Public Service Law, is authorized to set the terms of service and the rates the Utilities charge for providing service in New York. See "Rate Plans," below and in Note B to the financial statements in Item 8. It also approves the issuance of the Utilities' securities. See "Capital Resources," below. It exercises jurisdiction over the siting of the Utilities' electric transmission lines (see "Con Edison Transmission," below) and approves mergers or other business combinations involving New York utilities. In addition, it has the authority to impose penalties on utilities, which could be substantial, for violating state utility laws and regulations and its orders. See "Other Regulatory Matters" in Note B to the financial statements in Item 8. O&R's New Jersey subsidiary, RECO, is subject to similar regulation by the New Jersey Board of Public Utilities (NJBPU). O&R's Pennsylvania subsidiary, Pike, is subject to similar regulation by the Pennsylvania Public Utility Commission (PAPUC). The NYSPSC, together with the NJBPU and the PAPUC, are referred to herein as state utility regulators.
In March 2013, following the issuance of recommendations by a commission established by the Governor of New York and submission by the Governor of a bill to the State legislature, the New York Public Service Law was amended to, among other things, authorize the NYSPSC to (i) levy expanded penalties against combination gas and electric utilities; (ii) review, at least every five years, an electric utility's capability to provide safe, adequate and reliable service, order the utility to comply with additional and more stringent terms of service than existed prior to the review, assess the continued operation of the utility as the provider of electric service in its service territory and propose, and act upon, such measures as are necessary to ensure safe and adequate service; and (iii) based on findings of repeated violations of the New York Public Service Law or rules or regulations adopted thereto that demonstrate a failure of a combination gas and electric utility to continue to provide safe and adequate service, revoke or modify an

operating certificate issued to the utility by the NYSPSC (following consideration of certain factors, including public interest and standards deemed necessary by the NYSPSC to ensure continuity of service, and due process).

New York Utility Industry

Restructuring in the 1990s

In the 1990s, the NYSPSC restructured the electric utility industry in the state. In accordance with NYSPSC orders, the Utilities sold all of their electric generating facilities other than those that also produce steam for CECONY's steam business (see Electric Operations – Electric Facilities below) and provided all of their customers the choice to buy electricity or gas from the Utilities or other suppliers (see Electric Operations – Electric Sales and Deliveries and

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Gas Operations – Gas Sales and Deliveries below). In 2015, 65 percent of the electricity and 31 percent of the gas CECONY delivered to its customers, and 58 percent of the electricity and 45 percent of the gas O&R delivered to its customers, was purchased by the customers from other suppliers. In addition, the Utilities no longer control and operate their bulk power electric transmission facilities. See “New York Independent System Operator (NYISO),” below.

Following industry restructuring, there were several utility mergers as a result of which substantially all of the electric and gas delivery service in New York State is now provided by one of four investor-owned utility companies – Con Edison, National Grid plc, Avangrid, Inc. (an affiliate of Iberdrola, S.A.) and Fortis Inc. – or one of two state authorities – New York Power Authority (NYPA) or Long Island Power Authority.

Reforming the Energy Vision

In April 2014, the NYSPSC instituted its REV proceeding, the goals of which are to improve electric system efficiency and reliability, encourage renewable energy resources, support distributed energy resources (DER) and empower customer choice. In this proceeding, the NYSPSC is examining the establishment of a distributed system platform to manage and coordinate DER, and provide customers with market data and tools to manage their energy use. The NYSPSC also is examining how its regulatory practices should be modified to incent utility practices to promote REV objectives.

In February 2015, the NYSPSC issued an order in its REV proceeding in which, among other things, the NYSPSC:

- ordered CECONY, O&R and the other electric utilities to file distributed system implementation plans pursuant to which the utilities, under the NYSPSC’s authority and supervision, would serve as distributed system platforms to optimize the use of DER;
- indicated that the utilities will be allowed to own DER only under limited circumstances, and that utility affiliate ownership of DER within the utility’s service territory will require market power protections;
- ordered the utilities to file energy efficiency plans See “Environmental Matters - Climate Change," below;
- instituted a separate proceeding to consider large-scale renewable generation;
- required the utilities to file demonstration projects for approval by NYSPSC staff; and
- indicated that the design and implementation of the reformed energy system will occur over a period of years.

In June 2015, the New York State Energy Research and Development Authority (NYSERDA) submitted a report in the large-scale renewable generation proceeding. The report included program design principles and strategies. The NYSPSC requested comments on, among other things: customer funding mechanisms; utility-backed power purchase agreements; financing options; and utility-owned generation. In December 2015, the Governor of New York directed the NYSPSC to establish a clean energy standard to mandate achievement by 2030 of the State Energy Plan’s goals of 50 percent of the State’s electricity being provided from renewable resources and reducing carbon emissions by 40 percent (see “Environmental Matters - Climate Change,” below) and to support the continued operation of upstate nuclear plants. In January 2016, the NYSPSC expanded the scope of this proceeding to include consideration of a clean energy standard and the NYSPSC staff issued a report in which it recommended that New York load serving entities be responsible for supplying a defined percentage of their retail customer load from eligible resources. The NYSPSC staff recommended that compliance be demonstrated through the use of tradable renewable energy credits and zero emissions credits or an alternative compliance payment mechanism. The NYSPSC staff suggested that utilities should act as the financial guarantor of NYSERDA’s renewable energy credit activities. In addition, the NYSPSC staff recommended that New York utilities be required to procure an appropriate percentage of their renewable energy credit targets through long-term power purchase agreements with developers of renewable generation and that utility ownership of generation be permitted only in exceptional circumstances.

In July 2015, the NYSPSC staff issued a white paper on ratemaking and utility business models in the REV proceeding. The NYSPSC staff indicated that the proposals included in the white paper reflect several foundational principles: align earning opportunities with customer value; maintain flexibility; provide accurate and appropriate

value signals; maintain a sound electric industry; shift balance of regulatory incentives to market incentives; and achieve public policy objectives. The white paper, among other things, included proposals for: market based earnings opportunities, including distributed system platform revenues; adoption of earnings impact mechanisms to incent peak demand reduction, energy efficiency, customer engagement and information access, affordability and interconnection; retention of existing safety, reliability, customer service and utility-specific performance mechanisms; modifications to rate plan net utility plant reconciliations to encourage cost-effective use of operating resources and third-party investment; tying rate plan earnings sharing mechanisms to a performance index;

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pre-approval, where appropriate, of investments in distributed system platform capabilities; three-year rate plans, with an opportunity for two-year extensions; and rate design and DER compensation, including net energy metering, standby service tariffs, study of demand charges and facilitation of time-of use rates. The NYSPSC is expected to make policy determinations in 2016 on the regulatory design and regulatory matters addressed in the white paper.

In November 2015, CECONY submitted to the NYSPSC an update to the company's advanced metering infrastructure (AMI) plan for its electric and gas delivery businesses. The plan, which is subject to NYSPSC review and approval, addresses AMI's financial, operations and environmental benefits to customers and how AMI supports the REV proceeding's objectives. AMI components include smart meters, a communication network, information technology systems and business applications. The plan provides for full deployment of AMI to the company's customers to be implemented over a six-year period. Under the plan, aggregate estimated capital expenditures for AMI implementation would be approximately $1,300 million, including $69 million of AMI capital expenditures in 2016. O&R's electric and gas rate plans authorize, subject to NYSPSC modification or halt following its further consideration of AMI implementation, aggregate capital expenditures of approximately $30 million to begin AMI implementation for the company's customers.

In December 2015, the NYSPSC authorized a cost recovery surcharge mechanism for REV demonstration projects. Three CECONY and one O&R demonstration projects have been approved by the NYSPSC staff. The demonstration projects are expected to inform decisions with respect to developing distributed system platform functionalities, measuring customer response to programs and prices associated with REV markets.

In January 2016, the NYSPSC established a benefit cost analysis framework that will apply to, among other things, utility proposals to make investments that could instead be met through DER alternatives that meet all applicable reliability and safety requirements. The framework's primary measure is a societal cost test which, in addition to addressing avoided utility costs, is to quantitatively address certain environmental externalities and, where appropriate, qualitatively address other externalities. The NYSPSC directed the utilities to develop and file benefit cost analysis handbooks to guide DER providers in structuring their projects and proposals.

The NYSPSC is conducting additional proceedings to consider certain REV-related matters, including proceedings on DER valuation and net energy metering.

The Companies are not able to predict the outcome of the REV proceeding or related proceedings or their impact.

Rate Plans

Investor-owned utilities in the United States provide delivery service to customers according to the terms of tariffs approved by the appropriate state utility regulator. The tariffs include schedules of rates for service that limit the rates charged by the utilities to amounts that recover from their customers costs approved by the regulator, including capital costs, of providing service to customers as defined by the tariff. The tariffs implement rate plans adopted by state utility regulators in rate orders issued at the conclusion of rate proceedings. The utilities' earnings depend on the limits on rates authorized in their rate plans and their ability to operate their businesses in a manner consistent with such rate plans.

The utilities' rate plans cover specified periods, but rates determined pursuant to a plan generally continue in effect until a new rate plan is approved by the state utility regulator. In New York, either the utility or the NYSPSC can commence a proceeding for a new rate plan, and a new rate plan filed by the utility will generally take effect automatically in approximately 11 months unless prior to such time the NYSPSC approves a rate plan.

In each rate proceeding, rates are determined by the state utility regulator following the submission by the utility of testimony and supporting information, which are subject to review by the staff of the regulator. Other parties with an interest in the proceeding can also review the utility's proposal and become involved in the rate proceeding. The review process is overseen by an administrative law judge who is employed by the NYSPSC. After an administrative law judge issues a recommended decision, that generally considers the interests of the utility, the regulatory staff,

other parties, and legal requisites, the regulator will issue a rate order. The utility and the regulator's staff and interested parties may enter jointly into a proposed settlement agreement prior to the completion of this administrative process, in which case the agreement could be approved by the regulator with or without modification.

For each rate plan, the revenues needed to provide the utility a return on invested capital is determined by multiplying the utilities' forecasted rate base by the pre-tax weighted average cost of capital determined in the rate plan. In general, rate base is the sum of the utility's net plant and working capital less deferred taxes. The NYSPSC uses a forecast of the average rate base for the year that new rates would be in effect (rate year). The NJBPU and

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the PAPUC use the rate base balances that would exist at the beginning of the rate year. The capital structure used in the weighted average cost of capital is determined using actual and forecast data for the same time periods as rate base. The costs of long-term debt, customer deposits and the allowed return on common equity represent a combination of actual and forecast financing information. The allowed return on common equity is determined by each state's respective utility regulator. The NYSPSC's current methodology for determining the allowed return on common equity assigns a one-third weight to an estimate determined from a capital asset pricing model applied to a peer group of utility companies and a two-thirds weight to an estimate determined from a dividend discount model using stock prices and dividend forecasts for a peer group of utility companies. Both methodologies employ market measurements of equity capital to estimate returns rather than the accounting measurements to which such estimates are applied in setting rates.

Pursuant to the Utilities' rate plans, there generally can be no change to the rates charged to customers during the respective terms of the rate plans other than specified adjustments provided for in the rate plans.

For information about the Utilities' rate plans see Note B to the financial statements in Item 8.

Liability for Service Interruptions

The tariff provisions under which CECONY provides electric, gas and steam service, and O&R provides electric and gas service, limit each company's liability to pay for damages resulting from service interruptions to circumstances resulting from its gross negligence or willful misconduct. The tariff provisions under which RECO and Pike provide electric service provide that the company is not liable for interruptions that are due to causes beyond its control. CECONY's tariff for electric service also provides for reimbursement to electric customers for spoilage losses resulting from service interruptions in certain circumstances. In general, the company is obligated to reimburse affected residential and commercial customers for food spoilage of up to approximately $500 and $10,000, respectively, and reimburse affected residential customers for prescription medicine spoilage losses without limitation on amount per claim. The company's maximum aggregate liability for such reimbursement for an incident is $15 million. The company is not required to provide reimbursement to electric customers for outages attributable to generation or transmission system facilities or events beyond its control, such as storms, provided the company makes reasonable efforts to restore service as soon as practicable.

New York electric utilities are required to provide credits to customers who are without electric service for more than three days. The credit to a customer would equal the portion of the monthly customer charge attributable to the period the customer was without service. If an extraordinary event occurs, the NYSPSC may direct New York gas utilities to implement the same policies.

The NYSPSC has approved a scorecard for use as a guide to assess electric utility performance in restoring electric service during outages that result from a major storm event. The scorecard, which could also be applied by the NYSPSC for other outages or actions, was developed to work with the penalty and emergency response plan provisions of the New York Public Service Law. The scorecard includes performance metrics in categories for preparation, operations response and communications.

Each New York electric utility is required to submit to the NYSPSC annually a plan for the reasonably prompt restoration of service in the case of widespread outages in the utility's service territory due to storms or other events beyond the control of the utility. If, after evidentiary hearings or other investigatory proceedings, the NYSPSC finds that the utility failed to implement its plan reasonably, the NYSPSC may deny recovery of any part of the service restoration costs caused by such failure. In March 2015, the NYSPSC approved emergency response plans submitted by CECONY and O&R, subject to certain modifications. In December 2015, CECONY and O&R submitted updated plans.

Generic Proceedings

The NYSPSC from time to time conducts "generic" proceedings to consider issues relating to all electric and gas utilities operating in New York State. Pending proceedings include the REV proceeding and related proceedings, discussed above, and proceedings relating to data access; retail access; utility staffing levels; energy efficiency and renewable energy programs; low income customers and consumer protections. The Utilities are typically active

participants in such proceedings.

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Federal Utility Regulation

The Federal Energy Regulatory Commission (FERC), among other things, regulates the transmission and wholesale sales of electricity in interstate commerce and the transmission and sale of natural gas for resale in interstate commerce. In addition, the FERC has the authority to impose penalties, which could be substantial, including penalties for the violation of reliability and cyber security rules. Certain activities of the Utilities and the competitive energy businesses are subject to the jurisdiction of the FERC. The Utilities are subject to regulation by the FERC with respect to electric transmission rates and to regulation by the NYSPSC with respect to electric and gas retail commodity sales and local delivery service. As a matter of practice, the NYSPSC has approved delivery service rates for the Utilities that include both transmission and distribution costs. The electric and gas transmission projects in which CET Electric and CET Gas invest are also subject to regulation by the FERC. See “Con Edison Transmission,” below.

New York Independent System Operator (NYISO)

The NYISO is a not-for-profit organization that controls and operates most of the electric transmission facilities in New York State, including those of the Utilities, as an integrated system. It also administers wholesale markets for electricity in New York State and facilitates the construction of new transmission it considers necessary to meet identified reliability, economic or public policy needs. The New York State Reliability Council (NYSRC) promulgates reliability standards subject to FERC oversight. Pursuant to a requirement that is set annually by the NYSRC, the NYISO requires that entities supplying electricity to customers in New York State have generating capacity (owned, procured through the NYISO capacity markets or contracted for) in an amount equal to the peak demand of their customers plus the applicable reserve margin. In addition, the NYISO has determined that entities that serve customers in New York City must procure sufficient capacity from resources that are electrically located in New York City to cover a substantial percentage of the peak demands of their New York City customers. It also requires entities that serve customers in the lower Hudson valley and New York City customers that are served through the lower Hudson valley to procure sufficient capacity from resources electrically located in the lower Hudson valley. These requirements apply both to regulated utilities such as CECONY and O&R for the customers they supply under regulated tariffs and to companies such as Con Edison Solutions that supply customers on market terms. To address the possibility of a disruption due to the unavailability of gas, generating units located in New York City that are capable of using either gas or oil as fuel may be required to use oil as fuel for certain periods and new generating units are required to have dual fuel capability. RECO, O&R’s New Jersey subsidiary, provides electric service in an area that has a different independent system operator – PJM Interconnection LLC (PJM). See “CECONY – Electric Operations – Electric Supply” and “O&R – Electric Operations – Electric Supply,” below.

Competition

The Utilities do not consider it reasonably likely that another company would be authorized to provide utility delivery service of electricity, natural gas or steam where the company already provides service. Any such other company would need to obtain NYSPSC consent, satisfy applicable local requirements, install facilities to provide the service, meet applicable services standards, and charge customers comparable taxes and other fees and costs imposed on the service. A new delivery company would also be subject to extensive ongoing regulation by the NYSPSC. See “Utility Regulation – State Utility Regulation – Regulators,” above.

Distributed generation, such as solar energy production facilities, fuel cells and micro-turbines, provide alternative sources of energy for the Utilities’ electric delivery customers, as does oil for the Utilities’ gas delivery customers. Micro-grids and community-based micro-grids enable distributed generation to serve multiple locations and multiple customers. Other distributed energy resources, such as demand reduction and energy efficiency programs, provide alternatives for the Utilities’ delivery customers to manage their energy usage. The following table shows the aggregate capacities of the distributed generation projects connected to the Utilities’ distribution systems at December 31, 2015 and 2014:

Technology	CECONY		O&R	
Total MW, except project number	2015	2014	2015	2014

Internal-combustion engines	103	101	25	25
Photovoltaic solar	95	58	46	28
Gas turbines	40	40	—	—
Micro turbines	10	9	1	1
Fuel cells	8	8	—	—
Steam turbines	3	3	—	—
Total distribution-level distributed generation	259	219	72	54
Number of distributed generation projects	7,451	4,200	3,709	1,953

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The competitive energy businesses participate in competitive energy supply and services businesses and renewable and energy infrastructure projects that are subject to different risks than those found in the businesses of the Utilities.

The Utilities

CECONY

CECONY, incorporated in New York State in 1884, is a subsidiary of Con Edison and has no significant subsidiaries of its own. Its principal business segments are its regulated electric, gas and steam businesses.

For a discussion of the company's operating revenues and operating income for each segment, see "Results of Operations" in Item 7. For additional information about the segments, see Note N to the financial statements in Item 8.

Electric Operations

Electric Facilities

CECONY's capitalized costs for utility plant, net of accumulated depreciation, for distribution facilities were $16,394 million and $15,531 million at December 31, 2015 and 2014, respectively. For its transmission facilities, the costs for utility plant, net of accumulated depreciation, were $2,833 million and $2,744 million at December 31, 2015 and 2014, respectively, and for its portion of the steam-electric generation facilities, the costs for utility plant, net of accumulated depreciation, were $459 million and $451 million, at December 31, 2015 and 2014, respectively.

Distribution Facilities. CECONY owns 62 area distribution substations and various distribution facilities located throughout New York City and Westchester County. At December 31, 2015, the company's distribution system had a transformer capacity of 29,762 MVA, with 36,929 miles of overhead distribution lines and 97,286 miles of underground distribution lines. The underground distribution lines represent the single longest underground electric delivery system in the United States.

Transmission Facilities. The company's transmission facilities are located in New York City and Westchester, Orange, Rockland, Putnam and Dutchess counties in New York State. At December 31, 2015, CECONY owned or jointly owned 438 miles of overhead circuits operating at 138, 230, 345 and 500 kV and 749 miles of underground circuits operating at 69, 138 and 345 kV. The company's 39 transmission substations and 62 area stations are supplied by circuits operated at 69 kV and above. For information about transmission projects to address, among other things, reliability concerns associated with the potential closure of the Indian Point Energy Center (which is owned by Entergy Corporation subsidiaries) see "CECONY – Electric Operations – Electric Supply" and "Con Edison Transmission," below.

CECONY's transmission facilities interconnect with those of National Grid, Central Hudson Gas & Electric Corporation, O&R, New York State Electric & Gas, Connecticut Light & Power Company, Long Island Power Authority, NYPA and Public Service Electric and Gas Company.

Generating Facilities. CECONY's electric generating facilities consist of plants located in Manhattan whose primary purpose is to produce steam for the company's steam business. The facilities have an aggregate capacity of 724 MW. The company expects to have sufficient amounts of gas and fuel oil available in 2016 for use in these facilities.

Electric Sales and Deliveries

CECONY delivers electricity to its full-service customers who purchase electricity from the company. The company also delivers electricity to its customers who choose to purchase electricity from other energy suppliers (retail choice program). In addition, the company delivers electricity to state and municipal customers of NYPA and economic development customers of municipal electric agencies.

The company charges all customers in its service area for the delivery of electricity. The company generally recovers, on a current basis, the cost of the electricity that it buys and then sells to its full-service customers. It does not make any margin or profit on the electricity it sells. CECONY's electric revenues are subject to a revenue decoupling mechanism. As a result, its electric delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. CECONY's electric sales and deliveries for the last five years were:

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	Year Ended December 31,				
	2011	2012	2013	2014	2015
Electric Energy Delivered (millions of kWh)					
CECONY full service customers	22,622	20,622	20,118	19,757	20,206
Delivery service for retail choice customers	24,234	25,990	26,574	26,221	26,662
Delivery service to NYPA customers and others	10,408	10,267	10,226	10,325	10,147
Delivery service for municipal agencies	562	322	—	—	—
Total Deliveries in Franchise Area	57,826	57,201	56,918	56,303	57,015
Electric Energy Delivered ($ in millions)					
CECONY full service customers	$5,237	$4,731	$4,799	$5,023	$4,757
Delivery service for retail choice customers	2,354	2,750	2,683	2,646	2,714
Delivery service to NYPA customers and others	555	596	602	625	600
Delivery service for municipal agencies	22	10	—	—	—
Other operating revenues	60	89	47	143	101
Total Deliveries in Franchise Area	$8,228	$8,176	$8,131	$8,437	$8,172
Average Revenue per kWh Sold (Cents) (a)					
Residential	25.6	25.6	27.0	28.9	26.3
Commercial and Industrial	20.7	20.0	20.6	22.1	20.6

(a) Includes Municipal Agency sales.

For further discussion of the company's electric operating revenues and its electric results, see "Results of Operations" in Item 7. For additional segment information, see Note N to the financial statements in Item 8.

Electric Peak Demand

The electric peak demand in CECONY's service area generally occurs during the summer air conditioning season. The weather during the summer of 2015 was cooler than design conditions. CECONY's 2015 service area peak demand was 12,316 MW, which occurred on July 20, 2015. The 2015 peak demand included an estimated 4,795 MW for CECONY's full-service customers, 5,745 MW for customers participating in its electric retail choice program and 1,776 MW for NYPA's electric commodity customers and municipal electric agency customers. "Design weather" for the electric system is a standard to which the actual peak demand is adjusted for evaluation and planning purposes. Since the NYISO can invoke demand reduction programs under specific circumstances, design conditions do not include these programs' potential impact. However, the CECONY forecasted peak demand at design conditions does include the impact of certain demand reduction programs. The company estimates that, under design weather conditions, the 2016 service area peak demand will be 13,650 MW, including an estimated 6,340 MW for its full-service customers, 5,315 MW for its electric retail choice customers and 1,995 MW for NYPA's customers and municipal electric agency customers. The company forecasts an average annual growth in electric peak demand in its service area at design conditions over the next five years to be approximately 0.2 percent per year.

Electric Supply

Most of the electricity sold by CECONY to its full-service customers in 2015 was purchased under firm power contracts or through the wholesale electricity market administered by the NYISO. The company expects that these resources will again be adequate to meet the requirements of its customers in 2016. The company plans to meet its continuing obligation to supply electricity to its customers through a combination of electricity purchased under contracts, purchased through the NYISO's wholesale electricity market, or generated from its electricity generating facilities. For information about the company's contracts for approximately 1,900 MW of electric generating capacity, see Notes I and O to the financial statements in Item 8. To reduce the volatility of its customers' electric energy costs, the company has contracts to purchase electric energy and enters into derivative transactions to hedge the costs of a portion of its expected purchases under these contracts and through the NYISO's wholesale electricity market.

CECONY owns generating stations in New York City associated primarily with its steam system. As of December 31, 2015, the generating stations had a combined electric capacity of approximately 724 MW, based on 2015 summer test

ratings. For information about electric generating capacity owned by the company, see “Electric Operations – Electric Facilities – Generating Facilities,” above.

In general, the Utilities recover their purchased power costs, including the cost of hedging purchase prices, pursuant to rate provisions approved by the state public utility regulatory authority having jurisdiction. See “Financial

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and Commodity Market Risks – Commodity Price Risk," in Item 7 and "Recoverable Energy Costs" in Note A to the financial statements in Item 8. From time to time, certain parties have petitioned the NYSPSC to review these provisions, the elimination of which could have a material adverse effect on the Companies' financial position, results of operations or liquidity.

CECONY monitors the adequacy of the electric capacity resources and related developments in its service area, and works with other parties on long-term resource adequacy within the framework of the NYISO. In addition, the NYISO has adopted reliability rules that include obligations on transmission owners (such as CECONY) to construct facilities that may be needed for system reliability if the market does not solve a reliability need identified by the NYISO. See "New York Independent System Operator" above. In a July 1998 order, the NYSPSC indicated that it "agree(s) generally that CECONY need not plan on constructing new generation as the competitive market develops," but considers "overly broad" and did not adopt CECONY's request for a declaration that, solely with respect to providing generating capacity, it will no longer be required to engage in long-range planning to meet potential demand and, in particular, that it will no longer have the obligation to construct new generating facilities, regardless of the market price of capacity.

In November 2012, the NYSPSC directed CECONY to work with NYPA to develop a contingency plan to address reliability concerns associated with the potential closure of the nuclear power plants at the Indian Point Energy Center (which is owned by Entergy Corporation subsidiaries). In February 2013, CECONY and NYPA submitted their plan, and, in October 2013, the NYSPSC approved three transmission projects and several energy efficiency, demand reduction and combined heat and power programs to address concerns associated with the potential closure. The transmission projects, which also address transmission congestion between upstate and downstate and make available more generation from Staten Island, are scheduled to be placed into service in 2016. See "Con Edison Transmission" below. In February 2014, CECONY submitted to the NYSPSC the implementation plan for the energy efficiency, demand reduction and combined heat and power programs, which are estimated to cost up to $285 million. In April 2014, the NYSPSC authorized CECONY to recover its program costs, the majority of which are expected to be incurred from 2014 through 2016, over a ten-year period through a surcharge billed to its electric delivery customers.

Gas Operations

Gas Facilities

CECONY's capitalized costs for utility plant, net of accumulated depreciation, for gas facilities, which are primarily distribution facilities, were $5,196 million and $4,530 million at December 31, 2015 and 2014, respectively.

Natural gas is delivered by pipeline to CECONY at various points in or near its service territory and is distributed to customers by the company through an estimated 4,348 miles of mains and 369,791 service lines. The company owns a natural gas liquefaction facility and storage tank at its Astoria property in Queens, New York. The plant can store 1,062 MDt of which a maximum of about 250 MDt can be withdrawn per day. The company has about 1,226 MDt of additional natural gas storage capacity at a field in upstate New York, owned and operated by Honeoye Storage Corporation, a corporation 28.8 percent owned by CECONY and 71.2 percent owned by Con Edison Development.

Gas Sales and Deliveries

The company generally recovers the cost of the gas that it buys and then sells to its full-service customers. It does not make any margin or profit on the gas it sells. CECONY's gas revenues are subject to a weather normalization clause and a revenue decoupling mechanism. As a result, its gas delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. CECONY's gas sales and deliveries for the last five years were:

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	Year Ended December 31,				
	2011	2012	2013	2014	2015
Gas Delivered (MDt)					
Firm Sales					
Full service	64,696	57,595	67,007	75,630	77,197
Firm transportation of customer-owned gas	54,291	52,860	61,139	68,731	72,864
Total Firm Sales	118,987	110,455	128,146	144,361	150,061
Interruptible Sales (a)	10,035	5,961	10,900	10,498	6,332
Total Gas Delivered to CECONY Customers	129,022	116,416	139,046	154,859	156,393
Transportation of customer-owned gas					
NYPA	34,893	48,107	48,682	47,548	44,038
Other (mainly generating plants and interruptible transportation)	97,163	108,086	87,379	105,012	104,857
Off-System Sales	97	730	4,638	15	389
Total Sales	261,175	273,339	279,745	307,434	305,677
Gas Delivered ($ in millions)					
Firm Sales					
Full service	$1,048	$889	$1,059	$1,141	$956
Firm transportation of customer-owned gas	356	380	414	453	458
Total Firm Sales	1,404	1,269	1,473	1,594	1,414
Interruptible Sales	74	39	69	91	46
Total Gas Delivered to CECONY Customers	1,478	1,308	1,542	1,685	1,460
Transportation of customer-owned gas					
NYPA	2	2	2	2	2
Other (mainly generating plants and interruptible transportation)	71	68	71	70	54
Off-System Sales	—	5	18	—	1
Other operating revenues (mainly regulatory amortizations)	(30)	32	(17)	(36)	11
Total Sales	$1,521	$1,415	$1,616	$1,721	$1,528
Average Revenue per Dt Sold					
Residential	$18.45	$18.14	$18.52	$16.76	$13.91
General	$12.96	$11.68	$12.05	$12.38	$9.73

(a) Includes 3,801, 563, 5,362, 6,057, 1,229 MDt for 2011, 2012, 2013, 2014 and 2015, respectively, which are also reflected in firm transportation and other.

For further discussion of the company's gas operating revenues and its gas results, see "Results of Operations" in Item 7. For additional segment information, see Note N to the financial statements in Item 8.

Gas Peak Demand

The gas peak demand for firm sales customers in CECONY's service area occurs during the winter heating season. The peak day demand during the winter 2015/2016 (through February 1, 2016) occurred on January 4, 2016 when the demand reached 1,068 MDt. The 2015/2016 peak day demand included 551 MDt for CECONY's full-service customers and 517 MDt for customers participating in its gas retail choice program. "Design weather" for the gas system is a standard to which the actual peak demand is adjusted for evaluation and planning purposes. The company estimates that, under design weather conditions, the 2016/2017 service area peak day demand will be 1,456 MDt, including an estimated 757 MDt for its full-service customers and 699 MDt for its gas retail choice customers. The forecasted peak day demand at design conditions does not include gas used by interruptible gas customers including electric and steam generating stations. The company forecasts an average annual growth of the gas peak demand over the next five years at design conditions to be approximately 2.3 percent in its service area.

Gas Supply

CECONY and O&R have combined their gas requirements, and contracts to meet those requirements, into a single portfolio. The combined portfolio is administered by, and related management services are provided by, CECONY (for itself and as agent for O&R) and costs are allocated between the Utilities in accordance with provisions approved by the NYSPSC. See Note S to the financial statements in Item 8.

Charges from suppliers for the firm purchase of gas, which are based on formulas or indexes or are subject to negotiation, are generally designed to approximate market prices. The Utilities have contracts with interstate

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pipeline companies for the purchase of firm transportation from upstream points where gas has been purchased to the Utilities' distribution systems, and for upstream storage services. Charges under these transportation and storage contracts are approved by the FERC. The Utilities are required to pay certain fixed charges under the supply, transportation and storage contracts whether or not the contracted capacity is actually used. These fixed charges amounted to approximately $291 million in 2015, including $252 million for CECONY. See "Contractual Obligations" below. At December 31, 2015, the contracts were for various terms extending to 2020 for supply and 2027 for the transportation and storage. In January 2016, CECONY entered into two 20-year transportation contracts, one of which is for capacity on the proposed Mountain Valley Pipeline (MVP) (see "Con Edison Transmission - CET Gas" below). In addition, the Utilities purchase gas on the spot market and contract for interruptible gas transportation. See "Recoverable Energy Costs" in Note A to the financial statements in Item 8.

Steam Operations

Steam Facilities

CECONY's capitalized costs for utility plant, net of accumulated depreciation, for steam facilities, including steam's portion of the steam-electric generation facilities, were $1,849 million and $1,795 million at December 31, 2015 and 2014, respectively.

CECONY generates steam at one steam-electric generating station and five steam-only generating stations and distributes steam to its customers through approximately 105 miles of transmission, distribution and service piping.

Steam Sales and Deliveries

CECONY's steam sales and deliveries for the last five years were:

	Year Ended December 31,				
	2011	2012	2013	2014	2015
Steam Sold (MMlb)					
General	519	425	547	594	538
Apartment house	5,779	5,240	6,181	6,574	6,272
Annual power	16,024	14,076	15,195	15,848	15,109
Total Steam Delivered to CECONY Customers	22,322	19,741	21,923	23,016	21,919
Steam Sold ($ in millions)					
General	$28	$25	$31	$30	$29
Apartment house	175	158	187	180	176
Annual power	487	429	491	469	453
Other operating revenues	(7)	(16)	(26)	(51)	(29)
Total Steam Delivered to CECONY Customers	$683	$596	$683	$628	$629
Average Revenue per MMlb Sold	$30.91	$31.00	$32.34	$29.50	$30.02

For further discussion of the company's steam operating revenues and its steam results, see "Results of Operations" in Item 7. For additional segment information, see Note N to the financial statements in Item 8.

Steam Peak Demand and Capacity

Demand for steam in CECONY's service area peaks during the winter heating season. The one-hour peak demand during the winter of 2015/2016 (through February 1, 2016) occurred on January 5, 2016 when the demand reached 8.0 MMlb per hour. "Design weather" for the steam system is a standard to which the actual peak demand is adjusted for evaluation and planning purposes. The company's estimate for the winter of 2016/2017 peak demand of its steam customers is about 8.9 MMlb per hour under design conditions. The company forecasts an average annual decrease in steam peak demand in its service area at design conditions over the next five years to be approximately 0.8 percent. On December 31, 2015, the steam system was capable of delivering approximately 11.3 MMlb of steam per hour, and CECONY estimates that the system will have a capacity of 11.6 MMlb of steam per hour in the 2016/2017 winter.

Steam Supply

Forty percent of the steam produced by CECONY in 2015 was supplied by the company's steam-only generating assets; 43 percent was produced by the company's steam-electric generating assets, where steam and electricity are

primarily cogenerated; and 17 percent was purchased under an agreement with Brooklyn Navy Yard Cogeneration Partners L.P.

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O&R

Electric Operations

Electric Facilities

O&R's capitalized costs for utility plant, net of accumulated depreciation, for distribution facilities were $850 million and $830 million at December 31, 2015 and 2014, respectively. For its transmission facilities, the costs for utility plant, net of accumulated depreciation, was $212 million at December 31, 2015 and 2014.

O&R, RECO and Pike, own, in whole or in part, transmission and distribution facilities which include 547 circuit miles of transmission lines, 14 transmission substations, 62 distribution substations, 86,794 in-service line transformers, 3,994 pole miles of overhead distribution lines and 1,889 miles of underground distribution lines. O&R's transmission system is part of the NYISO system except that portions of RECO's system are located within the transmission area controlled by PJM.

Electric Sales and Deliveries

O&R delivers electricity to its full-service customers who purchase electricity from the company. The company also delivers electricity to its customers who purchase electricity from other suppliers through the company's retail choice program.

The company charges all customers in its service area for the delivery of electricity. O&R generally recovers, on a current basis, the cost of the electricity that it buys and then sells to its full-service customers. It does not make any margin or profit on the electricity it sells. O&R's New York electric revenues (which accounted for 74 percent of O&R's electric revenues in 2015) are subject to a revenue decoupling mechanism. As a result, O&R's New York electric delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. O&R's electric sales in New Jersey and Pennsylvania are not subject to a decoupling mechanism.

O&R's electric sales and deliveries for the last five years were:

	Year Ended December 31,				
	2011	2012	2013	2014	2015
Electric Energy Delivered (millions of kWh)					
Total deliveries to O&R full service customers	3,029	2,691	2,555	2,429	2,499
Delivery service for retail choice customers	2,760	3,040	3,166	3,240	3,237
Total Deliveries In Franchise Area	5,789	5,731	5,721	5,669	5,736
Electric Energy Delivered ($ in millions)					
Total deliveries to O&R full service customers	$486	$405	$427	$455	$441
Delivery service for retail choice customers	157	178	192	207	213
Other operating revenues	(2)	9	9	18	9
Total Deliveries In Franchise Area	$641	$592	$628	$680	$663
Average Revenue Per kWh Sold (Cents)					
Residential	18.0	16.7	18.1	20.3	19.2
Commercial and Industrial	13.7	13.0	14.8	16.8	15.4

For further discussion of the company's electric operating revenues and its electric results, see "Results of Operations" in Item 7. For additional segment information, see Note N to the financial statements in Item 8.

Electric Peak Demand

The electric peak demand in O&R's service area occurs during the summer air conditioning season. The weather during the summer of 2015 was cooler than design conditions. O&R's 2015 service area peak demand was 1,405 MW, which occurred on July 20, 2015. The 2015 peak demand included an estimated 779 MW for O&R's full-service customers and 626 MW for customers participating in its electric retail choice program. "Design weather" for the electric system is a standard to which the actual peak demand is adjusted for evaluation and planning purposes. Since the NYISO can invoke demand reduction programs under specific circumstances, design conditions do not include these programs' potential impact. However, the O&R forecasted peak demand at design conditions does include the impact of certain demand reduction programs. The company estimates that, under design weather conditions, the 2016 service area peak demand will be 1,632 MW, including an estimated 902 MW for its full-service customers and 730 MW for its electric retail choice customers. The company forecasts an average annual growth in electric peak demand

in the company’s service area over the next five years at design conditions to be approximately 0.3 percent per year.

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Electric Supply

The electricity O&R sold to its full-service customers in 2015 was purchased under firm power contracts or through the wholesale electricity market. The company expects that these resources will again be adequate to meet the requirements of its customers in 2016. O&R does not own any electric generating capacity. The company plans to meet its continuing obligation to supply electricity to its customers through a combination of electricity purchased under contracts or purchased through the wholesale electricity market. To reduce the volatility of its customers' electric energy costs, the company has contracts to purchase electric energy and enters into derivative transactions to hedge the costs of a portion of its expected purchases. For information about the company's contracts, see Note O to the financial statements in Item 8.

In general, the Utilities recover their purchased power costs, including the cost of hedging purchase prices, pursuant to rate provisions approved by the state public utility regulatory authority having jurisdiction. See "Financial and Commodity Market Risks – Commodity Price Risk," in Item 7 and "Recoverable Energy Costs" in Note A to the financial statements in Item 8. From time to time, certain parties have petitioned the NYSPSC to review these provisions, the elimination of which could have a material adverse effect on the Companies' financial position, results of operations or liquidity.

Gas Operations

Gas Facilities

O&R's capitalized costs for utility plant, net of accumulated depreciation for gas facilities, which are primarily distribution facilities, were $502 million and $476 million at December 31, 2015 and 2014, respectively. O&R and Pike own their gas distribution systems and O&R owns a gas transmission system. Natural gas is delivered by pipeline to O&R at various points in or near its service territory and is distributed to customers by the company through an estimated 1,876 miles of mains and 105,482 service lines.

Gas Sales and Deliveries

O&R generally recovers the cost of the gas that it buys and then sells to its full-service customers. It does not make any margin or profit on the gas it sells. O&R's gas revenues are subject to a weather normalization clause. O&R's New York gas revenues (which accounted for substantially all of O&R's gas revenues in 2015) are subject to a revenue decoupling mechanism. As a result, its gas delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. O&R's gas sales and deliveries for the last five years were:

	Year Ended December 31,				
	2011	2012	2013	2014	2015
Gas Delivered (MDt)					
Firm Sales					
Full service	8,384	7,539	8,808	9,529	9,348
Firm transportation	10,823	10,505	12,062	12,592	11,752
Total Firm Sales	19,207	18,044	20,870	22,121	21,100
Interruptible Sales	4,184	4,326	4,118	4,216	4,205
Total Gas Delivered to O&R Customers	23,391	22,370	24,988	26,337	25,305
Transportation of customer-owned gas					
Sales for resale	864	793	885	945	906
Sales to electric generating stations	24	15	19	70	25
Off-System Sales	—	—	—	3	62
Total Sales	24,279	23,178	25,892	27,355	26,298

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	Year Ended December 31,				
	2011	2012	2013	2014	2015
Gas Delivered ($ in millions)					
Firm Sales					
Full service	$122	$103	$115	$121	$91
Firm transportation	71	76	77	75	68
Total Firm Sales	193	179	192	196	159
Interruptible Sales	4	4	3	2	3
Total Gas Delivered to O&R Customers	197	183	195	198	162
Transportation of customer-owned gas					
Sales to electric generating stations	1	—	—	1	—
Other operating revenues	16	20	10	13	20
Total Sales	$214	$203	$205	$212	$182
Average Revenue Per Dt Sold					
Residential	$14.84	$14.01	$13.31	$13.01	$10.11
General	$13.20	$11.99	$11.53	$11.30	$8.24

For further discussion of the company's gas operating revenues and its gas results, see "Results of Operations" in Item 7. For additional segment information, see Note N to the financial statements in Item 8.

Gas Peak Demand

The gas peak demand for firm sales customers in O&R's service area occurs during the winter heating season. The peak day demand during the winter 2015/2016 (through February 1, 2016) occurred on January 4, 2016 when the demand reached 163 MDt. The 2015/2016 peak day demand included 72 MDt for O&R's full-service customers and 91 MDt for customers participating in its gas retail choice program. "Design weather" for the gas system is a standard to which the actual peak demand is adjusted for evaluation and planning purposes. The company estimates that, under design weather conditions, the 2016/2017 service area peak day demand will be 224 MDt, including an estimated 99 MDt for its full-service customers and 125 MDt for its gas retail choice customers. The forecasted peak day demand at design conditions does not include gas used by interruptible gas customers including electric generating stations. The company forecasts an average annual growth of the gas peak demand over the next five years at design conditions to be approximately 0.6 percent in its service area.

Gas Supply

O&R and CECONY have combined their gas requirements and purchase contracts to meet those requirements into a single portfolio. See "CECONY – Gas Operations – Gas Supply" above.

Competitive Energy Businesses

Con Edison Solutions

Con Edison Solutions primarily sells electricity to industrial, commercial and governmental customers in the northeastern United States and Texas. It also sells electricity to residential and small commercial customers (mass market) in the northeastern United States. Con Edison Solutions does not sell electricity to the Utilities. Con Edison Solutions does sell electricity to customers who are provided delivery service by the Utilities. It also provides energy efficiency services, procurement and management services to companies and governmental entities throughout most of the United States.

Con Edison Solutions was reported by DNV GL in September 2015 to be the 12th largest non-residential retail electricity provider in the United States. At December 31, 2015, it served approximately 143,000 mass market customers, excluding approximately 143,000 served under aggregation agreements. Con Edison Solutions' electricity sales for the last five years were:

	2011	2012	2013	2014	2015
Retail electric volumes sold (millions of kWh)	15,725	13,840	12,167	11,871	13,594
Number of retail customers accounts: (a)					
Industrial and large commercial	42,983	35,043	35,504	35,305	42,198
Mass market	117,635	119,276	123,813	123,314	143,299

(a) Excludes aggregation agreement customers.

Con Edison Solutions also provides energy-efficiency services to government and commercial customers. The services include the design and installation of lighting retrofits, high-efficiency heating, ventilating and air

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conditioning equipment and other energy saving technologies. The company is compensated for its services based primarily on the increased energy efficiency of the installed equipment over a multi-year period. Con Edison Solutions has won competitive solicitations for energy savings contracts with the United States Department of Energy and the United States Department of Defense, and a shared energy savings contract with the United States Postal Service. The company owns renewable energy projects predominately in Massachusetts and California with an aggregate capacity of 23 MW (AC).

In June 2015, Con Edison initiated a plan to sell the retail electric supply business (see Note U to the financial statements in Item 8).

Con Edison Energy

Con Edison Energy provides services to manage the dispatch, fuel requirements and risk management activities for 4,465 MW of generating plants and merchant transmission in the northeastern United States owned by unrelated parties and manages energy supply assets leased from others. Among other things, the company also provides wholesale hedging and risk management services to Con Edison Solutions and Con Edison Development. The company, beginning during 2013, no longer engages in the sale of electricity to utilities. The company had sold electricity that it had purchased in wholesale markets to utilities in the northeastern United States, primarily under fixed and indexed price contracts, which they used to supply their full-service customers.

Con Edison Development

Con Edison Development develops, owns and operates energy infrastructure. The company focuses its efforts on renewable electric production projects, and at the end of 2015 was estimated to be the sixth largest owner of operating solar capacity in North America. The output of most of the projects is sold under long-term power purchase agreements (PPA). The following table provides information about the projects the company owned at December 31, 2015:

Renewable Electric Production Projects

Project Name	Production Technology	Generating Capacity (a) (MW AC)	PPA Term (In Years)	Actual/Expected In-Service Date	Location (State)
Wholly owned projects					
Flemington	Solar	8	n/a (b)	2011	New Jersey
Frenchtown I, II and III	Solar	14	n/a (b)	2011-13	New Jersey
PA Solar	Solar	10	n/a (b)	2012	Pennsylvania
California Solar 2 (Partial)	Solar	60	20	2014-15	California
Oak Tree Wind	Wind	20	20	2014	South Dakota
Texas Solar 3	Solar	6	25	2015	Texas
Texas Solar 5 (c)	Solar	95	25	2015	Texas
Campbell County Wind (d)	Wind	95	30	2015	South Dakota
Projects of less than 5 MW	Solar	20	Various	Various	Various
Jointly owned projects					
Pilesgrove	Solar	9	n/a (b)	2011	New Jersey
California Solar	Solar	55	25	2012-13	California
Mesquite Solar 1	Solar	83	20	2013	Arizona
Copper Mountain Solar 2 Phase 1 and 2	Solar	75	25	2013-2015	Nevada
Copper Mountain Solar 3	Solar	128	20	2014-2015	Nevada
Broken Bow II	Wind	38	25	2014	Nebraska
Texas Solar 4	Solar	32	25	2014	Texas

Total MW (AC) in Operation		748			
California Solar 2 (Partial)	Solar	20	20	2016	California
California Solar 3 (e)	Solar	110	20	2016	California
Total MW (AC) in Construction		130			
Total MW (AC), All Projects		878 (f)			

(a) Represents Con Edison Development's ownership interest in the project.

(b) New Jersey, Pennsylvania and Massachusetts assets have 3-5 year Solar Renewable Energy Credit hedges in place.

(c) Purchased in May 2015. The total project cost was approximately $305 million. Electricity generated by the project is to be purchased by the City of San Antonio pursuant to a long-term power purchase agreement.

(d) Purchased in June 2015. The total project cost was approximately $180 million. Electricity generated by the project is to be purchased by the Basin Electric Power Cooperative pursuant to a long-term power purchase agreement.

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Purchased in January and February 2015. The total project cost is expected to be approximately $300 million.

(e) Electricity generated by these projects is to be purchased by Pacific Gas and Electric Company and Southern California Edison pursuant to long-term power purchase agreements.

In addition, in September 2015, Con Edison Development purchased a 50 percent membership interest in Panoche Holdings, LLC, which owns a project company that is developing, but has not started constructing, a 247 MW (AC) solar electric production project in California. See Note Q to the financial statements in Item 8. See "Capital

(f) Requirements," below. Also, in October 2015, Con Edison Development purchased Lost Hills, which is developing but has not started constructing, a 20 MW (AC) solar electric production project in California and in November 2015 purchased Upton County, which is developing but has not started constructing, a 150 MW (AC) solar electric production project in Texas.

In January 2016, Con Edison Development purchased a company that is the owner of a106 MW (AC) solar electric production project in Texas (Texas Solar 7). The total cost of this project is expected to be approximately $375 million. The project will be financed, in part, by debt secured by the project. Electricity generated by this project is to be purchased by the City of San Antonio pursuant to a long-term power purchase agreement.

Con Edison Transmission

CET Electric

In January 2016, Con Edison transferred a wholly-owned subsidiary, Consolidated Edison Transmission LLC (CET Electric), to another wholly-owned subsidiary, Con Edison Transmission, Inc. (Con Edison Transmission). In November 2014, CET Electric, along with affiliates of certain other New York transmission owners, formed New York Transco LLC (NY Transco). CET Electric owns a 45.7 percent interest in NY Transco. NY Transco's transmission projects are expected to be developed initially by CECONY and other New York transmission owners and, subject to NYSPSC approval, sold to NY Transco.

Initially, NY Transco projects are expected to include three projects (called the TOTS Projects) that the NYSPSC approved in October 2013 in its proceeding to address potential needs that could arise should the Indian Point Energy Center (which is owned by Entergy Corporation subsidiaries) no longer be able to operate. The TOTS Projects, which are scheduled to be placed into service by Summer 2016, include two projects that CECONY is developing and one project that another regulated affiliate of NY Transco is developing. The current aggregated estimated cost of the TOTS projects is approximately $230 million (most of which is for the projects CECONY is developing).

In April 2015, FERC issued an order granting certain transmission incentives for NY Transco projects. In November 2015, NY Transco, certain New York transmission owners (including CECONY and O&R), the NYSPSC and other parties submitted to FERC for approval a settlement agreement applicable to the TOTS Projects (other than costs that have not already been incurred related to a portion of one of the projects that may no longer be needed). The settlement agreement, among other things, provides for a 10 percent return on common equity (or 9.5 percent for capital costs in excess of $228 million incurred prior to the projects' commercial operation date), a maximum common equity ratio of 53 percent and allocation of 63 percent of the costs of the projects to load serving entities in the CECONY and O&R service areas.

In December 2015, the NYSPSC issued an order in its competitive proceeding to select transmission projects that would relieve transmission congestion between upstate and downstate. The NYSPSC determined that there is a public policy need for new transmission to address the congestion, such as a project ($1,000 million estimated cost) proposed on behalf of NY Transco. This NY Transco project, which could be completed in the 2019 to 2021 timeframe, would be developed, at least initially, by New York transmission owners other than CECONY until the project was sold to NY Transco. The NYSPSC also directed certain developers, including NY Transco, to submit project(s) to the NYISO. Under its public policy planning process, the NYISO will solicit and evaluate proposed project(s) that meet the public policy need and make a selection in accordance with its FERC-approved criteria. The cost of the project(s) selected by the NYISO would be recoverable through the NYISO's tariff.

CET Gas

In January 2016, Con Edison Transmission formed Con Edison Gas Midstream, LLC (CET Gas) and CET Gas acquired a 12.5 percent ownership interest in MVP, a company developing a proposed gas transmission project in West Virginia and Virginia. MVP has indicated that the estimated total project cost is $3,000 million to $3,500 million, and that, subject to FERC approval, MVP is targeting to be fully in-service during the fourth quarter of 2018.

Capital Requirements and Resources

Capital Requirements

The following table contains the Companies' capital requirements for the years 2013 through 2015 and their current estimate of amounts for 2016 through 2018:

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	Actual			Estimate		
(Millions of Dollars)	2013	2014	2015	2016	2017	2018
Regulated utility construction expenditures						
CECONY (a)(b)						
Electric	$1,471	$1,500	$1,658	$1,978	$2,002	$1,975
Gas	536	549	671	790	928	944
Steam	128	83	106	97	69	72
Sub-total	2,135	2,132	2,435	2,865	2,999	2,991
O&R						
Electric	98	105	114	140	137	134
Gas	37	37	46	48	48	50
Sub-total	135	142	160	188	185	184
Total regulated utility construction expenditures	2,270	2,274	2,595	3,053	3,184	3,175
Con Edison Transmission						
CET Electric	—	—	—	58	—	—
CET Gas	—	—	—	57	171	179
Sub-total	—	—	—	115	171	179
Competitive energy businesses capital expenditures						
Renewable and energy infrastructure projects	378	447	823	985	360	360
Sub-total	378	447	823	985	360	360
Total capital expenditures	2,648	2,721	3,418	4,153	3,715	3,714
Retirement of long-term securities						
Con Edison – parent company	2	2	2	2	2	2
CECONY	700	475	350	650	—	1,200
O&R	3	3	143	79	4	54
Competitive energy businesses	1	5	4	8	10	10
Total retirement of long-term securities	706	485	499	739	16	1,266
Total capital requirements	$3,354	$3,206	$3,917	$4,892	$3,731	$4,980

(a) CECONY's capital expenditures for environmental protection facilities and related studies were $178 million, $218 million and $224 million in 2013, 2014 and 2015, respectively, and are estimated to be $246 million in 2016.

(b) Estimates do not include amounts for the energy efficiency, demand reduction and combined heat and power programs discussed under "CECONY – Electric Operations – Electric Supply," above.

The Utilities have an ongoing need to make substantial capital investments primarily to maintain the reliability of their electric, gas and steam delivery systems. Their estimated construction expenditures also reflect programs that will give customers greater control over their energy usage and bills, help integrate new clean energy technologies into the Utilities' electric delivery systems and accelerate their gas main replacement program.

Estimated capital expenditures for Con Edison Transmission reflect planned investments in electric and gas transmission projects. Estimated capital expenditures for the competitive energy businesses reflect planned investments in renewable generation and energy infrastructure projects. Actual capital expenditures for Con Edison Transmission and the competitive energy businesses could significantly increase or decrease from the amounts estimated depending on market conditions and opportunities.

Contractual Obligations

The following table summarizes the Companies' material obligations at December 31, 2015 to make payments pursuant to contracts. Long-term debt, capital lease obligations and other noncurrent liabilities are included on their balance sheets. Operating leases and electricity purchase agreements (for which undiscounted future annual payments

are shown) are described in the notes to the financial statements.

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	Payments Due by Period				
(Millions of Dollars)	Total	1 year or less	Years 2 & 3	Years 4 & 5	After 5 years
Long-term debt (Statement of Capitalization)					
CECONY	$11,536	$650	$1,200	$825	$8,861
O&R	675	79	58	63	475
Competitive energy businesses and parent	647	10	24	29	584
Interest on long-term debt (a)	10,842	602	1,147	946	8,147
Total long-term debt, including interest	23,700	1,341	2,429	1,863	18,067
Capital lease obligations (Note J)					
CECONY	3	1	1	1	—
Total capital lease obligations	3	1	1	1	—
Operating leases (Notes J and Q)					
CECONY	98	12	24	19	43
O&R	4	1	1	1	1
Competitive energy businesses	106	5	11	11	79
Total operating leases	208	18	36	31	123
Purchase obligations					
Electricity purchase power agreements – Utilities (Note I)					
CECONY					
Energy (b)	3,634	577	554	347	2,156
Capacity	1,235	180	187	105	763
Total CECONY	4,869	757	741	452	2,919
O&R					
Energy and Capacity (b)	118	76	42	—	—
Total electricity and purchase power agreements – Utilities	4,987	833	783	452	2,919
Natural gas supply, transportation, and storage contracts – Utilities (c)					
CECONY					
Natural gas supply	206	108	79	19	—
Transportation and storage	1,063	236	403	148	276
Total CECONY	1,269	344	482	167	276
O&R					
Natural gas supply	17	6	7	4	—
Transportation and storage	198	44	75	28	51
Total O&R	215	50	82	32	51
Total natural gas supply, transportation and storage contracts	1,484	394	564	199	327
Other purchase obligations					
CECONY (d)	3,869	1,577	1,629	641	22
O&R (d)	237	91	127	5	14
Competitive energy businesses (e)	384	324	56	4	—
Total other purchase obligations	4,490	1,992	1,812	650	36
Uncertain tax positions (f)	12	12	—	—	—
Total	$34,884	$4,591	$5,625	$3,196	$21,472

(a) Includes interest on variable rate debt calculated at rates in effect at December 31, 2015.

(b)

Included in these amounts is the cost of minimum quantities of energy that the company is obligated to purchase at both fixed and variable prices.

(c) Included in these amounts is the cost of minimum quantities of natural gas supply, transportation and storage that the Utilities are obligated to purchase at both fixed and variable prices.

(d) Amounts shown for other purchase obligations, which reflect capital and operations and maintenance costs incurred by the Utilities in running their day-to-day operations, were derived from the Utilities' purchasing system as the difference between the amounts authorized and the amounts paid (or vouchered to be paid) for each obligation. For many of these obligations, the Utilities are committed to purchase less than the amount authorized. Payments for the "Other Purchase Obligations" are generally assumed to be made ratably over the term of the obligations. The Utilities believe that unreasonable effort and expense would be involved to enable them to report their "Other Purchase Obligations" in a different manner.

(e) Amounts represent commitments to purchase minimum quantities of electric energy and capacity, renewable energy certificates, natural gas, natural gas pipeline capacity, energy efficiency services and construction services entered into by Con Edison's competitive energy businesses.

(f) Con Edison reasonably expects to resolve approximately $25 million of its liability for uncertain tax positions within the next twelve months, of which an estimated $12 million may be settled in cash payments. Con Edison is unable to reasonably estimate the timing of the

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resolution of its remaining liability for uncertain tax positions, which will depend on the progress of tax examinations with the various tax authorities. See Note L to the financial statements in Item 8.

The Companies' commitments to make payments in addition to these contractual commitments include their other liabilities reflected in their balance sheets, any funding obligations for their pension and other postretirement benefit plans, financial hedging activities, their collective bargaining agreements and Con Edison's guarantees of certain obligations of its competitive energy businesses and CET - Electric. See Notes E, F, O and "Guarantees" in Note H to the financial statements in Item 8.

Capital Resources

Con Edison is a holding company that operates only through its subsidiaries and has no material assets other than its interests in its subsidiaries. Con Edison finances its capital requirements primarily through internally-generated funds and the sale of its securities. Con Edison's ability to make payments on external borrowings and dividends on its common shares depends on receipt of dividends from its subsidiaries or proceeds from the sale of its securities or its interests in its subsidiaries.

For information about restrictions on the payment of dividends by the Utilities and significant debt covenants, see Note C to the financial statements in Item 8.

For information on the Companies' commercial paper program and revolving credit agreements with banks, see Note D to the financial statements in Item 8.

The Utilities finance their operations, capital requirements and payment of dividends to Con Edison from internally-generated funds, contributions of equity capital from Con Edison, if any, and external borrowings. See "Liquidity and Capital Resources" in Item 7.

Con Edison plans to meet its 2016 capital requirements, including for maturing securities, through internally-generated funds and the issuance of securities. The company's plans include the issuance of between $1,000 million and $1,500 million of long-term debt at the Utilities and the issuance of additional debt secured by its renewable electric production projects. The company's plans also include the issuance of up to $200 million of common equity in addition to equity under its dividend reinvestment, employee stock purchase and long term incentive plans.

The Companies require access to the capital markets to fund capital requirements that are substantially in excess of available internally-generated funds. See "Capital Requirements," above. Each of the Companies believes that it will continue to be able to access capital, although capital market conditions may affect the timing and cost of the Companies' financing activities. The Companies monitor the availability and costs of various forms of capital, and will seek to issue Con Edison common stock and other securities when it is necessary or advantageous to do so. For information about the Companies' long-term debt and short-term borrowing, see Notes C and D to the financial statements in Item 8.

In 2012, the NYSPSC authorized CECONY, through 2016, to issue up to $3,500 million of debt securities ($3,200 million of which the company had issued as of December 31, 2015). In 2013, the NYSPSC authorized O&R, through 2017, to issue up to $305 million of debt securities ($220 of which the company had issued as of December 31, 2015). The NYSPSC also authorized CECONY and O&R for such periods to issue up to $2,500 million and $125 million, respectively, of debt securities to refund existing debt securities. At December 31, 2015, the Utilities had not refunded any securities pursuant to this authorization. In January 2016, CECONY filed a petition with the NYSPSC for authorization to issue up to $5,200 million of debt securities prior to December 31, 2019.

Con Edison's competitive energy businesses have financed their operations and capital requirements primarily with capital contributions and borrowings from Con Edison, internally-generated funds and external borrowings. See "Liquidity and Capital Resources" in Item 7.

For each of the Companies, the ratio of earnings to fixed charges (SEC basis) for the last five years was:

	Ratio of Earnings to Fixed Charges				
	2011	2012	2013	2014	2015

Con Edison	3.6	3.7	3.0	(a)	3.6	3.5
CECONY	3.8	3.7	3.7		3.8	3.6

(a) Reflects $95 million after-tax charge to earnings relating to Con Edison Development's LILO transactions. See Note J to the financial statements in Item 8.

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For each of the Companies, the common equity ratio for the last five years was:

	Common Equity Ratio (Percent of total capitalization)				
	2011	2012	2013	2014	2015
Con Edison	53.6	54.3	54.0	52.2	52.1
CECONY	53.3	53.7	53.8	50.9	51.4

The commercial paper of Con Edison and O&R is rated P-2, A-2 and F2, respectively, by Moody's, S&P and Fitch. The commercial paper of CECONY is rated P-1, A-2 and F2 by Moody's, S&P and Fitch, respectively. Con Edison's issuer credit rating is A3, A- and BBB+ by Moody's, S&P and Fitch, respectively. The senior unsecured debt of CECONY is rated A2, A- and A- by Moody's, S&P and Fitch, respectively. The senior unsecured debt of O&R is rated A3, A- and A- by Moody's, S&P and Fitch, respectively. Securities ratings assigned by rating organizations are expressions of opinion and are not recommendations to buy, sell or hold securities. A securities rating is subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

CECONY has $636 million of tax-exempt debt for which the interest rates are to be determined pursuant to periodic auctions. Of this amount, $391 million is insured by Ambac Assurance Corporation and $245 million is insured by Syncora Guarantee Inc. (formerly XL Capital Assurance Inc.). Credit rating agencies have withdrawn the ratings of these insurers. Subsequently, there have not been sufficient bids to determine the interest rates pursuant to auctions, and interest rates have been determined by reference to a variable rate index. The weighted average annual interest rate on this tax-exempt debt was 0.14 percent on December 31, 2015. The weighted average interest rate was 0.14 percent, 0.10 percent and 0.17 percent for the years 2015, 2014 and 2013, respectively. Under CECONY's current electric, gas and steam rate plans, variations in auction rate debt interest expense are reconciled to the levels set in rates.

Environmental Matters

Climate Change

As indicated by the Intergovernmental Panel on Climate Change, emissions of greenhouse gases (GHG), including carbon dioxide, are very likely changing the world's climate.

Climate change could affect customer demand for the Companies' energy services. It might also cause physical damage to the Companies' facilities and disruption of their operations due to more frequent and more extreme weather-related events. In late October 2012, Superstorm Sandy caused extensive damage to the Utilities' electric distribution system. Superstorm Sandy interrupted service to approximately 1.4 million of the Utilities' customers – more than four times the number of customers impacted by the Utilities' previous worst storm event (Hurricane Irene in 2011) and resulted in the Utilities incurring substantial response and restoration costs.

Based on the most recent data (2014) published by the U.S. Environmental Protection Agency (EPA), Con Edison estimates that its direct GHG emissions constitute less than 0.1 percent of the nation's GHG emissions. Con Edison's estimated emissions of GHG during the past five years were:

(Metric tons, in millions (a))	2011	2012	2013	2014	2015
CO2 equivalent emissions	3.4	3.3	3.4	3.2	3.1

(a) Estimated emissions for 2015 are subject to third-party verification.

Con Edison's 48 percent decrease in direct GHG emissions (carbon dioxide, methane and sulfur hexafluoride) since 2005 (6.0 million metric tons) reflects the emission reductions resulting from equipment and repair projects, reduced steam demand, the increased use of natural gas in lieu of fuel oil at CECONY's steam production facilities as well as projects to reduce sulfur hexafluoride emissions and to replace gas distribution pipes.

CECONY has participated for several years in voluntary initiatives with the EPA to reduce its methane and sulfur hexafluoride emissions. The Utilities reduce methane emissions from the operation of their gas distribution systems through pipe maintenance and replacement programs, by operating system components at lower pressure, and by introducing new technologies for leak repair prioritization and to reduce work-related losses. The Utilities reduce emissions of sulfur hexafluoride, which is used for arc suppression in substation circuit breakers and switches, by using improved technologies to locate and repair leaks and by replacing older equipment. The Utilities also actively

promote energy efficiency and the use of renewable generation to help their customers' reduce their GHG emissions.

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NYSERDA and New York utilities have been responsible for implementing the Energy Efficiency Portfolio Standard (EEPS) established by the NYSPSC through energy efficiency programs designed and managed by NYSERDA and the utilities and authorized by the NYSPSC. The Utilities billed customers EEPS surcharges of approximately $103 million in 2015 and 2014 to fund these programs. EEPS authorization ended December 2015. Beginning January 2016, New York utilities are responsible for designing and managing their energy efficiency programs consistent with NYSPSC-approved, utility-specific program budgets and metrics. Effective January 2016, the utilities are recovering the costs of their energy efficiency programs from their customers primarily through NYSPSC-approved energy efficiency tracker surcharge mechanisms.

Through the Utilities' energy-efficiency programs, customers reduced their annual energy use by approximately 1,005,000 MWh of electricity and 1,395,000 Dt of gas from the programs' inception in 2009 through 2015, resulting in their avoiding their release of approximately 650,000 tons of GHG into the atmosphere every year. In addition, CECONY's other demand-side management programs assisted customers in reducing their annual energy use by approximately 281,000 MWh of electricity from the programs' inception in 2004 through 2015, resulting in their avoiding their release of approximately 158,000 tons of GHG into the atmosphere every year.

Emissions are also avoided by renewable electric production facilities replacing fossil-fueled electric production facilities. NYSERDA is responsible for implementing the renewable portfolio standard (RPS) established by the NYSPSC. NYSERDA enters into long-term agreements with developers of large renewable electric production facilities and pays them premiums based on the facilities' electric output. These facilities sell their energy output in the wholesale energy market administered by the NYISO. As a result of the Utilities' participation in the NYISO wholesale markets, a portion of the Utilities' NYISO energy purchases are sourced from renewable electric production facilities. NYSERDA also provides rebates to customers who install eligible renewable electric production technologies. The electricity produced by such customer-sited renewables offsets the energy that the Utilities would otherwise have procured, thereby reducing the amount of electricity produced by non-renewable production facilities. The Utilities billed customers RPS surcharges of $131 million and $121 million in 2015 and 2014, respectively, (and approximately $678 million cumulatively from 2006) to fund these NYSERDA programs. In March 2015, NYSERDA reported that the statewide environmental benefits of having electricity generated by renewable production facilities from 2006 through 2014, as opposed to the State's "system-mix," amounts to approximately 6,700 tons of nitrogen oxides, 12,200 tons of sulfur dioxides and 6.4 million tons of carbon dioxide in reduced emissions over this time period. For information about NYSPSC proceedings considering renewable generation see "Utility Regulation – State Utility Regulation – New York Utility Industry – Reforming the Energy Vision," above.

In June 2015, the New York State Energy Planning Board released its 2015 State Energy Plan. Under New York State law, any energy-related action or decision of State agencies must be reasonably consistent with the plan. The plan reflects clean energy initiatives, including the REV proceeding, NYSERDA's clean energy fund and the following goals for New York State to meet by 2030: a 40 percent reduction in greenhouse gas emissions from 1990 levels; 50 percent of electric generation from renewable energy sources; and a 23 percent decrease in energy consumption in buildings from 2012 levels. Also, New York State and New York City have announced goals to reduce GHG emissions 80 percent below 1990 and 2005, respectively, levels by 2050.

In January 2016, the NYSPSC approved a 10-year $5.3 billion clean energy fund to be managed by NYSERDA under the direction of the NYSPSC. The clean energy fund has four porfolios: market development; innovation and research; NY Green Bank and NY Sun. The Utilities will eliminate the separate RPS tariff and collect all clean energy fund surcharges through the system benefit charge (including previously authorized RPS, EEPS, Technology and Market Development collections, and incremental clean energy fund collections to be collected from electric customers only).

In August 2015, the United States Environmental Protection Agency (EPA) issued its Clean Power Plan to reduce carbon dioxide emissions from existing power plants 32 percent from 2005 levels by 2030. Under the Clean Power Plan, each state is required to submit for EPA approval a plan to reduce its emissions to specified rate-based or equivalent mass-based target levels (as determined in accordance with the Clean Power Plan) applicable to the state. For New York State, the emissions rate-based target level for 2030 is approximately 20 percent below its 2012 emissions rate. State plans may, among other things, include participation in regional cap-and-trade programs, such as

the Regional Greenhouse Gas Initiative (RGGI), and renewable energy and energy efficiency programs. State plans are to be submitted to the EPA in 2016, with possible extensions to 2018, and are to be in effect not later than 2022. The costs resulting from the Clean Power Plan could be substantial. In February 2016, the Supreme Court of the United States stayed the implementation of the Clean Power Plan until the resolution of litigation challenging the plan. CECONY is subject to carbon dioxide emissions regulations established by New York State under RGGI. The initiative, a cooperative effort by Northeastern and Mid-Atlantic states, established a decreasing cap on carbon

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dioxide emissions resulting from the generation of electricity. Under RGGI, affected electric generators are required to obtain emission allowances to cover their carbon dioxide emissions, available primarily through auctions administered by participating states or a secondary market. CECONY met its requirement of 6.3 million allowances for the most recent RGGI compliance period (2012-2014) and has purchased sufficient allowances to meet its requirement for the current compliance period (2015-2017).

The cost to comply with legislation, regulations or initiatives limiting the Companies' GHG emissions could be substantial.

Environmental Sustainability

Con Edison's sustainability strategy, as it relates to the environment, provides that the company seeks to reduce its environmental footprint by making effective use of natural resources to address the challenges of climate change and its impact on the company's business. As part of its strategy, the company seeks, among other things, to reduce direct and indirect emissions; enhance the efficiency of its water use; minimize its impact to natural ecosystems; focus on reducing, reusing and recycling to minimize consumption; and design its work in consideration of climate forecasts.

CECONY

Superfund

The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes (Superfund) impose joint and several liability, regardless of fault, upon generators of hazardous substances for investigation costs, remediation costs and environmental damages. The sites as to which CECONY has been asserted to have liability under Superfund include its and its predecessor companies' former manufactured gas sites, its multi-purpose Astoria site, the Gowanus Canal site, and other Superfund sites discussed below. There may be additional sites as to which assertions will be made that the Company has liability. For a further discussion of claims and possible claims against the Company under Superfund, estimated liability accrued for Superfund claims and recovery from customers of site investigation and remediation costs, see Note G to the financial statements in Item 8.

Manufactured Gas Sites

CECONY and its predecessors formerly owned and operated manufactured gas plants at 51 sites (MGP Sites) in New York City and Westchester County. Many of these sites have been subdivided and are now owned by parties other than CECONY and have been redeveloped for other uses, including schools, residential and commercial developments and hospitals. The New York State Department of Environmental Conservation (NYSDEC) is requiring CECONY to investigate, and if necessary, develop and implement remediation programs for the sites, including any neighboring areas to which contamination may have migrated.

CECONY has started remedial investigations at all 51 MGP Sites. After investigations, no MGP impacts have been detected at all or portions of 15 sites, and the NYSDEC has issued No Further Action (NFA) letters for these sites. Coal tar or other MGP-related contaminants have been detected at the remaining 36 sites. Remedial actions have been completed at all or portions of six sites and the NYSDEC has issued NFA letters for these sites. In addition, remedial actions have been completed by property owners at all or portions of three sites under the NYS Brownfield Cleanup Program and Certificates of Completion have been issued by the NYSDEC for these sites. Remedial design is ongoing for the remaining sites, however, the information as to the extent of contamination and scope of the remediation likely to be required for many of these sites is incomplete. The company estimates that its undiscounted potential liability for the completion of the site investigation and cleanup of the known contamination on MGP sites (other than the Astoria site which is discussed below) could range from $484 million to $2,280 million.

Astoria Site

CECONY is permitted by the NYSDEC to operate a hazardous waste storage facility on property owned by it in the Astoria section of Queens, New York. Portions of the property were formerly the location of a manufactured gas plant and also have been used or are being used for, among other things, electric generation operations, electric substation operations, the storage of fuel oil and liquefied natural gas, and the maintenance and storage of electric equipment. As a condition of its NYSDEC permit, the company is required to investigate the property and, where environmental contamination is found and action is necessary, to remediate the contamination. The company's investigations are ongoing. The company has submitted to the NYSDEC and the New York State Department of Health reports and in

the future will be submitting additional reports identifying the known areas of contamination. The company estimates that its undiscounted potential liability for the completion of the site investigation and cleanup of the known contamination on the property could range from $158 million to $461 million.

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Gowanus Canal

In August 2009, CECONY received a notice of potential liability and request for information from the EPA about the operations of the company and its predecessors at sites adjacent or near the 1.8 mile Gowanus Canal in Brooklyn, New York. In March 2010, the EPA added the Gowanus Canal to its National Priorities List of Superfund sites. The canal's adjacent waterfront is primarily commercial and industrial, currently consisting of concrete plants, warehouses, and parking lots. The canal is near several residential neighborhoods. In September 2013, the EPA issued its record of decision for the site. The EPA concluded that there was significant contamination at the site, including polycyclic aromatic hydrocarbons, polychlorinated biphenyls (PCBs), pesticides, metals and volatile organic compounds. The EPA selected a remedy for the site that includes dredging and disposal of some contaminated sediments and stabilization and capping of contamination that will not be removed. The EPA estimated the cost of the selected remedy to be $506.1 million (and indicated the actual cost could be significantly higher or lower). The EPA has identified 39 potentially responsible parties (PRPs) with respect to the site, including CECONY (which the EPA indicated has facilities that may be a source of PCBs at the site). The EPA has ordered the PRPs, including CECONY, to coordinate and cooperate with each other to perform and/or fund the remedial design for the selected remedy, which EPA estimates will cost $35 million. CECONY is participating with other PRPs in an allocation process to determine each PRP's share of the liability for these remedial design costs. In June 2015, other Federal agencies and the NYSDEC notified the PRPs of their intent to perform a natural resource damage assessment for the site. CECONY is unable to estimate its exposure to liability for the Gowanus Canal site.

Other Superfund Sites

In September 2007, the NYSDEC demanded that the company investigate and remediate PCB contamination that may have migrated from a former CECONY service center facility in Flushing New York, into the adjacent Flushing River. In April 2008, the company and NYSDEC entered into a consent order under which the company agreed to implement a NYSDEC-approved investigation program for the Flushing River and, if deemed necessary by the NYSDEC to protect human health and the environment, to implement a NYSDEC-approved remediation program for any PCB contamination in the river attributable to the site. In March 2011, the company submitted to NYSDEC a report indicating that PCBs had migrated from the site to sediment in a portion of the river. In August 2013, the NYSDEC selected a remedy that requires the company to submit a remedial design report, remove contaminated sediment, restore the river bed with clean material, prepare a site management plan and implement institutional controls. The company estimates that its undiscounted potential liability for the completion of the cleanup in Flushing River could range from $5 million to $6 million.

In October 2015, CECONY received a notice of violation from the NYSDEC relating to a September 2015 discharge of dielectric fluid from an electric transmission line into the Bronx River. This administrative proceeding may result in monetary sanctions of more than $0.1 million for violations of certain New York State provisions regulating the discharge of materials into, and for the protection of, the environment. Remediation has been substantially completed at a cost of $1.4 million. CECONY is continuing to monitor the site.

CECONY is a PRP at additional Superfund sites involving other PRPs and participates in PRP groups at those sites. The company generally is not managing the site investigation and remediation at these multiparty sites. Work at these sites is in various stages, and investigation, remediation and monitoring activities at some of these sites can be expected to continue over extended periods of time. The company believes that it is unlikely that monetary sanctions, such as penalties, will be imposed by any governmental authority with respect to these sites.

The following table lists each of the additional Superfund sites for which the company anticipates it may have liability. The table also shows for each such site its location, the year in which the company was designated or alleged to be a PRP or to otherwise have responsibilities for the site (shown in the table under "Start"), the name of the court or agency in which proceedings for the site are pending and CECONY's estimated percentage of the total liability for each site. The company currently estimates that its potential liability for investigation, remediation, monitoring and environmental damages at each site is $0.2 million or less, with the exception of the Cortese Landfill site for which the estimate is $0.9 million. Superfund liability is joint and several. The company's estimate of its liability for each site

was determined pursuant to consent decrees, settlement agreements or otherwise and in light of the financial condition of other PRPs. The company's actual liability could differ substantially from amounts estimated.

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Site	Location	Start	Court or Agency	% of Total Liability
Maxey Flats Nuclear	Morehead, KY	1986	EPA	0.8%
Curcio Scrap Metal	Saddle Brook, NJ	1987	EPA	100%
Metal Bank of America	Philadelphia, PA	1987	EPA	1.0%
Cortese Landfill	Narrowsburg, NY	1987	EPA	6.0%
Global Landfill	Old Bridge, NJ	1988	EPA	0.3%
Borne Chemical	Elizabeth, NJ	1997	NJDEP	0.7%

O&R

Superfund

The sites at which O&R has been asserted to have liability under Superfund include its manufactured gas sites and the Superfund sites discussed below. There may be additional sites as to which assertions will be made that O&R has liability. For a further discussion of claims and possible claims against O&R under Superfund, see Note G to the financial statements in Item 8.

Manufactured Gas Sites

O&R and its predecessors formerly owned and operated manufactured gas plants at seven sites (O&R MGP Sites) in Orange County and Rockland County, New York. Three of these sites are now owned by parties other than O&R, and have been redeveloped by them for residential, commercial or industrial uses. The NYSDEC is requiring O&R to develop and implement remediation programs for the O&R MGP Sites including any neighboring areas to which contamination may have migrated.

O&R has completed remedial investigations at all seven of its MGP sites and has received NYSDEC's decision regarding the remedial work to be performed at six of the sites. Of the six sites, O&R has completed remediation at three sites. Remedial design is ongoing for the remaining three sites. The company estimates that its undiscounted potential liability for the completion of the site investigation and cleanup of the known contamination on MGP sites could range from $100 million to $151 million.

Superfund Sites

O&R is a PRP at Superfund sites involving other PRPs, and participates in PRP groups at those sites. The company is not managing the site investigation and remediation at these multiparty Superfund sites. Work at these sites is in various stages, and investigation, remediation and monitoring activities at some of these sites is expected to continue over extended periods of time. The company believes that it is unlikely that monetary sanctions, such as penalties, will be imposed by any governmental authority with respect to these sites.

The following table lists each of the Superfund sites for which the company anticipates it may have liability. The table also shows for each such site its location, the year in which the company was designated or alleged to be a PRP or to otherwise have responsibilities for the site (shown in the table under "Start"), the name of the court or agency in which proceedings for the site are pending and O&R's estimated percentage of the total liability for each site. The company currently estimates that its potential liability for investigation, remediation, monitoring and environmental damages at each site is less than $0.3 million. Superfund liability is joint and several. The company's estimate of its liability for each site was determined pursuant to consent decrees, settlement agreements or otherwise and in light of the financial condition of other PRPs. The company's actual liability could differ substantially from amounts estimated.

Site	Location	Start	Court or Agency	% of Total Liability
Borne Chemical	Elizabeth, NJ	1997	NJDEP	2.3%
Metal Bank of America	Philadelphia, PA	1993	EPA	4.6%
Ellis Road	Jacksonville, FL	2011	EPA	0.2%

Other Federal, State and Local Environmental Provisions

Toxic Substances Control Act

Virtually all electric utilities, including CECONY, own equipment containing PCBs. PCBs are regulated under the Federal Toxic Substances Control Act of 1976. The Utilities have procedures in place to manage and dispose of oil and equipment containing PCBs properly when they are removed from service.

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Water Quality

Under NYSDEC regulations, the operation of CECONY's generating facilities requires permits for water discharges and water withdrawals. Conditions to the renewal of such permits may include limitations on the operations of the permitted facility or requirements to install certain equipment, the cost of which could be substantial. For information about the company's generating facilities, see "CECONY – Electric Operations – Electric Facilities" and "Steam Operations – Steam Facilities" above in this Item 1.

Certain governmental authorities are investigating contamination in the Hudson River and the New York Harbor. These waters run through portions of CECONY's service area. Governmental authorities could require entities that released hazardous substances that contaminated these waters to bear the cost of investigation and remediation, which could be substantial.

Air Quality

Under new source review regulations, an owner of a large generating facility, including CECONY's steam and steam-electric generating facilities, is required to obtain a permit before making modifications to the facility, other than routine maintenance, repair, or replacement, that increase emissions of pollutants from the facility above specified thresholds. To obtain a permit, the facility owner could be required to install additional pollution controls or otherwise limit emissions from the facility. The company reviews on an on-going basis its planned modifications to its generating facilities to determine the potential applicability of new source review and similar regulations.

The EPA's Transport Rule (also referred to as the Cross-State Air Pollution Rule), which was implemented in January 2015, established a new cap and trade program requiring further reductions in air emissions than the Clean Air Intrastate Rule (CAIR) that it replaced. Under the Transport Rule, utilities are to be allocated emissions allowances and may sell the allowances or buy additional allowances. CECONY requested and received NYSPSC approval to change the provisions under which the company recovers its purchased power costs to provide for costs incurred to purchase emissions allowances and revenues received from the sale of allowances. CECONY complied with the Transport Rule in 2015 and expects to comply with the rule in 2016. If changes to the Transport Rule that have been proposed are adopted, the number of allowances allocated to CECONY would decrease and the company would be required to purchase allowances to offset the decreased allocation.

State Anti-Takeover Law

New York State law provides that a "domestic corporation," such as Con Edison, may not consummate a merger, consolidation or similar transaction with the beneficial owner of a 20 percent or greater voting stock interest in the corporation, or with an affiliate of the owner, for five years after the acquisition of the voting stock interest, unless the transaction or the acquisition of the voting stock interest was approved by the corporation's board of directors prior to the acquisition of the voting stock interest. After the expiration of the five-year period, the transaction may be consummated only pursuant to a stringent "fair price" formula or with the approval of a majority of the disinterested stockholders.

Employees

Con Edison has no employees other than those of CECONY, O&R and Con Edison's competitive energy businesses (which at December 31, 2015 had 13,393, 1,131 and 282 employees, respectively). Of the CECONY and O&R employees, 8,202 and 615 employees, respectively, were represented by a collective bargaining unit. The collective bargaining agreement covering most of these CECONY employees expires in June 2016. Agreements covering other CECONY employees and O&R employees expire in June 2017 and May 2017, respectively.

Available Information

For the sources of information about the Companies, see "Available Information" in the "Introduction" appearing before this Item 1.

Item 1A: Risk Factors

Information in any item of this report as to which reference is made in this Item 1A is incorporated by reference herein. The use of such terms as "see" or "refer to" shall be deemed to incorporate at the place such term is used the information to which such reference is made.

The Companies' businesses are influenced by many factors that are difficult to predict, and that involve uncertainties that may materially affect actual operating results, cash flows and financial condition.

The Companies have established an enterprise risk management program to identify, assess, manage and monitor its major business risks based on established criteria for the severity of an event, the likelihood of its occurrence, and the programs in place to control the event or reduce the impact. The Companies' major risks include:

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Regulatory/Compliance Risks:

The Companies Are Extensively Regulated And Are Subject To Penalties. The Companies' operations require numerous permits, approvals and certificates from various federal, state and local governmental agencies. State utility regulators may seek to impose substantial penalties on the Utilities for violations of state utility laws, regulations or orders. In addition, the Utilities' rate plans usually include penalties for failing to meet certain operating and customer satisfaction standards. See Note B to the financial statements in Item 8. FERC has the authority to impose penalties on the Utilities and the competitive energy businesses, which could be substantial, for violations of the Federal Power Act, the Natural Gas Act or related rules, including reliability and cyber security rules. Environmental agencies may seek penalties for failure to comply with laws, regulations or permits. The Companies may also be subject to penalties from other regulatory agencies. The Companies may be subject to new laws, regulations, or other requirements or the revision or reinterpretation of such requirements, which could adversely affect the Companies. In April 2014, the NYSPSC instituted its REV proceeding to improve system efficiency and reliability, encourage renewable energy resources, support distributed energy resources and empower customer choice. See "Utility Regulation" and "Environmental Matters – Climate Change and Other Federal, State and Local Environmental Provisions" in Item 1 and "Application of Critical Accounting Policies" in Item 7.

The Utilities' Rate Plans May Not Provide A Reasonable Return. The Utilities have rate plans approved by state utility regulators that limit the rates they can charge their customers. The rates are generally designed for, but do not guarantee, the recovery of the Utilities' cost of service (including a return on equity). See "Utility Regulation – State Utility Regulation, Rate Plans" in Item 1 and "Rate Plans" in Note B to the financial statements in Item 8. Rates usually may not be changed during the specified terms of the rate plans other than to recover energy costs and limited other exceptions. The Utilities' actual costs may exceed levels provided for such costs in the rate plans. State utility regulators can initiate proceedings to prohibit the Utilities from recovering from their customers the cost of service (including energy costs) that the regulators determine to have been imprudently incurred (see "Other Regulatory Matters" in Note B to the financial statements in Item 8). The Utilities have from time to time entered into settlement agreements to resolve various prudence proceedings.

The Companies May Be Adversely Affected By Changes To The Utilities' Rate Plans. The Utilities' rate plans typically require action by regulators at their expiration dates, which may include approval of new plans with different provisions. The need to recover from customers increasing costs, taxes or state-mandated assessments or surcharges could adversely affect the Utilities' opportunity to obtain new rate plans that provide a reasonable rate of return and continue important provisions of current rate plans. The Utilities' current New York electric and gas rate plans include revenue decoupling mechanisms and their New York electric, gas and steam rate plans include provisions for the recovery of energy costs and reconciliation of the actual amount of pension and other postretirement, environmental and certain other costs to amounts reflected in rates. In January 2016, CECONY submitted requests to the NYSPSC for new rate plans for electric and gas delivery service to take effect in January 2017. See "Rate Plans" in Note B to the financial statements in Item 8.

The Intentional Misconduct of Employees or Contractors Could Adversely Affect the Companies. The violation of laws or regulations by employees or contractors for personal gain may result from contract and procurement fraud, extortion, bribe acceptance, fraudulent related-party transactions and serious breaches of corporate policy or standards of business conduct. Such intentional misconduct by employees or contractors could result in substantial liability, higher costs and increased regulatory requirements. See "Employees" in Item 1 and "Other Regulatory Matters" in Note B to the financial statements in Item 8.

Operations Risks:

The Failure of, or Damage to, the Companies' Facilities Could Adversely Affect the Companies. The Utilities provide electricity, gas and steam service using energy facilities, many of which are located either in, or close to, densely populated public places. See the description of the Utilities' facilities in Item 1. A failure of, or damage to, these facilities, or an error in the operation or maintenance of these facilities, could result in bodily injury or death, property damage, the release of hazardous substances or extended service interruptions. A natural disaster such as a major storm, a heat wave or hurricane could damage facilities and the Utilities may experience more severe consequences from attempting to operate during and after such events. The Utilities' response to such events may be

perceived to be below customer expectations. The Utilities could be required to pay substantial amounts that may not be covered by the Utilities' insurance policies to repair or replace their facilities, compensate others for injury or death or other damage, and settle any proceedings initiated by state utility regulators or other regulatory agencies. The occurrence of such events could also adversely affect the cost and availability of insurance. See "Other Regulatory Matters" in Note B and "Manhattan Steam Main Rupture" and "Manhattan Explosion and Fire" in Note H to the financial statements in Item 8. Changes to laws, regulations or judicial doctrines could further expand the Utilities' liability for service interruptions. See "Utility Regulation – State Utility Regulation" in Item 1.

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A Cyber Attack Could Adversely Affect the Companies. The Utilities and other operators of critical energy infrastructure may face a heightened risk of cyber attack. In the event of a cyber attack that the Companies were unable to defend against or mitigate, the Companies could have their operations disrupted, financial and other information systems impaired, property damaged and customer and employee information stolen; experience substantial loss of revenues, response costs and other financial loss; and be subject to increased regulation, litigation and damage to their reputation. The Companies have experienced cyber attacks, although none of the attacks had a material impact.

Environmental Risks:

The Companies Are Exposed to Risks From The Environmental Consequences Of Their Operations. The Companies are exposed to risks relating to climate change and related matters. See "Environmental Matters – Climate Change" in Item 1. CECONY may also be impacted by regulations requiring reductions in air emissions. See "Environmental Matters – Other Federal, State and Local Environmental Provisions, Air Quality" in Item 1. In addition, the Utilities are responsible for hazardous substances, such as asbestos, PCBs and coal tar, that have been used or produced in the course of the Utilities' operations and are present on properties or in facilities and equipment currently or previously owned by them. See "Environmental Matters" in Item 1 and Note G to the financial statements in Item 8. The Companies could be adversely affected if a causal relationship between electric and magnetic fields and adverse health effects were to be established.

Financial and Market Risks:

A Disruption In The Wholesale Energy Markets Or Failure By An Energy Supplier Could Adversely Affect The Companies. Almost all the electricity and gas the Utilities sell to their full-service customers is purchased through the wholesale energy markets or pursuant to contracts with energy suppliers. See the description of the Utilities' energy supply in Item 1. Con Edison's competitive energy businesses also depend on wholesale energy markets to supply electricity to their customers. See "Competitive Energy Businesses" in Item 1. A disruption in the wholesale energy markets or a failure on the part of the Companies' energy suppliers or operators of energy delivery systems that connect to the Utilities' energy facilities could adversely affect the Companies' ability to meet their customers' energy needs and adversely affect the Companies. In addition, see "Financial and Commodity Market Risks" in Item 7.

The Companies Have Substantial Unfunded Pension And Other Postretirement Benefit Liabilities. The Utilities have substantial unfunded pension and other postretirement benefit liabilities. The Utilities expect to make substantial contributions to their pension and other postretirement benefit plans. Significant declines in the market values of the investments held to fund pension and other postretirement benefits could trigger substantial funding requirements under governmental regulations. See "Application of Critical Accounting Policies – Accounting for Pensions and Other Postretirement Benefits" and "Financial and Commodity Market Risks," in Item 7 and Notes E and F to the financial statements in Item 8.

Con Edison's Ability To Pay Dividends Or Interest Depends On Dividends From Its Subsidiaries. Con Edison's ability to pay dividends on its common stock or interest on its external borrowings depends primarily on the dividends and other distributions it receives from its subsidiaries. The dividends that the Utilities may pay to Con Edison are limited by the NYSPSC to not more than 100 percent of their respective income available for dividends calculated on a two-year rolling average basis, with certain exceptions. See "Dividends" in Note C to the financial statements in Item 8.

The Companies Require Access To Capital Markets To Satisfy Funding Requirements. The Utilities estimate that their construction expenditures will exceed $9 billion over the next three years. The Utilities use internally-generated funds, equity contributions from Con Edison, if any, and external borrowings to fund the construction expenditures. The competitive energy businesses are investing in renewable generation and energy infrastructure projects that require funds in excess of those produced in the businesses. Con Edison expects to finance its capital requirements primarily through internally generated funds and the sale of its securities. Changes in financial market conditions or in the Companies' credit ratings could adversely affect their ability to raise new capital and the cost thereof. See "Capital Requirements and Resources" in Item 1.

Other Risks:

The Companies’ Strategies May Not Be Effective To Address Changes In The External Business Environment. The failure to identify, plan and execute strategies to address changes in the external business environment could have a material adverse impact on the Companies. Con Edison seeks to provide shareholder value through continued dividend growth, supported by earnings growth in regulated utilities and contracted assets. Changes to public policy, regulation, tax policy, customer behavior or technology could significantly impact the value of the Utilities’ energy delivery facilities, the competitive energy businesses’ renewable and energy infrastructure projects and Con Edison Transmission's investment in electric and gas transmission projects. Such changes could

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also affect the Companies' opportunities to make additional investments in such assets and the potential return on the investments. See "Utility Regulation – State Utility Regulation – New York Utility Industry – Reforming the Energy Vision," and "Competition" in Item 1.

The Companies Also Face Other Risks That Are Beyond Their Control. The Companies' results of operations can be affected by circumstances or events that are beyond their control. Weather directly influences the demand for electricity, gas and steam service, and can affect the price of energy commodities. Terrorist or other physical attacks or acts of war could damage Company facilities. Economic conditions can affect customers' demand and ability to pay for service, which could adversely affect the Companies.

Item 1B: Unresolved Staff Comments

Con Edison

Con Edison has no unresolved comments from the SEC staff.

CECONY

CECONY has no unresolved comments from the SEC staff.

Item 2: Properties

Con Edison

Con Edison has no significant properties other than those of the Utilities and the competitive energy businesses.

For information about the capitalized cost of the Companies' utility plant, net of accumulated depreciation, see "Plant and Depreciation" in Note A to the financial statements in Item 8 (which information is incorporated herein by reference).

CECONY

For a discussion of CECONY's electric, gas and steam facilities, see "CECONY- Electric Operations – Electric Facilities," "CECONY- Gas Operations – Gas Facilities" and "CECONY-Steam Operations – Steam Facilities" in Item 1 (which information is incorporated herein by reference).

O&R

For a discussion of O&R's electric and gas facilities, see "O&R – Electric Operations –Electric Facilities" and "O&R – Gas Operations – Gas Facilities" in Item 1 (which information is incorporated herein by reference).

Competitive Energy Businesses

For a discussion of the competitive energy businesses' facilities, see "Competitive Energy Businesses" in Item 1 (which information is incorporated herein by reference).

Item 3: Legal Proceedings

For information about certain legal proceedings affecting the Companies, see "Other Regulatory Matters" in Note B, "Superfund Sites" and "Asbestos Proceedings" in Note G and "Manhattan Steam Main Explosion" and "Manhattan Explosion and Fire" in Note H to the financial statements in Item 8 and "Environmental Matters – CECONY – Superfund" and "Environmental Matters – O&R – Superfund" in Item 1 of this report, which information is incorporated herein by reference.

Item 4: Mine Safety Disclosures

Not applicable.

Executive Officers of the Registrant

The following table sets forth certain information about the executive officers of Con Edison and CECONY as of February 18, 2016. As indicated, certain of the executive officers are executive officers of each of Con Edison and CECONY and others are executive officers of Con Edison or CECONY. The term of office of each officer, is until the next election of directors (trustees) of their company and until his or her successor is chosen and qualifies. Officers are subject to removal at any time by the board of directors (trustees) of their company.

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Name	Age	Offices and Positions During Past Five Years
Executive Officers of Con Edison and CECONY		
John McAvoy	55	5/14 to present – Chairman of the Board, President and Chief Executive Officer and Director of Con Edison and Chairman, Chief Executive Officer and Trustee of CECONY 12/13 to 4/14 – President and Chief Executive Officer and Director of Con Edison and Chief Executive Officer and Trustee of CECONY 1/13 to 11/13 – President and Chief Executive Officer of O&R 12/12 – Senior Vice President of CECONY 2/09 to 11/12 – Senior Vice President – Central Operations of CECONY
Craig S. Ivey	53	12/09 to present – President of CECONY
Robert Hoglund	54	9/05 to present – Senior Vice President and Chief Financial Officer of Con Edison and CECONY
Elizabeth D. Moore	61	5/13 to present – Senior Vice President and General Counsel of Con Edison and CECONY 5/09 to 4/13 – General Counsel of Con Edison and CECONY
Joseph P. Oates	54	1/16 to present – President of Con Edison Transmission 9/15 to present – Senior Vice President - Corporate Shared Services of CECONY 9/12 to 8/15 – Senior Vice President – Business Shared Services of CECONY 7/12 to 8/12 – Senior Vice President of CECONY 7/07 to 6/12 – Vice President – Energy Management of CECONY
Frances A. Resheske	55	2/02 to present – Senior Vice President – Public Affairs of CECONY
Saumil P. Shukla	56	9/15 to present – Senior Vice President – Utility Shared Services of CECONY 10/14 to 8/15 – Vice President – Supply Chain of CECONY
Robert Muccilo	59	7/09 to present – Vice President and Controller of Con Edison and CECONY 11/09 to present – Chief Financial Officer and Controller of O&R
Gurudatta Nadkarni	50	1/08 to present – Vice President of Strategic Planning of CECONY
Scott Sanders	52	2/10 to present – Vice President and Treasurer of Con Edison and CECONY
Executive Officers of Con Edison but not CECONY		
Timothy P. Cawley	51	12/13 to present – President and Chief Executive Officer of O&R 11/13 – Senior Vice President of CECONY 12/12 to 10/13 – Senior Vice President – Central Operations of CECONY 5/11 to 11/12 – Vice President – Substation Operations of CECONY 9/07 to 4/11 – Vice President – Bronx and Westchester Electric Operations of CECONY
Executive Officers of CECONY but not Con Edison (All offices and positions listed are with CECONY)		
Milovan Blair	53	11/13 to present – Senior Vice President – Central Operations 10/13 – Vice President 5/11 to 9/13 – Vice President – Brooklyn and Queens Electric Operations 2/09 to 4/11 – Vice President – System and Transmission Operations
Marilyn Caselli	61	5/05 to present – Senior Vice President – Customer Operations
Marc E. Huestis	55	2/15 to present – Senior Vice President – Gas Operations 1/15 – Senior Vice President 2/14 to 12/14 – Vice President – Manhattan Electric Operations 1/14 – Vice President

		10/08 to 2/13 – Vice President – Construction
Robert D. Schimmenti	51	9/14 to present – Senior Vice President – Electric Operations 5/10 to 8/14 – Vice President – Engineering and Planning

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Part II

Item 5: Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Con Edison

Con Edison's Common Shares ($.10 par value), the only class of common equity of Con Edison, are traded on the New York Stock Exchange. As of January 29, 2016, there were 48,735 holders of record of Con Edison's Common Shares. The market price range for Con Edison's Common Shares during 2015 and 2014, as reported in the consolidated reporting system, and the dividends paid by Con Edison in 2015 and 2014 were as follows:

	2015			2014		
	High	Low	Dividends Paid	High	Low	Dividends Paid
1st Quarter	$72.25	$58.65	$0.65	$56.68	$52.23	$0.63
2nd Quarter	$63.03	$56.86	$0.65	$58.57	$52.87	$0.63
3rd Quarter	$67.37	$57.71	$0.65	$58.12	$54.58	$0.63
4th Quarter	$67.94	$60.30	$0.65	$68.92	$56.40	$0.63

On January 21, 2016, Con Edison declared a quarterly dividend of 67 cents per Common Share. The first quarter 2016 dividend will be paid on March 15, 2016.

Con Edison expects to pay dividends to its shareholders primarily from dividends and other distributions it receives from its subsidiaries. The payment of future dividends is subject to approval and declaration by Con Edison's Board of Directors and will depend on a variety of factors including business, financial and regulatory considerations. For additional information, see "Dividends" in Note C to the financial statements in Item 8 (which information is incorporated herein by reference).

During 2015, the market price of Con Edison's Common Shares decreased by 2.64 percent (from $66.01 at year-end 2014 to $64.27 at year-end 2015). By comparison, the S&P 500 Index decreased 0.7 percent and the S&P 500 Utilities Index decreased 8.4 percent. The total return to Con Edison's common shareholders during 2015, including both price appreciation and investment of dividends, was 1.4 percent. By comparison, the total returns for the S&P 500 Index and the S&P 500 Utilities Index were 1.4 percent and -4.8 percent, respectively. For the five-year period 2011 through 2015 inclusive, Con Edison's shareholders' total return was 60.3 percent, compared with total returns for the S&P 500 Index and the S&P 500 Utilities Index of 80.8 percent and 68.8 percent, respectively.

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	Years Ended December 31,					
Company / Index	2010	2011	2012	2013	2014	2015
Consolidated Edison, Inc.	100.00	130.82	122.02	126.65	158.05	160.28
S&P 500 Index	100.00	102.11	118.45	156.82	178.28	180.75
S&P Utilities	100.00	119.91	121.46	137.51	177.36	168.77

Based on $100 invested at December 31, 2010, reinvestment of all dividends in equivalent shares of stock and market price changes on all such shares.

CECONY

The outstanding shares of CECONY's Common Stock ($2.50 par value) are the only class of common equity of CECONY. They are held by Con Edison and are not traded.

The dividends declared by CECONY in 2015 and 2014 are shown in its Consolidated Statement of Shareholder's Equity included in Item 8 (which information is incorporated herein by reference). For additional information about the payment of dividends by CECONY, and restrictions thereon, see "Dividends" in Note C to the financial statements in Item 8 (which information is incorporated herein by reference).

Item 6: Selected Financial Data

For selected financial data of Con Edison and CECONY, see "Introduction" appearing before Item 1 (which selected financial data is incorporated herein by reference).

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Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations

This combined management's discussion and analysis of financial condition and results of operations relates to the consolidated financial statements included in this report of two separate registrants: Con Edison and CECONY and should be read in conjunction with the financial statements and the notes thereto. As used in this report, the term the "Companies" refers to Con Edison and CECONY. CECONY is a subsidiary of Con Edison and, as such, information in this management's discussion and analysis about CECONY applies to Con Edison.

Information in any item of this report referred to in this discussion and analysis is incorporated by reference herein. The use of terms such as "see" or "refer to" shall be deemed to incorporate by reference into this discussion and analysis the information to which reference is made.

Corporate Overview

Con Edison's principal business operations are those of the Utilities. Con Edison also owns competitive energy businesses and Con Edison Transmission. See "The Utilities," "Competitive Energy Businesses" and "Con Edison Transmission" in Item 1, and segment financial information in Note N to the financial statements in Item 8 and "Results of Operations," below. Certain financial data of Con Edison's businesses are presented below:

	For the Year Ended December 31, 2015						At December 31, 2015		
(Millions of Dollars, except percentages)	Operating Revenues			Net Income			Assets		
CECONY	$10,328	82	%	$1,084	91	%	$40,230	88	%
O&R (a)	845	7	%	52	4	%	2,719	6	%
Total Utilities	11,173	89	%	1,136	95	%	42,949	94	%
Competitive energy businesses (b)	1,383	11	%	59	5	%	1,680	4	%
Other (c)	(2)	—	%	(2)	—	%	1,013	2	%
Total Con Edison	$12,554	100	%	$1,193	100	%	$45,642	100	%

(a) Net income for the year ended December 31, 2015 includes $3 million related to the impairment of Pike assets held for sale. Assets at December 31, 2015 include assets classified as held for sale of $23 million. See Note U to the financial statements in Item 8.

(b) Operating revenues and net income from the competitive energy businesses for the year ended December 31, 2015 includes $1,174 million and $27 million respectively, related to their electric supply business. Assets at December 31, 2015 include assets classified as held for sale of $134 million (see Note U to the financial statements in Item 8).

(c) Other includes parent company, consolidation adjustments and Con Edison Transmission.

Results of Operations

Net income and earnings per share for the years ended December 31, 2015, 2014 and 2013 were as follows:

(Millions of Dollars, except per share amounts)	Net Income			Earnings per Share		
	2015	2014	2013	2015	2014	2013
CECONY	$1,084	$1,058	$1,020	$3.70	$3.61	$3.48
O&R (a)	52	60	65	0.18	0.20	0.22
Competitive energy businesses (b)(c)	59	(17)	(23)	0.20	(0.05)	(0.08)
Other (d)	(2)	(9)	—	(0.01)	(0.03)	—
Con Edison (e)	$1,193	$1,092	$1,062	$4.07	$3.73	$3.62

(a) Includes $3 million or $0.01 a share of net loss in 2015 related to the impairment of Pike assets held for sale (see Note U to the financial statements in Item 8).

(b) Includes $(73) million or $(0.25) a share and $45 million or $0.14 a share of net after-tax mark-to-market (losses)/gains in 2014 and 2013, respectively. Also includes an after-tax gain on sale of solar electric production projects of $26 million (see Note Q to the financial statements in Item 8) in 2014. Includes an after-tax charge of $1 million and $95 million or $0.32 a share relating to the LILO transactions (see "Lease In/Lease Out Transactions"

in Note J to the financial statements in Item 8) in 2014 and 2013, respectively. Also includes a tax benefit of $15 million or $0.05 a share resulting from the acceptance by the Internal Revenue Service (IRS) of the company's claim for manufacturing tax deductions in 2013.

(c) Includes $27 million or $0.09 a share, $(75) million or $(0.26) a share and $45 million or $0.14 a share of net income/(loss) in 2015, 2014 and 2013, respectively, related to the retail electric supply business. See Note U to the financial statements in Item 8. These amounts reflect net after-tax mark-to-market gains/(losses) of $(1) million, $(76) million or $(0.26) a share and $45 million or $0.14 a share in 2015, 2014 and 2013, respectively.

(d) Other includes parent company and consolidation adjustments.

(e) Earnings per share on a diluted basis were $4.05 a share, $3.71 a share and $3.61 a share in 2015, 2014 and 2013, respectively.

The Companies' results of operations for 2015, as compared with 2014, and for 2014, as compared with 2013, primarily reflect the performance of the rate plans of Con Edison's utility subsidiaries, growth in gas delivery service related to oil-to-gas conversions and the weather impact on its steam delivery service. The rate plans provide for revenues to cover expected increases in certain operating costs including depreciation and property taxes. In

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addition, the results of operations reflect higher profits from the competitive energy businesses' retail electric supply business. The results of operations also include the impairment of Pike assets held for sale, the gain on sale of solar electric production projects, the impact of LILO transactions and the net mark-to-market effects of the competitive energy businesses.

The following table presents the estimated effect on earnings per share and net income for 2015 as compared with 2014, and 2014 as compared with 2013, resulting from these and other major factors:

	2015 vs. 2014 Variation		2014 vs. 2013 Variation	
(Millions of Dollars, except per share amounts)	Earnings per Share	Net Income	Earnings per Share	Net Income
CECONY (a)				
Changes in rate plans	$0.51	$147	$0.43	$125
Weather impact on steam revenues	(0.04)	(13)	0.03	10
Other operations and maintenance expenses	(0.02)	(5)	(0.28)	(83)
Depreciation and property taxes	(0.22)	(64)	(0.09)	(26)
Net interest expense	(0.10)	(28)	(0.03)	(10)
Other (b)	(0.04)	(11)	0.07	22
Total CECONY	0.09	26	0.13	38
O&R (a)				
Changes in rate plans	0.04	13	0.04	11
Other operations and maintenance expenses	(0.03)	(9)	(0.03)	(10)
Other (c)	(0.03)	(12)	(0.03)	(6)
Total O&R	(0.02)	(8)	(0.02)	(5)
Competitive energy businesses				
Operating revenues less energy costs	0.39	115	(0.34)	(100)
Gain on sale of solar electric production projects	(0.09)	(26)	—	—
Other operations and maintenance expenses	(0.06)	(16)	(0.01)	(2)
Net interest expense	(0.04)	(11)	0.29	86
Other	0.05	14	0.09	22
Total competitive energy businesses (d)	0.25	76	0.03	6
Other, including parent company expenses (e)	0.02	7	(0.03)	(9)
Total variations	$0.34	$101	$0.11	$30

(a) Under the revenue decoupling mechanisms in the Utilities' New York electric and gas rate plans and the weather-normalization clause applicable to their gas businesses, revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. In general, the Utilities recover on a current basis the fuel, gas purchased for resale and purchased power costs they incur in supplying energy to their full-service customers (see "Recoverable Energy Costs" in Note A and "Rate Plans" in Note B to the financial statements in Item 8). Accordingly, such costs do not generally affect the Companies' results of operations.

(b) These variations include a sales and use tax refund received and the gain on sale of non-utility properties of $9 million or $0.03 a share and $8 million or $0.03 a share, respectively, for the year ended December 31, 2014.

(c) These variations include the impairment of Pike assets held for sale in 2015 shown in note (a) in the Results of Operations table above.

(d) These variations include the net mark-to-market effects, the gain on sale of solar electric production projects, the impact of the LILO transactions and the manufacturing tax deduction shown in note (b) in the Results of Operations table above.

(e) These variations reflect certain income tax benefits for Con Edison (parent company) of $7 million or $0.02 a share and $16 million or $0.06 a share for the years ended December 31, 2015 and December 31, 2013, respectively.

The Companies' other operations and maintenance expenses for the years ended December 31, 2015, 2014 and 2013 were as follows:

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(Millions of Dollars)	2015	2014	2013
CECONY			
Operations	$1,464	$1,384	$1,313
Pensions and other postretirement benefits	364	467	485
Health care and other benefits	159	149	133
Regulatory fees and assessments (a)	550	519	505
Other	344	354	299
Total CECONY	2,881	2,873	2,735
O&R	333	318	302
Competitive energy businesses	134	108	105
Other (b)	(4)	(5)	(5)
Total other operations and maintenance expenses	$3,344	$3,294	$3,137

(a) Includes Demand Side Management, System Benefit Charges and Public Service Law 18A assessments which are collected in revenues.

(b) Includes parent company and consolidation adjustments.

Con Edison's principal business segments are CECONY's regulated utility activities, O&R's regulated utility activities and Con Edison's competitive energy businesses. CECONY's principal business segments are its regulated electric, gas and steam utility activities. A discussion of the results of operations by principal business segment for the years ended December 31, 2015, 2014 and 2013 follows. For additional business segment financial information, see Note N to the financial statements in Item 8.

Year Ended December 31, 2015 Compared with Year Ended December 31, 2014

The Companies' results of operations in 2015 compared with 2014 were:

	CECONY		O&R		Competitive Energy Businesses		Other (a)		Con Edison (b)	
(Millions of Dollars)	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent
Operating revenues	$(458)	(4.2)%	$(47)	(5.3)%	$139	11.2 %	$1	33.3 %	$(365)	(2.8)%
Purchased power	(372)	(17.8)	(28)	(11.8)	(44)	(4.0)	—	—	(444)	(13.0)
Fuel	(37)	(13.0)	—	—	—	—	—	—	(37)	(13.0)
Gas purchased for resale	(272)	(44.7)	(37)	(42.0)	(9)	(7.8)	2	Large	(316)	(39.0)
Other operations and maintenance	8	0.3	15	4.7	26	24.1	1	20.0	50	1.5
Depreciation and amortization	49	4.9	7	11.5	3	15.8	—	—	59	5.5
Taxes, other than income taxes	58	3.2	2	3.3	—	—	—	—	60	3.2
Gain on sale of solar electric	—	—	—	—	(45)	—	—	—	(45)	—

production projects												
Operating income (loss)	108	5.0	(6)	(4.7	)	118	Large	(2)	(66.7	)	218	9.9
Other income less deductions	(16)	Large	(7)	Large		6	21.4	(1)	—		(18)	(42.9)
Net interest expense	47	8.8	—	—		19	Large	(4)	(14.8	)	62	10.5
Income before income tax expense	45	2.8	(13)	(13.7	)	105	Large	1	4.2		138	8.3
Income tax expense	19	3.4	(5)	(14.3	)	29	Large	(6)	(40.0	)	37	6.5
Net income	$26	2.5	%	$(8)	(13.3	)%	$76	Large	$7	77.8	%	$101	9.2	%

(a) Includes parent company and consolidation adjustments.

(b) Represents the consolidated results of operations of Con Edison and its businesses.

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CECONY

	For the Year Ended December 31, 2015				For the Year Ended December 31, 2014				
(Millions of Dollars)	Electric	Gas	Steam	2015 Total	Electric	Gas	Steam	2014 Total	2015-2014 Variation
Operating revenues	$8,172	$1,527	$629	$10,328	$8,437	$1,721	$628	$10,786	$(458)
Purchased power	1,684	—	35	1,719	2,036	—	55	2,091	(372)
Fuel	118	—	130	248	180	—	105	285	(37)
Gas purchased for resale	—	337	—	337	—	609	—	609	(272)
Other operations and maintenance	2,259	440	182	2,881	2,270	418	185	2,873	8
Depreciation and amortization	820	142	78	1,040	781	132	78	991	49
Taxes, other than income taxes	1,493	252	111	1,856	1,458	248	92	1,798	58
Operating income	$1,798	$356	$93	$2,247	$1,712	$314	$113	$2,139	$108

Electric

CECONY's results of electric operations for the year ended December 31, 2015 compared with the year ended December 31, 2014 is as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2015	2014	Variation
Operating revenues	$8,172	$8,437	$(265)
Purchased power	1,684	2,036	(352)
Fuel	118	180	(62)
Other operations and maintenance	2,259	2,270	(11)
Depreciation and amortization	820	781	39
Taxes, other than income taxes	1,493	1,458	35
Electric operating income	$1,798	$1,712	$86

CECONY's electric sales and deliveries in 2015 compared with 2014 were:

	Millions of kWh Delivered For the Years Ended					Revenues in Millions (a) For the Years Ended				
Description	December 31, 2015	December 31, 2014	Variation	Percent Variation		December 31, 2015	December 31, 2014	Variation	Percent Variation	
Residential/Religious (b)	10,543	9,868	675	6.8	%	$2,771	$2,847	$(76)	(2.7	)%
Commercial/Industrial	9,602	9,834	(232	) (2.4	)	1,974	2,176	(202)	(9.3	)
Retail choice customers	26,662	26,221	441	1.7		2,714	2,646	68	2.6	
NYPA, Municipal Agency and other sales	10,208	10,380	(172	) (1.7	)	612	625	(13)	(2.1	)
Other operating revenues (c)	—	—	—	—		101	143	(42)	(29.4	)
Total	57,015	56,303	712	1.3	%	(d) $8,172	$8,437	$(265)	(3.1	)%

(a) Revenues from electric sales are subject to a revenue decoupling mechanism, as a result of which, delivery revenues generally are not affected by changes in delivery volumes from levels assumed when rates were approved.

(b) "Residential/Religious" generally includes single-family dwellings, individual apartments in multi-family dwellings, religious organizations and certain other not-for-profit organizations.

(c) Other electric operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the revenue decoupling mechanism and other provisions of the company's rate plans. See Note B to the financial

statements in Item 8.

(d) After adjusting for variations, principally weather and billing days, electric delivery volumes in CECONY's service area decreased 0.9 percent in 2015 compared with 2014.

Operating revenues decreased $265 million in 2015 compared with 2014 due primarily to lower purchased power expenses ($352 million) and lower fuel expenses ($62 million), offset in part by higher revenues from the electric rate plan ($156 million).

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Purchased power expenses decreased $352 million in 2015 compared with 2014 due to a decrease in unit costs ($381 million), offset by an increase in purchased volumes ($29 million).
Fuel expenses decreased $62 million in 2015 compared with 2014 due to lower unit costs ($69 million), offset by higher sendout volumes from the company's electric generating facilities ($7 million).
Other operations and maintenance expenses decreased $11 million in 2015 compared with 2014 due primarily to lower pension costs ($85 million), offset in part by an increase in the surcharges for assessments and fees that are collected in revenues from customers ($44 million) and higher electric operating costs ($23 million).
Depreciation and amortization increased $39 million in 2015 compared with 2014 due primarily to higher electric utility plant balances.
Taxes, other than income taxes increased $35 million in 2015 compared with 2014 due primarily to higher property taxes ($31 million) and a sales and use tax refund received in 2014 ($12 million), offset in part by the elimination of the New York City subsidiary capital tax ($6 million) and lower state and local revenue taxes ($3 million).

Gas

CECONY's results of gas operations for the year ended December 31, 2015 compared with the year ended December 31, 2014 is as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2015	2014	Variation
Operating revenues	$1,527	$1,721	$(194)
Gas purchased for resale	337	609	(272)
Other operations and maintenance	440	418	22
Depreciation and amortization	142	132	10
Taxes, other than income taxes	252	248	4
Gas operating income	$356	$314	$42

CECONY's gas sales and deliveries, excluding off-system sales, in 2015 compared with 2014 were:

	Thousands of Dt Delivered For the Years Ended					Revenues in Millions (a) For the Years Ended				
Description	December 31, 2015	December 31, 2014	Variation	Percent Variation		December 31, 2015	December 31, 2014	Variation	Percent Variation	
Residential	49,024	46,661	2,363	5.1	%	$682	$782	$(100)	(12.8	)%
General	28,173	28,969	(796)	(2.7)		274	359	(85)	(23.7	)
Firm transportation	72,864	68,731	4,133	6.0		458	453	5	1.1	
Total firm sales and transportation	150,061	144,361	5,700	3.9	(b)	1,414	1,594	(180)	(11.3	)
Interruptible sales (c)	6,332	10,498	(4,166)	(39.7	)	46	91	(45)	(49.5	)
NYPA	44,038	47,548	(3,510)	(7.4	)	2	2	—	—	
Generation plants	83,634	82,146	1,488	1.8		26	30	(4)	(13.3	)
Other	21,223	22,866	(1,643)	(7.2	)	28	40	(12)	(30.0	)
Other operating revenues (d)	—	—	—	—		11	(36)	47	Large	
Total	305,288	307,419	(2,131)	(0.7	)%	$1,527	$1,721	$(194)	(11.3	)%

(a) Revenues from gas sales are subject to a weather normalization clause and a revenue decoupling mechanism, as a result of which, delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved.

(b) After adjusting for variations, principally weather and billing days, firm gas sales and transportation volumes in the company's service area increased 6.7 percent in 2015 compared with 2014, reflecting primarily increased volumes attributable to additional customers that have converted from oil-to-gas as heating fuel for their buildings.

(c) Includes 1,229 and 6,057 thousands of Dt for 2015 and 2014, respectively, which are also reflected in firm transportation and other.

(d) Other gas operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's rate plans. See Note B to the financial statements in Item 8.

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Operating revenues decreased $194 million in 2015 compared with 2014 due primarily to a decrease in gas purchased for resale expenses ($272 million), offset in part by higher revenues from the gas rate plan ($77 million) reflecting primarily higher delivery volumes attributable to oil-to-gas conversions.

Gas purchased for resale decreased $272 million in 2015 compared with 2014 due to lower unit costs ($274 million), offset by higher sendout volumes ($2 million).

Other operations and maintenance expenses increased $22 million in 2015 compared with 2014 due primarily to higher operating costs attributable to emergency response ($45 million), offset in part by lower pension costs ($12 million) and a decrease in the surcharges for assessments and fees that are collected in revenues from customers ($10 million). Other operations and maintenance expenses for emergency response activities in 2015 and 2014 were above amounts for such costs reflected in the company's gas rate plan. The company has requested NYSPSC authorization to defer for recovery as a regulatory asset $29 million and $35 million of such incremental costs incurred in 2014 and 2015, respectively. The company anticipates requesting deferral of 2016 incremental costs in 2017. At December 31, 2015, the company had not deferred any such incremental costs.

Depreciation and amortization increased $10 million in 2015 compared with 2014 due primarily to higher gas utility plant balances.

Taxes, other than income taxes increased $4 million in 2015 compared with 2014 due primarily to higher property taxes ($8 million) and a sales and use tax refund received in 2014 ($2 million), offset in part by lower state and local revenue taxes ($6 million).

Steam

CECONY's results of steam operations for the year ended December 31, 2015 compared with the year ended December 31, 2014 is as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2015	2014	Variation
Operating revenues	$629	$628	$1
Purchased power	35	55	(20)
Fuel	130	105	25
Other operations and maintenance	182	185	(3)
Depreciation and amortization	78	78	—
Taxes, other than income taxes	111	92	19
Steam operating income	$93	$113	$(20)

CECONY's steam sales and deliveries in 2015 compared with 2014 were:

	Millions of Pounds Delivered For the Years Ended					Revenues in Millions For the Years Ended				
Description	December 31, 2015	December 31, 2014	Variation	Percent Variation		December 31, 2015	December 31, 2014	Variation	Percent Variation	
General	538	594	(56)	(9.4)	%	$29	$30	$(1)	(3.3)	%
Apartment house	6,272	6,574	(302)	(4.6)		176	180	(4)	(2.2)	
Annual power	15,109	15,848	(739)	(4.7)		453	469	(16)	(3.4)	
Other operating revenues (a)	—	—	—	—		(29)	(51)	22	43.1	
Total	21,919	23,016	(1,097)	(4.8)	% (b)	$629	$628	$1	0.2	%

(a) Other steam operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's rate plans. See Note B to the financial statements in Item 8.

(b) After adjusting for variations, principally weather and billing days, steam sales and deliveries decreased 2.1 percent in 2015 compared with 2014.

Operating revenues increased $1 million in 2015 compared with 2014 due primarily to higher fuel expenses ($25 million) and higher revenues from the steam rate plan ($13 million), offset in part by the weather impact on revenues

($21 million) and lower purchased power costs ($20 million).

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Purchased power expenses decreased $20 million in 2015 compared with 2014 due to a decrease in unit costs ($18 million) and purchased volumes ($2 million).

Fuel expenses increased $25 million in 2015 compared with 2014 due to higher unit costs ($33 million), offset by lower sendout volumes ($8 million).

Other operations and maintenance expenses decreased $3 million in 2015 compared with 2014 due primarily to a decrease in the surcharges for assessments and fees that are collected in revenues from customers.

Taxes, other than income taxes increased $19 million in 2015 compared with 2014 due primarily to higher property taxes ($18 million) and a sales and use tax refund received in 2014 ($1 million).

Taxes, Other Than Income Taxes

At $1.9 billion, taxes other than income taxes remain one of CECONY's largest operating expenses. The principal components of, and variations in, taxes other than income taxes were:

	For the Years Ended December 31,				
(Millions of Dollars)	2015		2014		Variation
Property taxes	$1,463		$1,406		$57
State and local taxes related to revenue receipts	323		332		(9)
Payroll taxes	67		65		2
Other taxes	3		(5)	(a)	8
Total	$1,856	(b)	$1,798	(b)	$58

(a) Includes a sales and use tax refund of $15 million.

(b) Including sales tax on customers' bills, total taxes other than income taxes in 2015 and 2014 were $2,302 million and $2,267 million, respectively.

Other Income (Deductions)

Other income (deductions) decreased $16 million in 2015 compared with 2014 due primarily to the gain on sale of certain non-utility properties in 2014.

Net Interest Expense

Net interest expense increased $47 million in 2015 compared with 2014 due primarily to new debt issuances in late 2014.

Income Tax Expense

Income taxes increased $19 million in 2015 compared with 2014 due primarily to higher income before income tax expense.

O&R

	For the Year Ended December 31, 2015			For the Year Ended December 31, 2014			
(Millions of Dollars)	Electric	Gas	2015 Total	Electric	Gas	2014 Total	2015-2014 Variation
Operating revenues	$663	$182	$845	$680	$212	$892	$(47)
Purchased power	210	—	210	238	—	238	(28)
Gas purchased for resale	—	51	51	—	88	88	(37)
Other operations and maintenance	256	77	333	251	67	318	15
Depreciation and amortization	50	18	68	46	15	61	7
Taxes, other than income taxes	44	18	62	43	17	60	2
Operating income	$103	$18	$121	$102	$25	$127	$(6)

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Electric

O&R's results of electric operations for the year ended December 31, 2015 compared with the year ended December 31, 2014 is as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2015	2014	Variation
Operating revenues	$663	$680	$(17)
Purchased power	210	238	(28)
Other operations and maintenance	256	251	5
Depreciation and amortization	50	46	4
Taxes, other than income taxes	44	43	1
Electric operating income	$103	$102	$1

O&R's electric sales and deliveries in 2015 compared with 2014 were:

	Millions of kWh Delivered For the Years Ended					Revenues in Millions (a) For the Years Ended				
Description	December 31, 2015	December 31, 2014	Variation	Percent Variation		December 31, 2015	December 31, 2014	Variation	Percent Variation	
Residential/Religious (b)	1,597	1,515	82	5.4	%	$307	$307	—	—	
Commercial/Industrial	802	812	(10)	(1.2)		124	136	$(12)	(8.8)	%
Retail choice customers	3,237	3,240	(3)	(0.1)		213	207	6	2.9	
Public authorities	100	102	(2)	(2.0)		10	12	(2)	(16.7)	
Other operating revenues (c)	—	—	—	—		9	18	(9)	(50.0)	
Total	5,736	5,669	67	1.2	%	(d) $663	$680	$(17)	(2.5)	%

(a) O&R's New York electric delivery revenues are subject to a revenue decoupling mechanism, as a result of which, delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. O&R's electric sales in New Jersey and Pennsylvania are not subject to a decoupling mechanism, and as a result, changes in such volumes do impact revenues.

(b) "Residential/Religious" generally includes single-family dwellings, individual apartments in multi-family dwellings, religious organizations and certain other not-for-profit organizations.

(c) Other electric operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's electric rate plan. See Note B to the financial statements in Item 8.

(d) After adjusting for weather and other variations, electric delivery volumes in O&R's service area decreased.0.9 percent in 2015 compared with 2014.

Operating revenues decreased $17 million in 2015 compared with 2014 due primarily to lower purchased power expenses ($28 million), offset in part by higher revenues from the New York electric rate plan ($19 million).

Purchased power expenses decreased $28 million in 2015 compared with 2014 due to a decrease in unit costs ($24 million) and purchased volumes ($4 million).

Other operations and maintenance expenses increased $5 million in 2015 compared with 2014 due primarily to the charge-off of certain regulatory assets ($4 million) and an increase in surcharges for assessments and fees that are collected in revenues from customers ($1 million).

Depreciation and amortization increased $4 million in 2015 compared with 2014 due primarily to higher electric utility plant balances.

Taxes, other than income taxes increased $1 million in 2015 compared with 2014 due primarily to higher property taxes and state and local revenue taxes.

Gas

O&R's results of gas operations for the year ended December 31, 2015 compared with the year ended December 31, 2014 is as follows:

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	For the Years Ended December 31,		
(Millions of Dollars)	2015	2014	Variation
Operating revenues	$182	$212	$(30)
Gas purchased for resale	51	88	(37)
Other operations and maintenance	77	67	10
Depreciation and amortization	18	15	3
Taxes, other than income taxes	18	17	1
Gas operating income	$18	$25	$(7)

O&R's gas sales and deliveries, excluding off-system sales, in 2015 compared with 2014 were:

	Thousands of Dt Delivered For the Years Ended					Revenues in Millions (a) For the Years Ended				
Description	December 31, 2015	December 31, 2014	Variation	Percent Variation		December 31, 2015	December 31, 2014	Variation	Percent Variation	
Residential	7,664	7,786	(122)	(1.6)	%	$77	$101	$(24)	(23.8)	%
General	1,684	1,743	(59)	(3.4)		14	20	(6)	(30.0)	
Firm transportation	11,752	12,592	(840)	(6.7)		68	75	(7)	(9.3)	
Total firm sales and transportation	21,100	22,121	(1,021)	(4.6)	(b)	159	196	(37)	(18.9)	
Interruptible sales	4,205	4,216	(11)	(0.3)		3	2	1	50.0	
Generation plants	25	70	(45)	(64.3)		—	1	(1)	Large	
Other	906	945	(39)	(4.1)		—	—	—	—	
Other gas revenues	—	—	—	—		20	13	7	53.8	
Total	26,236	27,352	(1,116)	(4.1)	%	$182	$212	$(30)	(14.2)	%

(a) Revenues from New York gas sales are subject to a weather normalization clause and a revenue decoupling mechanism, as a result of which, delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved.

(b) After adjusting for weather and other variations, total firm sales and transportation volumes increased 1.7 percent in 2015 compared with 2014.

Operating revenues decreased $30 million in 2015 compared with 2014 due primarily to the decrease in gas purchased for resale ($37 million), offset in part by higher revenues from the gas rate plan ($3 million).

Gas purchased for resale decreased $37 million in 2015 compared with 2014 due to a decrease in unit costs ($30 million) and purchased volumes ($7 million).

Other operations and maintenance expenses increased $10 million in 2015 compared with 2014 due primarily to the charge-off of certain regulatory assets ($14 million), offset in part by lower pension costs ($2 million).

Depreciation and amortization increased $3 million in 2015 compared with 2014 due primarily to higher gas utility plant balances.

Taxes, other than income taxes increased $1 million in 2015 compared with 2014 due primarily to higher property taxes.

Taxes, Other Than Income Taxes

Taxes, other than income taxes, increased $2 million in 2015 compared with 2014. The principal components of taxes, other than income taxes, were:

	For the Years Ended December 31,		
(Millions of Dollars)	2015	2014	Variation
Property taxes	$46	$44	$2
State and local taxes related to revenue receipts	10	9	1
Payroll taxes	6	7	(1)

Total	$62	(a)	$60	(a)	$2

(a) Including sales tax on customers' bills, total taxes other than income taxes in 2015 and 2014 were $88 million and $86 million, respectively.

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Other Income (Deductions)

Other income (deductions) decreased $7 million in 2015 compared with 2014 due primarily to the impairment of Pike assets held for sale (see Note U to the financial statements in Item 8).

Income Tax Expense

Income taxes decreased $5 million in 2015 compared with 2014 due primarily to lower income before income tax expense.

Competitive Energy Businesses

The competitive energy businesses' results of operations for the year ended December 31, 2015 compared with the year ended December 31, 2014 is as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2015	2014	Variation
Operating revenues	$1,383	$1,244	$139
Purchased power	1,044	1,088	(44)
Gas purchased for resale	106	115	(9)
Other operations and maintenance	134	108	26
Depreciation and amortization	22	19	3
Taxes, other than income taxes	19	19	—
(Gain) on sale of solar electric production projects	—	(45)	45
Operating income (loss)	$58	$(60)	$118

Operating revenues increased $139 million in 2015 compared with 2014 due primarily to higher electric retail revenues. Electric retail revenues increased $158 million in 2015 as compared with 2014 due to higher sales volume ($163 million), offset by lower unit prices ($5 million). Wholesale revenues decreased $33 million in 2015 compared with 2014 due primarily to lower sales volumes. Solar revenues increased $12 million in 2015 as compared with 2014 due primarily to an increase in solar electric production projects in operation. Net mark-to-market values increased $128 million in 2015 as compared with 2014, of which $131 million in gains are reflected in purchased power expenses and $3 million in losses are reflected in revenues. Other revenues increased $5 million in 2015 as compared with 2014, due primarily to higher energy services revenues.

Purchased power expenses decreased $44 million in 2015 compared with 2014 due to changes in mark-to-market gains ($131 million) and lower unit prices ($45 million), offset by higher volumes ($132 million).

Gas purchased for resale decreased $9 million in 2015 compared with 2014 due primarily to lower volumes.

Other operations and maintenance expenses increased $26 million in 2015 compared with 2014 due primarily to an increase in energy services costs ($11 million), other general operating expenses ($11 million) and business development costs ($4 million).

Depreciation and maintenance expense increased $3 million in 2015 compared with 2014 due primarily to an increase in solar electric production projects in operation during 2015.

Gain on sale of solar electric production projects decreased $45 million reflecting the May 2014 sale by Con Edison Development of 50 percent of its membership interest in California Solar (see Note Q to the financial statements in Item 8).

Other Income (Deductions)

Other income (deductions) increased $6 million in 2015 compared to 2014 primarily reflecting income from renewable electric production projects accounted for under the equity method.

Net Interest Expense

Net interest expense increased $19 million in 2015 compared to 2014 due primarily to adjustments in 2014 to accrued interest on taxes relating to the LILO transactions which were terminated in 2013. See "Lease In/Lease Out Transactions" in Note J to the financial statements in Item 8.

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Income Tax Expense

Income taxes increased $29 million in 2015 compared with 2014 due primarily to higher income before income tax expense, offset in part by higher production tax credits ($5 million) and amortization of investment tax credits ($4 million) in 2015.

Other

For Con Edison, "Other" also includes intercompany eliminations relating to operating revenues and operating expenses.

Year Ended December 31, 2014 Compared with Year Ended December 31, 2013

The Companies' results of operations in 2014 compared with 2013 were:

	CECONY		O&R		Competitive Energy Businesses		Other (a)		Con Edison (b)	
(Millions of Dollars)	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent	Increases (Decreases) Amount	Increases (Decreases) Percent
Operating revenues	$356	3.4 %	$59	7.1 %	$148	13.5 %	$2	40.0 %	$565	4.6 %
Purchased power	70	3.5	21	9.7	227	26.4	—	—	318	10.3
Fuel	(35)	(10.9)	—	—	—	—	—	—	(35)	(10.9)
Gas purchased for resale	77	14.5	12	15.8	88	Large	(1)	Large	176	27.7
Other operations and maintenance	138	5.0	16	5.3	3	2.9	—	—	157	5.0
Depreciation and amortization	45	4.8	5	8.9	(4)	(17.4)	1	Large	47	4.6
Taxes, other than income taxes	(18)	(1.0)	(2)	(3.2)	2	11.8	—	—	(18)	(0.9)
Gain on sale of solar electric production projects	—	—	—	—	45	—	—	—	45	—
Operating income (loss)	79	3.8	7	5.8	(123)	Large	2	Large	(35)	(1.6)
Other income less deductions	10	Large	2	Large	20	Large	(3)	Large	29	Large
Net interest expense	16	3.1	(2)	(5.4)	(143)	Large	1	3.8	(128)	(17.8)
Income before income tax expense	73	4.7	11	13.1	40	62.5	(2)	(9.1)	122	7.9
	35	6.7	16	84.2	34	82.9	7	31.8	92	19.3

Income tax expense											
Net income	$38	3.7	%	$(5)	(7.7)	%	$6	26.1	%	$(9)	Large

$30	2.8	%

(a) Includes parent company and consolidation adjustments.

(b) Represents the consolidated results of operations of Con Edison and its businesses.

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CECONY

(Millions of Dollars)	For the Year Ended December 31, 2014 Electric	Gas	Steam	2014 Total	For the Year Ended December 31, 2013 Electric	Gas	Steam	2013 Total	2014-2013 Variation
Operating revenues	$8,437	$1,721	$628	$10,786	$8,131	$1,616	$683	$10,430	$356
Purchased power	2,036	—	55	2,091	1,974	—	47	2,021	70
Fuel	180	—	105	285	174	—	146	320	(35)
Gas purchased for resale	—	609	—	609	—	532	—	532	77
Other operations and maintenance	2,270	418	185	2,873	2,180	351	204	2,735	138
Depreciation and amortization	781	132	78	991	749	130	67	946	45
Taxes, other than income taxes	1,458	248	92	1,798	1,459	241	116	1,816	(18)
Operating income	$1,712	$314	$113	$2,139	$1,595	$362	$103	$2,060	$79

Electric

CECONY's results of electric operations for the year ended December 31, 2014 compared with the year ended December 31, 2013 is as follows:

(Millions of Dollars)	For the Years Ended December 31, 2014	2013	Variation
Operating revenues	$8,437	$8,131	$306
Purchased power	2,036	1,974	62
Fuel	180	174	6
Other operations and maintenance	2,270	2,180	90
Depreciation and amortization	781	749	32
Taxes, other than income taxes	1,458	1,459	(1)
Electric operating income	$1,712	$1,595	$117

CECONY's electric sales and deliveries in 2014 compared with 2013 were:

Description	Millions of kWh Delivered For the Years Ended December 31, 2014	December 31, 2013	Variation	Percent Variation	Revenues in Millions (a) For the Years Ended December 31, 2014	December 31, 2013	Variation	Percent Variation
Residential/Religious (b)	9,868	10,273	(405)	(3.9)%	$2,847	$2,773	$74	2.7 %
Commercial/Industrial	9,834	9,776	58	0.6	2,176	2,013	163	8.1
Retail choice customers	26,221	26,574	(353)	(1.3)	2,646	2,683	(37)	(1.4)
NYPA, Municipal Agency and other sales	10,380	10,295	85	0.8	625	615	10	1.6
Other operating revenues (c)	—	—	—	—	143	47	96	Large
Total	56,303	56,918	(615)	(1.1)%	(d) $8,437	$8,131	$306	3.8 %

(a) Revenues from electric sales are subject to a revenue decoupling mechanism, as a result of which, delivery revenues generally are not affected by changes in delivery volumes from levels assumed when rates were approved.

(b) "Residential/Religious" generally includes single-family dwellings, individual apartments in multi-family dwellings, religious organizations and certain other not-for-profit organizations.

(c)

Other electric operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the revenue decoupling mechanism and other provisions of the company's rate plans. See Note B to the financial statements in Item 8.

(d) After adjusting for variations, principally weather and billing days, electric delivery volumes in CECONY's service area decreased 0.1 percent in 2014 compared with 2013.

Operating revenues increased $306 million in 2014 compared with 2013 due primarily to higher revenues from the electric rate plan ($215 million), higher purchased power ($62 million) and fuel expenses ($6 million).

Purchased power expenses increased $62 million in 2014 compared with 2013 due to an increase in unit costs ($56 million) and purchased volumes ($6 million).

Fuel expenses increased $6 million in 2014 compared with 2013 due to higher unit costs ($34 million), offset by lower sendout volumes from the company's electric generating facilities ($28 million).

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Other operations and maintenance expenses increased $90 million due primarily to higher costs for the support and protection of company underground facilities to accommodate New York City municipal projects ($25 million), higher costs for injuries and damages ($24 million), an increase in healthcare costs ($12 million) and an increase in the surcharges for assessments and fees that are collected in revenues from customers ($11 million).
Depreciation and amortization increased $32 million due primarily to higher electric utility plant balances.
Taxes, other than income taxes decreased $1 million principally due to a sales and use tax refund, offset in part by higher property taxes.

Gas

CECONY's results of gas operations for the year ended December 31, 2014 compared with the year ended December 31, 2013 is as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2014	2013	Variation
Operating revenues	$1,721	$1,616	$105
Gas purchased for resale	609	532	77
Other operations and maintenance	418	351	67
Depreciation and amortization	132	130	2
Taxes, other than income taxes	248	241	7
Gas operating income	$314	$362	$(48)

CECONY's gas sales and deliveries, excluding off-system sales, in 2014 compared with 2013 were:

	Thousands of Dt Delivered For the Years Ended					Revenues in Millions (a) For the Years Ended				
Description	December 31, 2014	December 31, 2013	Variation	Percent Variation		December 31, 2014	December 31, 2013	Variation	Percent Variation	
Residential	46,661	38,872	7,789	20.0	%	$782	$720	$62	8.6	%
General	28,969	28,135	834	3.0		359	339	20	5.9	
Firm transportation	68,731	61,139	7,592	12.4		453	414	39	9.4	
Total firm sales and transportation	144,361	128,146	16,215	12.7	(b)	1,594	1,473	121	8.2	
Interruptible sales (c)	10,498	10,900	(402)	(3.7)		91	69	22	31.9	
NYPA	47,548	48,682	(1,134)	(2.3)		2	2	—	—	
Generation plants	82,146	62,764	19,382	30.9		30	26	4	15.4	
Other	22,866	24,615	(1,749)	(7.1)		40	45	(5)	(11.1)	
Other operating revenues (d)	—	—	—	—		(36)	1	(37)	Large	
Total	307,419	275,107	32,312	11.7	%	$1,721	$1,616	$105	6.5	%

(a) Revenues from gas sales are subject to a weather normalization clause and a revenue decoupling mechanism, as a result of which, delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved.

(b) After adjusting for variations, principally weather and billing days, firm gas sales and transportation volumes in the company's service area increased 8.0 percent in 2014 compared with 2013, reflecting primarily higher oil-to-gas conversions and transfers to firm service.

(c) Includes 6,057 and 5,362 thousands of Dt for 2014 and 2013, respectively, which are also reflected in firm transportation and other.

(d) Other gas operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's rate plans. See Note B to the financial statements in Item 8.

Operating revenues increased $105 million in 2014 compared with 2013 due primarily to an increase in gas purchased for resale expenses ($77 million) and higher revenues from the gas rate plan ($31 million).

Gas purchased for resale increased $77 million in 2014 compared with 2013 due to higher unit costs ($67 million) and sendout volumes ($10 million).

Other operations and maintenance expenses increased $67 million due primarily to higher operating costs attributable to emergency response ($25 million), higher pension costs ($10 million), an increase in the surcharges for assessments and fees that are collected in revenues from customers ($8 million), higher costs for injuries and damages ($4 million) and higher healthcare costs ($2 million).

Depreciation and amortization increased $2 million due primarily to higher gas utility plant balances.

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Taxes, other than income taxes increased $7 million principally due to higher state and local revenue taxes and property taxes, offset in part by a sales and use tax refund.

Steam

CECONY's results of steam operations for the year ended December 31, 2014 compared with the year ended December 31, 2013 is as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2014	2013	Variation
Operating revenues	$628	$683	$(55)
Purchased power	55	47	8
Fuel	105	146	(41)
Other operations and maintenance	185	204	(19)
Depreciation and amortization	78	67	11
Taxes, other than income taxes	92	116	(24)
Steam operating income	$113	$103	$10

CECONY's steam sales and deliveries in 2014 compared with 2013 were:

	Millions of Pounds Delivered For the Years Ended					Revenues in Millions For the Years Ended				
Description	December 31, 2014	December 31, 2013	Variation	Percent Variation		December 31, 2014	December 31, 2013	Variation	Percent Variation	
General	594	547	47	8.6	%	$30	$31	$(1)	(3.2	)%
Apartment house	6,574	6,181	393	6.4		180	187	(7)	(3.7	)
Annual power	15,848	15,195	653	4.3		469	491	(22)	(4.5	)
Other operating revenues (a)	—	—	—	—		(51)	(26)	(25)	96.2	
Total	23,016	21,923	1,093	5.0	%(b)	$628	$683	$(55)	(8.0	)%

(a) Other steam operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's rate plans. See Note B to the financial statements in Item 8.

(b) After adjusting for variations, principally weather and billing days, steam sales and deliveries increased 1.8 percent in 2014 compared with 2013, reflecting higher average normalized use per customer.

Operating revenues decreased $55 million in 2014 compared with 2013 due primarily to lower fuel expenses ($41 million) and lower revenues from the steam rate plans ($38 million), offset in part by the weather impact on revenues ($17 million) and higher purchased power costs ($8 million).

Purchased power expenses increased $8 million in 2014 compared with 2013 due to an increase in unit costs ($7 million) and purchased volumes ($1 million).

Fuel expenses decreased $41 million in 2014 compared with 2013 due to lower unit costs ($44 million), offset by higher sendout volumes ($3 million).

Other operations and maintenance expenses decreased $19 million due primarily to the absence in 2014 of certain previously deferred pension costs that were recognized in 2013 under CECONY's steam rate plan.

Depreciation and amortization increased $11 million due to higher steam utility plant balances.

Taxes, other than income taxes decreased $24 million principally due to lower property taxes and sales and use tax refund.

Taxes, Other Than Income Taxes

At $1.8 billion, taxes other than income taxes remain one of CECONY's largest operating expenses. The principal components of, and variations in, taxes other than income taxes were:

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	For the Years Ended December 31,					
(Millions of Dollars)	2014		2013		Variation	
Property taxes	$1,406		$1,408		$(2)	
State and local taxes related to revenue receipts	332		328		4	
Payroll taxes	65		63		2	
Other taxes	(5)	(a)	17		(22)	
Total	$1,798	(b)	$1,816	(b)	$(18)	

(a) Includes a sales and use tax refund of $15 million.

(b) Including sales tax on customers' bills, total taxes other than income taxes in 2014 and 2013 were $2,267 million and $2,255 million, respectively.

Other Income (Deductions)

Other income (deductions) increased $10 million in 2014 compared with 2013 due primarily to the gain on sale of certain non-utility property.

Net Interest Expense

Net interest expense increased $16 million in 2014 compared with 2013 due primarily to higher interest charges on long-term debt in 2014.

Income Tax Expense

Income taxes increased $35 million in 2014 compared with 2013 due primarily to higher income before income tax expense ($29 million) and higher amortization of New York State's Metropolitan Transportation Authority business tax ($6 million).

O&R

	For the Year Ended December 31, 2014			For the Year Ended December 31, 2013			
(Millions of Dollars)	Electric	Gas	2014 Total	Electric	Gas	2013 Total	2014-2013 Variation
Operating revenues	$680	$212	$892	$628	$205	$833	$59
Purchased power	238	—	238	217	—	217	21
Gas purchased for resale	—	88	88	—	76	76	12
Other operations and maintenance	251	67	318	238	64	302	16
Depreciation and amortization	46	15	61	41	15	56	5
Taxes, other than income taxes	43	17	60	45	17	62	(2)
Operating income	$102	$25	$127	$87	$33	$120	$7

Electric

O&R's results of electric operations for the year ended December 31, 2014 compared with the year ended December 31, 2013 is as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2014	2013	Variation
Operating revenues	$680	$628	$52
Purchased power	238	217	21
Other operations and maintenance	251	238	13
Depreciation and amortization	46	41	5
Taxes, other than income taxes	43	45	(2)
Electric operating income	$102	$87	$15

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O&R's electric sales and deliveries in 2014 compared with 2013 were:

Description	Millions of kWh Delivered For the Years Ended December 31, 2014	December 31, 2013	Variation	Percent Variation		Revenues in Millions (a) For the Years Ended December 31, 2014	December 31, 2013	Variation	Percent Variation	
Residential/Religious (b)	1,515	1,580	(65)	(4.1)	%	$307	$287	$20	7.0	%
Commercial/Industrial	812	871	(59)	(6.8)		136	129	7	5.4	
Retail choice customers	3,240	3,166	74	2.3		207	192	15	7.8	
Public authorities	102	104	(2)	(1.9)		12	11	1	9.1	
Other operating revenues (c)	—	—	—	—		18	9	9	Large	
Total	5,669	5,721	(52)	(0.9)	% (d)	$680	$628	$52	8.3	%

(a) O&R's New York electric delivery revenues are subject to a revenue decoupling mechanism, as a result of which, delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. O&R's electric sales in New Jersey and Pennsylvania are not subject to a decoupling mechanism, and as a result, changes in such volumes do impact revenues.

(b) "Residential/Religious" generally includes single-family dwellings, individual apartments in multi-family dwellings, religious organizations and certain other not-for-profit organizations.

(c) Other electric operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's electric rate plan. See Note B to the financial statements in Item 8.

(d) After adjusting for weather and other variations, electric delivery volumes in O&R's service area increased.0.2 percent in 2014 compared with 2013.

Operating revenues increased $52 million in 2014 compared with 2013 due primarily to higher purchased power expenses ($21 million) and higher revenues from the New York electric rate plan ($17 million).

Purchased power expenses increased $21 million in 2014 compared with 2013 due to an increase in unit costs ($26 million), offset by a decrease in purchased volumes ($5 million).

Other operations and maintenance expenses increased $13 million due primarily to an increase in surcharges for assessments and fees that are collected in revenues from customers ($5 million), increase in storm costs ($3 million) and higher healthcare costs ($1 million).

Depreciation and amortization increased $5 million due primarily to higher electric utility plant balances.

Taxes, other than income taxes decreased $2 million principally due to lower state revenue taxes.

Gas

O&R's results of gas operations for the year ended December 31, 2014 compared with the year ended December 31, 2013 is as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2014	2013	Variation
Operating revenues	$212	$205	$7
Gas purchased for resale	88	76	12
Other operations and maintenance	67	64	3
Depreciation and amortization	15	15	—
Taxes, other than income taxes	17	17	—
Gas operating income	$25	$33	$(8)

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O&R's gas sales and deliveries, excluding off-system sales, in 2014 compared with 2013 were:

Description	Thousands of Dt Delivered For the Years Ended December 31, 2014	December 31, 2013	Variation	Percent Variation		Revenues in Millions (a) For the Years Ended December 31, 2014	December 31, 2013	Variation	Percent Variation	
Residential	7,786	7,253	533	7.3	%	$101	$97	$4	4.1	%
General	1,743	1,555	188	12.1		20	18	2	11.1	
Firm transportation	12,592	12,062	530	4.4		75	77	(2)	(2.6	)
Total firm sales and transportation	22,121	20,870	1,251	6.0	(b)	196	192	4	2.1	
Interruptible sales	4,216	4,118	98	2.4		2	3	(1)	(33.3	)
Generation plants	70	19	51	Large		1	—	1	Large	
Other	945	885	60	6.8		—	—	—	—	
Other gas revenues	—	—	—	—		13	10	3	30.0	
Total	27,352	25,892	1,460	5.6	%	$212	$205	$7	3.4	%

(a) Revenues from New York gas sales are subject to a weather normalization clause and a revenue decoupling mechanism, as a result of which, delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved.

(b) After adjusting for weather and other variations, total firm sales and transportation volumes increased 1.9 percent in 2014 compared with 2013.

Operating revenues increased $7 million in 2014 compared with 2013 due primarily to the increase in gas purchased for resale ($12 million).

Gas purchased for resale increased $12 million in 2014 compared with 2013 due to an increase in unit costs ($6 million) and purchased volumes ($6 million).

Other operations and maintenance expenses increased $3 million due primarily to an increase in surcharges for assessments and fees that are collected in revenues from customers.

Taxes, Other Than Income Taxes

Taxes, other than income taxes, decreased $2 million in 2014 compared with 2013. The principal components of taxes, other than income taxes, were:

(Millions of Dollars)	For the Years Ended December 31, 2014		2013		Variation
Property taxes	$44		$43		$1
State and local taxes related to revenue receipts	9		12		(3)
Payroll taxes	7		7		—
Total	$60	(a)	$62	(a)	$(2)

(a) Including sales tax on customers' bills, total taxes other than income taxes in 2014 and 2013 were $86 million and $87 million, respectively.

Other Income (Deductions)

Other income (deductions) increased $2 million in 2014 compared with 2013 due primarily to higher interest accrued on storm reserves in 2014.

Net Interest Expense

Net interest expense decreased $2 million in 2014 compared with 2013 reflecting primarily changes to accrued interest resulting from adjustments to prior year federal income tax returns in 2013.

Income Tax Expense

Income taxes increased $16 million in 2014 compared with 2013 due primarily to higher income before income tax expense ($5 million), higher amortization of New York State's Metropolitan Transportation Authority business tax ($3

million) and changes in estimates of accumulated deferred income taxes in 2013 ($6 million).

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Competitive Energy Businesses

The competitive energy businesses' results of operations for the year ended December 31, 2014 compared with the year ended December 31, 2013 is as follows:

	For the Years Ended December 31,		
(Millions of Dollars)	2014	2013	Variation
Operating revenues	$1,244	$1,096	$148
Purchased power	1,088	861	227
Gas purchased for resale	115	27	88
Other operations and maintenance	108	105	3
Depreciation and amortization	19	23	(4)
Taxes, other than income taxes	19	17	2
(Gain) on sale of solar electric production projects	(45)	—	(45)
Operating income (loss)	$(60)	$63	$(123)

Operating revenues increased $148 million in 2014 compared with 2013, due primarily to higher wholesale and electric retail revenues ($125 million) and the impact of the LILO transactions ($27 million, see "Lease In/Lease Out Transactions" in Note J to the financial statements in Item 8). Wholesale revenues increased $80 million in 2014 as compared to 2013 due to higher sales volume. Electric retail revenues increased $45 million due to higher unit prices ($64 million), offset by lower sales volumes ($19 million). Solar revenues decreased $14 million in 2014 as compared with 2013 primarily due to Con Edison Development's sale of 50 percent of its membership interest in CED California Holdings Financing I, LLC (California Solar – see Note Q to the financial statements in Item 8). Net mark-to-market values decreased $202 million in 2014 as compared with 2013, of which $206 million in losses are reflected in purchased power expenses and $4 million in gains are reflected in revenues. Other revenues increased $6 million in 2014 as compared with 2013, due primarily to higher energy services revenues.

Purchased power expenses increased $227 million in 2014 compared with 2013 due primarily to changes in mark-to-market losses ($206 million) and higher unit prices ($64 million), offset by lower volumes ($43 million).

Gas purchased for resale increased $88 million due primarily to higher volumes.

Other operations and maintenance expenses increased $3 million due primarily to an increase in solar electric production projects in operation during 2014.

Depreciation and maintenance expense decreased $4 million due to Con Edison Development's sale of 50 percent of its membership interest in California Solar (see Note Q to the financial statements in Item 8).

Taxes, other than income taxes increased $2 million due to an increase in sales and use taxes, property taxes and gross receipts tax.

Gain on sale of solar electric production projects was $45 million reflecting Con Edison Development's sale of 50 percent of its membership interest in California Solar (see Note Q to the financial statements in Item 8).

Other Income (Deductions)

Other income (deductions) increased $20 million in 2014 compared to 2013 primarily reflecting income from Con Edison Development's solar investments that are accounted for under the equity method.

Net Interest Expense

Net interest expense decreased $143 million in 2014 compared to 2013 due primarily to the impact of the LILO transactions. See "Lease In/Lease Out Transactions" in Note J to the financial statements in Item 8.

Income Tax Expense

Income taxes increased $34 million in 2014 compared with 2013 due primarily to higher income before income tax expense ($17 million) and a tax benefit in 2013 resulting from the acceptance by the IRS of the company's claim for manufacturing tax deductions ($15 million).

Other

For Con Edison, "Other" also includes intercompany eliminations relating to operating revenues and operating expenses.

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Liquidity and Capital Resources

The Companies' liquidity reflects cash flows from operating, investing and financing activities, as shown on their respective consolidated statement of cash flows and as discussed below.

The principal factors affecting Con Edison's liquidity are its investments in the Utilities and the competitive energy businesses, the dividends it pays to its shareholders and the dividends it receives from the Utilities and cash flows from financing activities discussed below.

The principal factors affecting CECONY's liquidity are its cash flows from operating activities, cash used in investing activities (including construction expenditures), the dividends it pays to Con Edison and cash flows from financing activities discussed below.

The Companies generally maintain minimal cash balances and use short-term borrowings to meet their working capital needs and other cash requirements. The Companies repay their short-term borrowings using funds from long-term financings and operating activities. The Utilities' cost of capital, including working capital, is reflected in the rates they charge to their customers.

Each of the Companies believes that it will be able to meet its reasonably likely short-term and long-term cash requirements. See "The Companies Require Access to Capital Markets to Satisfy Funding Requirements" and "The Companies Also Face Other Risks That Are Beyond Their Control" in Item 1A, and "Capital Requirements and Resources" in Item 1.

Changes in the Companies' cash and temporary cash investments resulting from operating, investing and financing activities for the years ended December 31, 2015, 2014 and 2013 are summarized as follows:

Con Edison

(Millions of Dollars)	2015	2014	Variance 2015 vs. 2014	2013	Variance 2014 vs. 2013
Operating activities	$3,277	$2,831	$446	$2,552	$279
Investing activities	(3,657)	(2,759)	(898)	(2,659)	(100)
Financing activities	629	(47)	676	387	(434)
Net change for the period	249	25	224	280	(255)
Balance at beginning of period	699	674	25	394	280
Balance at end of period	948	699	249	674	25
Less: Held for sale	4	—	4	—	—
Balance at the end of the period excluding held for sale	$944	$699	$245	$674	$25

CECONY

(Millions of Dollars)	2015	2014	Variance 2015 vs. 2014	2013	Variance 2014 vs. 2013
Operating activities	$2,819	$2,430	$389	$2,643	$(213)
Investing activities	(2,638)	(2,304)	(334)	(2,417)	113
Financing activities	17	(114)	131	54	(168)
Net change for the period	198	12	186	280	(268)
Balance at beginning of period	645	633	12	353	280
Balance at end of period	$843	$645	$198	$633	$12

Cash Flows from Operating Activities

The Utilities' cash flows from operating activities reflect principally their energy sales and deliveries and cost of operations. The volume of energy sales and deliveries is affected primarily by factors external to the Utilities, such as growth of customer demand, weather, market prices for energy, economic conditions and measures that promote distributed energy resources. Under the revenue decoupling mechanisms in the Utilities' New York electric and gas rate plans, changes in delivery volumes from levels assumed when rates were approved may affect the timing of cash flows but generally not net income. See Note B to the financial statements in Item 8. The prices at which the Utilities

provide energy to their customers are determined in accordance with their rate plans. In general, changes in the Utilities' cost of purchased power, fuel and gas may affect the timing of cash flows but not net income because

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the costs are recovered in accordance with rate plans. See “Recoverable Energy Costs” in Note A to the financial statements in Item 8.

Net income is the result of cash and non-cash (or accrual) transactions. Only cash transactions affect the Companies’ cash flows from operating activities. Principal non-cash charges or credits include depreciation, deferred income tax expense and amortizations of certain regulatory assets and liabilities. Non-cash charges or credits may also be accrued under the revenue decoupling and cost reconciliation mechanisms in the Utilities’ New York electric and gas rate plans. See “Rate Plans – CECONY– Electric and Gas and O&R – Electric and Gas” in Note B to the financial statements in Item 8.

Net cash flows from operating activities in 2015 for Con Edison and CECONY were $446 million and $389 million higher, respectively, than in 2014. The increase in net cash flows for Con Edison and CECONY reflect primarily lower income taxes paid, net of refunds received in 2015 ($669 million and $585 million, respectively), offset in part by increased pension contributions ($172 million and $159 million, respectively) in 2015. The amount and timing of income tax payments and refunds received reflect, among other things, the extension of bonus depreciation tax provisions. See Note L to the financial statements in Item 8. For information about the Companies' pension contributions, see Note E to the financial statements in Item 8.

Net cash flows from operating activities in 2014 for Con Edison and CECONY were $279 million higher and $213 million lower, respectively, than in 2013. The increase in net cash flows for Con Edison reflects primarily the decreased pension contributions ($303 million) in 2014. The decrease in net cash flows for CECONY reflects higher income tax payments ($585 million) in 2014, offset in part by decreased pension contributions ($286 million) in 2014. The change in net cash flows also reflects the timing of payments for and recovery of energy costs. This timing is reflected within changes to accounts receivable – customers, recoverable energy costs and accounts payable balances. The changes in regulatory assets principally reflect changes in deferred pension costs in accordance with the accounting rules for retirement benefits. See Notes A, B and E to the financial statements in Item 8.

Cash Flows Used in Investing Activities

Net cash flows used in investing activities for Con Edison and CECONY were $898 million and $334 million higher, respectively, in 2015 than in 2014. The changes for Con Edison and CECONY reflect increased utility construction expenditures in 2015 ($323 million and $316 million, respectively). In addition, the change for Con Edison reflects primarily increased non-utility construction expenditures related to renewable electric production projects ($312 million), the proceeds from sale relating to its solar electric production projects in 2014 ($108 million, see Note Q to the financial statements in Item 8) and increased other investing activities ($82 million, representing primarily a note receivable related to Panoche Valley, see Note Q to the financial statements in Item 8).

Net cash flows used in investing activities for Con Edison and CECONY were $100 million higher and $113 million lower, respectively, in 2014 than in 2013. For Con Edison, the change reflects primarily the proceeds from the termination of the LILO transactions in 2013 ($200 million) and increased investments in renewable electric production projects ($108 million), offset by proceeds from sale relating to its solar electric production projects in 2014 ($108 million, see Note Q to the financial statements in Item 8). In addition, the changes for Con Edison and CECONY reflect decreased utility construction expenditures in 2014.

Cash Flows From Financing Activities

Net cash flows from financing activities in 2015 for Con Edison and CECONY were $676 million and $131 million higher, respectively, than in 2014. Net cash flows from financing activities in 2014 for Con Edison and CECONY were $434 million and $168 million lower, respectively, than in 2013.

Net cash flows from financing activities during the years ended December 31, 2015, 2014 and 2013 reflect the following CECONY transactions:

2015

- Issued $650 million of 4.50 percent 30-year debentures, the net proceeds from the sale of which were used to repay short-term borrowings and for other general corporate purposes; and
- Redeemed at maturity $350 million of 5.375 percent 10-year debentures.

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2014

- Issued $850 million of 4.45 percent 30-year debentures, $250 million of 3.30 percent 10-year debentures and $750 million of 4.625 percent 40-year debentures, the net proceeds from the sale of which were used to repay short-term borrowings and for other general corporate purposes;
- Redeemed at maturity $200 million of 4.70 percent 10-year debentures; and
- Redeemed at maturity $275 million of 5.55 percent 5-year debentures.

2013

- Issued $700 million of 3.95 percent 30-year debentures, the net proceeds from the sale of which were used to repay short-term borrowings and for other general corporate purposes;
- Redeemed at maturity $500 million of 4.875 percent 10-year debentures; and
- Redeemed at maturity $200 million of 3.85 percent 10-year debentures.

Con Edison's net cash flows from financing activities during the year ended December 31, 2015 also reflect the following O&R transactions:

2015

- Issued $120 million of 4.95 percent 30-year debentures and $100 million of 4.69 percent 30-year debentures, the net proceeds from the sale of which were used to repay short-term borrowings and for other general corporate purposes;
- Redeemed at maturity $40 million of 5.30 percent 10-year debentures;
- Redeemed at maturity $55 million of 2.50 percent 5-year debentures; and
- Redeemed at maturity $44 million of variable rate tax-exempt 20-year debt.

O&R had no issuances of long-term debt in 2014 and 2013.

In 2015, a Con Edison Development subsidiary issued $118 million aggregate principal amount of 3.94 percent Senior Notes maturing in 2036 and another subsidiary issued $159 million aggregate principal amount of 4.53 percent Senior Notes maturing in 2040. In 2013, a Con Edison Development subsidiary issued $219 million aggregate principal amount of 4.78 percent senior notes secured by certain of the company’s California solar electric production projects. The notes have a weighted average life of 15 years and final maturity of 2037. In 2014, the company sold a 50 percent interest in the subsidiary. See Note Q to the financial statements in Item 8.

Cash flows from financing activities of the Companies also reflect commercial paper issuance. The commercial paper amounts outstanding at December 31, 2015, 2014 and 2013 and the average daily balances for 2015, 2014 and 2013 for Con Edison and CECONY were as follows:

	2015		2014		2013	
(Millions of Dollars, except Weighted Average Yield)	Outstanding at December 31	Daily average	Outstanding at December 31	Daily average	Outstanding at December 31	Daily average
Con Edison	$1,529	$823	$801	$899	$1,451	$901
CECONY	$1,033	$379	$451	$765	$1,210	$598
Weighted average yield	0.7%	0.4%	0.4%	0.2%	0.2%	0.3%

Common stock issuances and external borrowings are sources of liquidity that could be affected by changes in credit ratings, financial performance and capital market conditions. For information about the Companies’ credit ratings and certain financial ratios, see “Capital Requirements and Resources” in Item 1.

Capital Requirements and Resources

For information about capital requirements, contractual obligations and capital resources, see “Capital Requirements and Resources” in Item 1.

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Other Changes in Assets and Liabilities

The following table shows changes in certain assets and liabilities at December 31, 2015, compared with December 31, 2014.

(Millions of Dollars)	Con Edison 2015 vs. 2014 Variance	CECONY 2015 vs. 2014 Variance
Assets		
Non-utility property, less accumulated depreciation	$444	—
Assets held for sale	157	—
Regulatory asset – Unrecognized pension and other postretirement costs	(970)	$(912)
Liabilities		
Deferred income taxes and investment tax credits	$589	$592
Liabilities held for sale	89	—
Pension and retiree benefits	(1,003)	(928)

Non-Utility Property, Less Accumulated Depreciation

The increase in non-utility property, less accumulated depreciation, for Con Edison reflects the purchase of interests in, and construction expenditures for, renewable electric production projects. See "Competitive Energy Businesses - Con Edison Development" and "Capital Requirements and Resources - Capital Requirements" in Item 1.

Assets Held for Sale and Liabilities Held for Sale

The increase in assets held for sale and liabilities held for sale reflects Con Edison's plan to sell the retail electric supply business of its competitive energy businesses and O&R's entry into an agreement to sell Pike. See Note U to the financial statements in Item 8.

Regulatory Asset for Unrecognized Pension and Other Postretirement Costs and Liability for Pension and Retiree Benefits

The decrease in the regulatory asset for unrecognized pension and other postretirement costs and the liability for pension and retiree benefits reflects the amortization of accounting costs during the year. The change in the regulatory assets also reflects the final actuarial valuation of the pension and other retiree benefit plans as measured at December 31, 2015, in accordance with the accounting rules for retirement benefits. The change in the liability for pension and retiree benefits reflects in part contributions to the plans made by the Utilities in 2015. See Notes B, E and F to the financial statements in Item 8.

Deferred Income Taxes and Investment Tax Credits

The increase in the liability for deferred income taxes and investment tax credits reflects primarily accelerated tax deductions for plant, as well as investment tax credits primarily related to Con Edison's renewable electric production projects at its competitive energy businesses. See Note L to the financial statements in Item 8.

Off-Balance Sheet Arrangements

None of the Companies' interests in variable interest entities (VIEs) meet the SEC definition of off-balance sheet arrangements. For information regarding the Companies' VIEs, see Note Q to the financial statements in Item 8.

Regulatory Matters

For information about the Utilities' rate plans and other regulatory matters affecting the Companies, see "Utility Regulation" in Item 1 and Note B to the financial statements in Item 8.

Risk Factors

The Companies' businesses are influenced by many factors that are difficult to predict, and that involve uncertainties that may materially affect actual operating results, cash flows and financial condition. See "Risk Factors" in Item 1A.

Application of Critical Accounting Policies

The Companies' financial statements reflect the application of their accounting policies, which conform to accounting principles generally accepted in the United States of America. The Companies' critical accounting policies include industry-specific accounting applicable to regulated public utilities and accounting for pensions and other

postretirement benefits, contingencies, long-lived assets, goodwill, derivative instruments and leases.

Accounting for Regulated Public Utilities

The Utilities are subject to the accounting rules for regulated operations and the accounting requirements of the FERC and the state public utility regulatory commissions having jurisdiction.

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The accounting rules for regulated operations specify the economic effects that result from the causal relationship of costs and revenues in the rate-regulated environment and how these effects are to be accounted for by a regulated enterprise. Revenues intended to cover some costs may be recorded either before or after the costs are incurred. If regulation provides assurance that incurred costs will be recovered in the future, these costs would be recorded as deferred charges or "regulatory assets" under the accounting rules for regulated operations. If revenues are recorded for costs that are expected to be incurred in the future, these revenues would be recorded as deferred credits or "regulatory liabilities" under the accounting rules for regulated operations.

The Utilities' principal regulatory assets and liabilities are listed in Note B to the financial statements in Item 8. The Utilities are each receiving or being credited with a return on all regulatory assets for which a cash outflow has been made. The Utilities are each paying or being charged with a return on all regulatory liabilities for which a cash inflow has been received. The regulatory assets and liabilities will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

In the event that regulatory assets of the Utilities were no longer probable of recovery, as required by the accounting rules for regulated operations, these regulatory assets would be charged to earnings. At December 31, 2015, the regulatory assets for Con Edison and CECONY were $8,228 million and $7,603 million, respectively.

Accounting for Pensions and Other Postretirement Benefits

The Utilities provide pensions and other postretirement benefits to substantially all of their employees and retirees. Con Edison's competitive energy businesses also provide such benefits to certain of their employees. The Companies account for these benefits in accordance with the accounting rules for retirement benefits. In addition, the Utilities apply the accounting rules for regulated operations to account for the regulatory treatment of these obligations (which, as described in Note B to the financial statements in Item 8, reconciles the amounts reflected in rates for the costs of the benefit to the costs actually incurred). In applying these accounting policies, the Companies have made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, discount rates, health care cost trends and future compensation. See Notes A, E and F to the financial statements in Item 8 for information about the Companies' pension and other postretirement benefits, the actuarial assumptions, actual performance, amortization of investment and other actuarial gains and losses and calculated plan costs for 2015, 2014 and 2013.

The discount rate for determining the present value of future period benefit payments is determined using a model to match the durations of highly-rated (Aa or higher by either Moody's or S&P) corporate bonds with the projected stream of benefit payments.

In determining the health care cost trend rate, the Companies review actual recent cost trends and projected future trends.

The cost of pension and other postretirement benefits in future periods will depend on actual returns on plan assets, assumptions for future periods, contributions and benefit experience. Con Edison's and CECONY's current estimates for 2016 are decreases, compared with 2015, in their pension and other postretirement benefits costs of $266 million and $251 million, respectively.

The following table illustrates the effect on 2016 pension and other postretirement costs of changing the critical actuarial assumptions, while holding all other actuarial assumptions constant:

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Actuarial Assumption	Change in Assumption	Pension	Other Postretirement Benefits	Total
		(Millions of Dollars)		
Increase in accounting cost:				
Discount rate				
Con Edison	(0.25)%	$58	$3	$61
CECONY	(0.25)%	$54	$2	$56
Expected return on plan assets				
Con Edison	(0.25)%	$29	$2	$31
CECONY	(0.25)%	$28	$2	$30
Health care trend rate				
Con Edison	1.00%	$—	$(3)	$(3)
CECONY	1.00%	$—	$(7)	$(7)
Increase in projected benefit obligation:				
Discount rate				
Con Edison	(0.25)%	$560	$36	$596
CECONY	(0.25)%	$528	$29	$557
Health care trend rate				
Con Edison	1.00%	$—	$(18)	$(18)
CECONY	1.00%	$—	$(37)	$(37)

A 5.0 percentage point variation in the actual annual return in 2016, as compared with the expected annual asset return of 7.80 percent, would change pension and other postretirement benefit costs for Con Edison and CECONY by approximately $38 million and $36 million, respectively, in 2017.

Pension benefits are provided through a pension plan maintained by Con Edison to which CECONY, O&R and the competitive energy businesses make contributions for their participating employees. Pension accounting by the Utilities includes an allocation of plan assets.

The Companies' policy is to fund their pension and other postretirement benefit accounting costs to the extent tax deductible, and for the Utilities, to the extent these costs are recovered under their rate plans. The Companies were not required to make cash contributions to the pension plan in 2015 under funding regulations and tax laws. However, CECONY and O&R made discretionary contributions to the pension plan in 2015 of $697 million and $53 million, respectively. In 2016, CECONY and O&R expect to make contributions to the pension plan of $469 million and $38 million, respectively. See "Expected Contributions" in Notes E and F to the financial statements in Item 8.

Accounting for Contingencies

The accounting rules for contingencies apply to an existing condition, situation or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. Known material contingencies, which are described in the notes to the financial statements, include certain regulatory matters (Note B), the Utilities' responsibility for hazardous substances, such as asbestos, PCBs and coal tar that have been used or generated in the course of operations (Note G), and other contingencies (Note H). In accordance with the accounting rules, the Companies have accrued estimates of losses relating to the contingencies as to which loss is probable and can be reasonably estimated and no liability has been accrued for contingencies as to which loss is not probable or cannot be reasonably estimated.

The Utilities generally recover costs for asbestos lawsuits, workers' compensation and environmental remediation pursuant to their current rate plans. Changes during the terms of the rate plans to the amounts accrued for these contingencies would not impact earnings.

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Accounting for Long-Lived Assets

The accounting rules for property, plant and equipment require that certain long-lived assets must be tested for recoverability whenever events or changes in circumstances indicate their carrying amounts may not be recoverable. The carrying amount of a long-lived asset is deemed not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Under the accounting rules, an impairment loss is recognized if the carrying amount is not recoverable from such cash flows, and exceeds its fair value, which approximates market value. In 2015, Con Edison recorded a $5 million impairment charge on Pike assets held for sale. See Note U to the financial statements in Item 8. No impairment charges on long-lived assets were recognized in 2014 and 2013.

Accounting for Goodwill

In accordance with the accounting rules for goodwill and intangible assets, Con Edison is required to test goodwill for impairment annually. See Note K to the financial statements in Item 8. Goodwill is tested for impairment using a two-step approach. The first step of the goodwill impairment test compares the estimated fair value of a reporting unit with its carrying value, including goodwill. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill of the reporting unit is considered not impaired. If the carrying value exceeds the estimated fair value of the reporting unit, the second step is performed to measure the amount of impairment loss, if any. The second step requires a calculation of the implied fair value of goodwill.

Goodwill was $429 million at December 31, 2015, which consists of $406 million related to the O&R merger and $23 million related to two energy services companies acquired by Con Edison Solutions and a gas storage company acquired by Con Edison Development. The most recent tests, which were performed during 2015, did not require any second-step assessment and did not result in any impairment. Con Edison's most significant assumptions surrounding the goodwill impairment tests relate to the estimates of reporting unit fair values. The company estimated fair values based primarily on discounted cash flows and on market values for a proxy group of companies. Estimates of future cash flows, projected growth rates and discount rates inherent in the cash flow estimates for the energy services companies and gas storage company may vary significantly from actual results, which could result in a future impairment of goodwill.

Accounting for Derivative Instruments

The Companies apply the accounting rules for derivatives and hedging to their derivative financial instruments. The Companies use derivative financial instruments to hedge market price fluctuations in related underlying transactions for the physical purchase and sale of electricity and gas and interest rate risk on certain debt securities. The Utilities are permitted by their respective regulators to reflect in rates all reasonably incurred gains and losses on these instruments. See “Financial and Commodity Market Risks” below and Note O to the financial statements in Item 8. Where the Companies are required to make mark-to-market estimates pursuant to the accounting rules, the estimates of gains and losses at a particular period end do not reflect the end results of particular transactions, and will most likely not reflect the actual gain or loss at the conclusion of a transaction. Substantially all of the estimated gains or losses are based on prices supplied by external sources such as the fair value of exchange-traded futures and options and the fair value of positions for which price quotations are available through or derived from brokers or other market sources.

Accounting for Leases

The Companies apply the accounting rules for leases and other related pronouncements to their leasing transactions. In accordance with the accounting rules, Con Edison accounted for Con Edison Development’s two “Lease In/Lease Out” or LILO transactions as leveraged leases. In 2013, a court disallowed tax losses claimed by Con Edison relating to Con Edison Development’s LILO transactions and the company subsequently terminated the transactions, resulting in charges to earnings of $95 million (after taxes of $63 million) and $1 million in 2013 and 2014, respectively. The transactions had an immaterial impact to earnings in 2015. See Notes J and L to the financial statements in Item 8.

Financial and Commodity Market Risks

The Companies are subject to various risks and uncertainties associated with financial and commodity markets. The most significant market risks include interest rate risk, commodity price risk, credit risk and investment risk.

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Interest Rate Risk

The Companies' interest rate risk relates primarily to variable rate debt and to new debt financing needed to fund capital requirements, including the construction expenditures of the Utilities and maturing debt securities. Con Edison and its businesses manage interest rate risk through the issuance of mostly fixed-rate debt with varying maturities and through opportunistic refinancing of debt. Con Edison and CECONY estimate that at December 31, 2015, a 10 percent increase in interest rates applicable to its variable rate debt would result in an increase in annual interest expense of $1 million. Under CECONY’s current gas, steam and electric rate plans, variations in actual variable rate tax-exempt debt interest expense are reconciled to levels reflected in rates.

Commodity Price Risk

Con Edison’s commodity price risk relates primarily to the purchase and sale of electricity, gas and related derivative instruments. The Utilities and Con Edison’s competitive energy businesses apply risk management strategies to mitigate their related exposures. See Note O to the financial statements in Item 8.

Con Edison estimates that, as of December 31, 2015, a 10 percent decline in market prices would result in a decline in fair value of $91 million for the derivative instruments used by the Utilities to hedge purchases of electricity and gas, of which $82 million is for CECONY and $9 million is for O&R. Con Edison expects that any such change in fair value would be largely offset by directionally opposite changes in the cost of the electricity and gas purchased. In accordance with provisions approved by state regulators, the Utilities generally recover from customers the costs they incur for energy purchased for their customers, including gains and losses on certain derivative instruments used to hedge energy purchased and related costs. See “Recoverable Energy Costs” in Note A to the financial statements in Item 8.

Con Edison’s competitive energy businesses use a value-at-risk (VaR) model to assess the market price risk of their portfolio of electricity and gas commodity fixed-price purchase and sales commitments, physical forward contracts, generating assets and commodity derivative instruments. VaR represents the potential change in fair value of the portfolio due to changes in market prices, for a specified time period and confidence level. These businesses estimate VaR across their portfolio using a delta-normal variance/covariance model with a 95 percent confidence level. Since the VaR calculation involves complex methodologies and estimates and assumptions that are based on past experience, it is not necessarily indicative of future results. VaR for the portfolio, assuming a one-day holding period, for the years ended December 31, 2015 and 2014, respectively, was as follows:

95% Confidence Level, One-Day Holding Period	2015	2014
	(Millions of Dollars)	
Average for the period	$1	$1
High	2	7
Low	—	—

The competitive energy businesses compare the measured VaR results against performance due to actual prices and stress test the portfolio each quarter using an assumed 30 percent price change from forecast. The stress test includes an assessment of the impact of volume changes on the portfolio because the businesses generally commit to sell their customers their actual requirements, an amount which is estimated when the sales commitments are made. The businesses limit the volume of commodity derivative instruments entered into relative to their estimated sale commitments to maintain net market price exposures to their estimated sale commitments within a certain percentage of maximum and minimum exposures.

Credit Risk

The Companies are exposed to credit risk related to transactions entered into primarily for the various energy supply and hedging activities by the Utilities and the competitive energy businesses. See “Credit Exposure” in Note O to the financial statements in Item 8.

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Investment Risk

The Companies' investment risk relates to the investment of plan assets for their pension and other postretirement benefit plans. See "Application of Critical Accounting Policies – Accounting for Pensions and Other Postretirement Benefits," above and Notes E and F to the financial statements in Item 8. The Companies' current investment policy for pension plan assets includes investment targets of 55 to 65 percent equities and 35 to 45 percent fixed income and other securities. At December 31, 2015, the pension plan investments consisted of 57 percent equity and 43 percent fixed income and other securities.

Environmental Matters

For information concerning climate change, environmental sustainability, potential liabilities arising from laws and regulations protecting the environment and other environmental matters, see "Environmental Matters" in Item 1 and Note G to the financial statements in Item 8.

Impact of Inflation

The Companies are affected by the decline in the purchasing power of the dollar caused by inflation. Regulation permits the Utilities to recover through depreciation only the historical cost of their plant assets even though in an inflationary economy the cost to replace the assets upon their retirement will substantially exceed historical costs. The impact is, however, partially offset by the repayment of the Companies' long-term debt in dollars of lesser value than the dollars originally borrowed.

Material Contingencies

For information concerning potential liabilities arising from the Companies' material contingencies, see "Application of Critical Accounting Policies – Accounting for Contingencies," above, and Notes B, G and H to the financial statements in Item 8.

Item 7A: Quantitative and Qualitative Disclosures about Market Risk

Con Edison

For information about Con Edison's primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments, see "Financial and Commodity Market Risks," in Item 7 (which information is incorporated herein by reference).

CECONY

For information about CECONY's primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments, see "Financial and Commodity Market Risks," in Item 7 (which information is incorporated herein by reference).

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All other schedules are omitted because they are not applicable or the required information is shown in financial statements or notes thereto.

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Supplementary Financial Information
Selected Quarterly Financial Data for the years ended December 31, 2015 and 2014 (Unaudited)

Con Edison	2015 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Millions of Dollars, except per share amounts)			
Operating revenues	$3,616	$2,788	$3,443	$2,707
Operating income	726	472	830	399
Net income	370	219	428	176
Basic earnings per share	$1.26	$0.75	$1.46	$0.60
Diluted earnings per share	$1.26	$0.74	$1.45	$0.60

Con Edison	2014 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Millions of Dollars, except per share amounts)			
Operating revenues	$3,789	$2,911	$3,390	$2,829
Operating income	685	455	819	250
Net income (a)	361	212	436	81
Basic earnings per share	$1.23	$0.73	$1.49	$0.28
Diluted earnings per share	$1.23	$0.72	$1.48	$0.28

(a) Reflects after-tax gain (or charge) in the first and fourth quarter of $7 million and $(8) million, respectively, relating to Con Edison Development's LILO transactions and in the second quarter of $26 million after-tax relating to its sale of solar electric production projects. For additional information about the LILO transactions and the solar electric production projects, see Note J and Q, respectively, to the financial statements in Item 8 (which information is incorporated herein by reference).

In the opinion of Con Edison, these quarterly amounts include all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation. The sum of the quarterly financial information may vary from the annual data due to rounding.

CECONY	2015 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Millions of Dollars)			
Operating revenues	$3,010	$2,283	$2,829	$2,206
Operating income	684	460	745	358
Net income	348	211	375	149

CECONY	2014 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(Millions of Dollars)			
Operating revenues	$3,204	$2,436	$2,838	$2,308
Operating income	643	386	756	354
Net income	334	172	399	153

In the opinion of CECONY, these quarterly amounts include all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation. The sum of the quarterly financial information may vary from the annual data due to rounding.

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Report of Management on Internal Control Over Financial Reporting

Management of Consolidated Edison, Inc. and its subsidiaries (the Company) is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of the effectiveness of controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management of the Company assessed the effectiveness of internal control over financial reporting as of December 31, 2015, using the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework (2013). Based on that assessment, management has concluded that the Company had effective internal control over financial reporting as of December 31, 2015.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2015, has been audited by PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, as stated in their report which appears on the following page of this Annual Report on Form 10-K.

/s/ John McAvoy
John McAvoy
Chairman, President and Chief Executive Officer

/s/ Robert Hoglund
Robert Hoglund
Senior Vice President and Chief Financial Officer

February 18, 2016

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Consolidated Edison, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Consolidated Edison, Inc. and its subsidiaries (the Company) at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the accompanying index present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedules, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

New York, New York

February 18, 2016

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Consolidated Edison, Inc.
Consolidated Income Statement

	For the Years Ended December 31,		
(Millions of Dollars/Except Share Data)	2015	2014	2013
OPERATING REVENUES			
Electric	$8,832	$9,114	$8,756
Gas	1,709	1,933	1,821
Steam	629	628	683
Non-utility	1,384	1,244	1,094
TOTAL OPERATING REVENUES	12,554	12,919	12,354
OPERATING EXPENSES			
Purchased power	2,973	3,417	3,099
Fuel	248	285	320
Gas purchased for resale	495	811	635
Other operations and maintenance	3,344	3,294	3,137
Depreciation and amortization	1,130	1,071	1,024
Taxes, other than income taxes	1,937	1,877	1,895
TOTAL OPERATING EXPENSES	10,127	10,755	10,110
Gain on sale of solar electric production projects	—	45	—
OPERATING INCOME	2,427	2,209	2,244
OTHER INCOME (DEDUCTIONS)			
Investment and other income	35	54	24
Allowance for equity funds used during construction	5	2	4
Other deductions	(16)	(14)	(15)
TOTAL OTHER INCOME	24	42	13
INCOME BEFORE INTEREST AND INCOME TAX EXPENSE	2,451	2,251	2,257
INTEREST EXPENSE			
Interest on long-term debt	632	587	578
Other interest	24	5	143
Allowance for borrowed funds used during construction	(3)	(1)	(2)
NET INTEREST EXPENSE	653	591	719
INCOME BEFORE INCOME TAX EXPENSE	1,798	1,660	1,538
INCOME TAX EXPENSE	605	568	476
NET INCOME	$1,193	$1,092	$1,062
Net income per common share — basic	$4.07	$3.73	$3.62
Net income per common share — diluted	$4.05	$3.71	$3.61
DIVIDENDS DECLARED PER COMMON SHARE	$2.60	$2.52	$2.46
AVERAGE NUMBER OF SHARES OUTSTANDING — BASIC (IN MILLIONS)	293.0	292.9	292.9
AVERAGE NUMBER OF SHARES OUTSTANDING — DILUTED (IN MILLIONS)	294.4	294.0	294.4

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

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Consolidated Edison, Inc.
Consolidated Statement of Comprehensive Income

	For the Years Ended December 31,		
(Millions of Dollars)	2015	2014	2013
NET INCOME	$1,193	$1,092	$1,062
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAXES			
Pension and other postretirement benefit plan liability adjustments, net of taxes	11	(20)	28
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAXES	11	(20)	28
COMPREHENSIVE INCOME	$1,204	$1,072	$1,090

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

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Consolidated Edison, Inc.
Consolidated Statement of Cash Flows

	For the Years Ended December 31,		
(Millions of Dollars)	2015	2014	2013
OPERATING ACTIVITIES			
Net Income	$1,193	$1,092	$1,062
PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME			
Depreciation and amortization	1,130	1,071	1,024
Deferred income taxes	653	518	40
Rate case amortization and accruals	(52)	121	21
Common equity component of allowance for funds used during construction	(5)	(2)	(4)
Net derivative (gains)/losses	3	128	(74)
Pre-tax gains on termination of LILO transactions	—	—	(95)
Pre-tax gain on sale of solar electric production projects	—	(45)	—
Other non-cash items, net	77	(35)	91
CHANGES IN ASSETS AND LIABILITIES			
Accounts receivable - customers	96	44	(29)
Special deposits	5	312	(257)
Materials and supplies, including fuel oil and gas in storage	22	(10)	(33)
Other receivables and other current assets	(32)	4	34
Income taxes receivable	58	(224)	—
Prepayments	(14)	(27)	23
Accounts payable	(79)	(9)	(118)
Pensions and retiree benefits obligations, net	756	822	829
Pensions and retiree benefits contributions	(756)	(584)	(887)
Accrued taxes	(10)	(404)	314
Accrued interest	4	(113)	96
Superfund and environmental remediation costs, net	22	28	(4)
Distributions from equity investments	31	—	—
Deferred charges, noncurrent assets and other regulatory assets	(111)	(361)	(162)
Deferred credits and other regulatory liabilities	182	498	637
Other current and noncurrent liabilities	104	7	44
NET CASH FLOWS FROM OPERATING ACTIVITIES	3,277	2,831	2,552
INVESTING ACTIVITIES			
Utility construction expenditures	(2,562)	(2,239)	(2,339)
Cost of removal less salvage	(219)	(216)	(217)
Non-utility construction expenditures	(492)	(180)	(199)
Investments in/acquisitions of renewable electric production projects	(299)	(293)	(175)
Proceeds from grants related to solar electric production projects	—	36	93
Proceeds from sale of solar electric production projects	—	108	—
Restricted cash	(13)	15	(22)
Proceeds from the termination of LILO transactions	—	—	200
Other investing activities	(72)	10	—
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(3,657)	(2,759)	(2,659)
FINANCING ACTIVITIES			
Net issuance/(payment) of short-term debt	729	(651)	912
Issuance of long-term debt	1,147	1,850	919
Retirement of long-term debt	(500)	(480)	(709)

Debt issuance costs	(15)	(17)	(6)
Common stock dividends	(733)	(739)	(721)
Issuance of common shares for stock plans, net of repurchases	1	(10)	(8)
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	629	(47)	387
CASH AND TEMPORARY CASH INVESTMENTS:			
NET CHANGE FOR THE PERIOD	249	25	280
BALANCE AT BEGINNING OF PERIOD	699	674	394
BALANCE AT END OF PERIOD	948	699	674
LESS: HELD FOR SALE	4	—	—
BALANCE AT END OF PERIOD EXCLUDING HELD FOR SALE	$944	$699	$674
SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION			
Cash paid/(received) during the period for:			
Interest	$597	$561	$574
Income taxes	$(36)	$633	$69
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION			
Construction expenditures in accounts payable	$279	$179	$174
Issuance of common shares for dividend reinvestment	$28	$11	$10

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

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Consolidated Edison, Inc.
Consolidated Balance Sheet

(Millions of Dollars)	December 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and temporary cash investments	$944	$699
Special deposits	3	8
Accounts receivable — customers, less allowance for uncollectible accounts of $85 and $96 in 2015 and 2014, respectively	1,052	1,201
Other receivables, less allowance for uncollectible accounts of $11 and $10 in 2015 and 2014, respectively	304	133
Income taxes receivable	166	224
Accrued unbilled revenue	360	500
Fuel oil, gas in storage, materials and supplies, at average cost	350	372
Prepayments	177	163
Regulatory assets	132	138
Assets held for sale	157	—
Other current assets	191	278
TOTAL CURRENT ASSETS	3,836	3,716
INVESTMENTS	884	816
UTILITY PLANT, AT ORIGINAL COST		
Electric	26,358	25,091
Gas	6,858	6,102
Steam	2,336	2,251
General	2,622	2,465
TOTAL	38,174	35,909
Less: Accumulated depreciation	8,044	7,614
Net	30,130	28,295
Construction work in progress	1,003	1,031
NET UTILITY PLANT	31,133	29,326
NON-UTILITY PLANT		
Non-utility property, less accumulated depreciation of $95 and $91 in 2015 and 2014, respectively	832	388
Construction work in progress	244	113
NET PLANT	32,209	29,827
OTHER NONCURRENT ASSETS		
Goodwill	429	429
Intangible assets, less accumulated amortization of $4 in 2015 and 2014	2	3
Regulatory assets	8,096	9,142
Other deferred charges and noncurrent assets	186	138
TOTAL OTHER NONCURRENT ASSETS	8,713	9,712
TOTAL ASSETS	$45,642	$44,071

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

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Consolidated Edison, Inc.
Consolidated Balance Sheet

(Millions of Dollars)	December 31, 2015	December 31, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt due within one year	$739	$560
Notes payable	1,529	800
Accounts payable	1,008	1,035
Customer deposits	354	344
Accrued taxes	62	72
Accrued interest	136	132
Accrued wages	97	95
Fair value of derivative liabilities	66	64
Regulatory liabilities	115	163
Liabilities held for sale	89	—
Other current liabilities	525	492
TOTAL CURRENT LIABILITIES	4,720	3,757
NONCURRENT LIABILITIES		
Provision for injuries and damages	185	182
Pensions and retiree benefits	2,911	3,914
Superfund and other environmental costs	765	764
Asset retirement obligations	242	188
Fair value of derivative liabilities	39	13
Deferred income taxes and unamortized investment tax credits	9,537	8,948
Regulatory liabilities	1,977	1,993
Other deferred credits and noncurrent liabilities	199	181
TOTAL NONCURRENT LIABILITIES	15,855	16,183
LONG-TERM DEBT	12,006	11,546
EQUITY		
Common shareholders' equity	13,052	12,576
Noncontrolling interest	9	9
TOTAL EQUITY (See Statement of Equity)	13,061	12,585
TOTAL LIABILITIES AND EQUITY	$45,642	$44,071

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

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Consolidated Edison, Inc.
Consolidated Statement of Equity

(In Millions)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Capital Stock Expense	Accumulated Other Comprehensive Income/(Loss)	Noncontrolling Interest	Total
BALANCE AS OF DECEMBER 31, 2012	293	$32	$4,991	$7,997	23	$(1,037)	$(61)	$(53)		$11,869
Net income				1,062						1,062
Common stock dividends				(721)						(721)
Issuance of common shares for stock plans, net of repurchases	—		4		—	3				7
Other comprehensive income								28		28
BALANCE AS OF DECEMBER 31, 2013	293	$32	$4,995	$8,338	23	$(1,034)	$(61)	$(25)	$—	$12,245
Net income				1,092						1,092
Common stock dividends				(739)						(739)
Issuance of common shares for stock plans, net of repurchases	—		(4)		—	2				(2)
Other comprehensive loss								(20)		(20)
Noncontrolling interest									9	