

CONSOLIDATED EDISON INC
Form 10-Q
August 02, 2007
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FORM 10-Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

x Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended JUNE 30, 2007

OR

.. Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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

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

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

Con Edison
Large accelerated filer Accelerated filer Non-accelerated filer

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Con Edison of New York
Large accelerated filer

Accelerated filer

Non-accelerated filer

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

Con Edison Yes No

Con Edison of New York Yes No

As of the close of business on July 31, 2007, Con Edison had outstanding 270,975,263 Common Shares (\$.10 par value). All of the outstanding common equity of Con Edison of New York is held by Con Edison.

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Filing Format

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

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GLOSSARY OF TERMS

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

Con Edison Companies

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

Regulatory and State Agencies

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

Other

ABO	Accumulated Benefit Obligation
APB	Accounting Principles Board
AFDC	Allowance for funds used during construction
CO ₂	Carbon dioxide
COSO	Committee of Sponsoring Organizations of the Treadway Commission
DIG	Derivatives Implementation Group
District Court	The United States District Court for the Southern District of New York
dths	Dekatherms
EITF	Emerging Issues Task Force
EMF	Electric and magnetic fields

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Other

ERRP	East River Repowering Project
FASB	Financial Accounting Standards Board
FIN	FASB Interpretation No.
First Quarter Form 10-Q	The Companies' combined Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007
Fitch	Fitch Ratings
Form 10-K	The Companies' combined Annual Report on Form 10-K for the year ended December 31, 2006
FSP	FASB Staff Position
GHG	Greenhouse gases
kV	Kilovolts
kWh	Kilowatt-hour
LILLO	Lease In/Lease Out
LTIP	Long Term Incentive Plan
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
mdths	Thousand dekatherms
MGP Sites	Manufactured gas plant sites
mmlbs	Million pounds
Moody's	Moody's Investors Service
MVA	Megavolt amperes
MW	Megawatts or thousand kilowatts
MWH	Megawatt hour
NUGs	Non-utility generators
OCI	Other Comprehensive Income
PCBs	Polychlorinated biphenyls
PPA	Power purchase agreement
PRP	Potentially responsible party
S&P	Standard & Poor's Rating Services
SFAS	Statement of Financial Accounting Standards
SO ₂	Sulfur dioxide
SSCM	Simplified service cost method
Second Quarter Form 10-Q	The Companies' combined Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007
Superfund	Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes
VaR	Value-at-Risk
VIE	Variable interest entity

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Consolidated Edison, Inc.

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

	<i>June 30, 2007</i>	<i>December 31, 2006</i>
	<i>(Millions of Dollars)</i>	
ASSETS		
UTILITY PLANT, AT ORIGINAL COST		
Electric	\$ 15,417	\$ 14,775
Gas	3,307	3,233
Steam	1,717	1,691
General	1,675	1,635
TOTAL	22,116	21,334
Less: Accumulated depreciation	4,684	4,583
Net	17,432	16,751
Construction work in progress	858	872
NET UTILITY PLANT	18,290	17,623
NON-UTILITY PLANT		
Generating assets, less accumulated depreciation of \$140 and \$127 in 2007 and 2006, respectively	773	785
Non-utility property, less accumulated depreciation of \$39 and \$36 in 2007 and 2006, respectively	31	34
Construction work in progress	3	3
NET PLANT	19,097	18,445
CURRENT ASSETS		
Cash and temporary cash investments	186	94
Restricted cash	17	18
Accounts receivable - customers, less allowance for uncollectible accounts of \$45 in 2007 and 2006	867	825
Accrued unbilled revenue	138	122
Other receivables, less allowance for uncollectible accounts of \$6 and \$4 in 2007 and 2006, respectively	446	522
Fuel oil, at average cost	52	56
Gas in storage, at average cost	188	253
Materials and supplies, at average cost	141	157
Prepayments	125	157
Fair value of derivative assets	52	122
Recoverable energy costs	206	235
Deferred derivative losses	177	237
Other current assets	56	139
TOTAL CURRENT ASSETS	2,651	2,937
INVESTMENTS		
DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS		
Goodwill	408	406
Intangible assets, less accumulated amortization of \$39 and \$34 in 2007 and 2006, respectively	75	80
Regulatory assets	4,110	4,179
Other deferred charges and noncurrent assets	428	286
TOTAL DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS	5,021	4,951
TOTAL ASSETS	\$ 27,150	\$ 26,699

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

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

	<i>June 30, 2007</i>	<i>December 31, 2006</i>
	<i>(Millions of Dollars)</i>	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common shareholders' equity (See Statement of Common Shareholders' Equity)	\$ 8,806	\$ 8,004
Preferred stock of subsidiary	213	213
Long-term debt	7,778	8,298
TOTAL CAPITALIZATION	16,797	16,515
MINORITY INTERESTS	42	41
NONCURRENT LIABILITIES		
Obligations under capital leases	24	26
Provision for injuries and damages	156	155
Pension and retiree benefits	857	737
Superfund and other environmental costs	330	292
Uncertain income taxes	147	
Asset retirement obligations	99	97
Fair value of derivative liabilities	57	97
Other noncurrent liabilities	92	93
TOTAL NONCURRENT LIABILITIES	1,762	1,497
CURRENT LIABILITIES		
Long-term debt due within one year	536	374
Notes payable	315	117
Accounts payable	1,119	1,126
Customer deposits	240	228
Accrued taxes	51	36
Accrued interest	136	139
Accrued wages	87	79
Fair value of derivative liabilities	185	395
Deferred derivative gains	9	6
Deferred income taxes - recoverable energy costs	84	96
Other current liabilities	252	276
TOTAL CURRENT LIABILITIES	3,014	2,872
DEFERRED CREDITS AND REGULATORY LIABILITIES		
Deferred income taxes and investment tax credits	4,104	4,095
Regulatory liabilities	1,411	1,657
Other deferred credits	20	22
TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES	5,535	5,774
TOTAL CAPITALIZATION AND LIABILITIES	\$ 27,150	\$ 26,699

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

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Consolidated Edison, Inc.

CONSOLIDATED INCOME STATEMENT

(UNAUDITED)

	<i>For the Three Months Ended June 30,</i>		<i>For the Six Months Ended June 30,</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>(Millions of Dollars/Except Share Data)</i>			
OPERATING REVENUES				
Electric	\$ 1,896	\$ 1,666	\$ 3,683	\$ 3,425
Gas	422	349	1,271	1,192
Steam	128	106	422	381
Non-utility	583	434	1,071	874
TOTAL OPERATING REVENUES	3,029	2,555	6,447	5,872
OPERATING EXPENSES				
Purchased power	1,251	1,019	2,361	2,203
Fuel	181	145	450	400
Gas purchased for resale	250	189	764	745
Other operations and maintenance	504	437	1,002	877
Depreciation and amortization	167	153	331	305
Taxes, other than income taxes	318	299	647	617
Income taxes	78	65	229	172
TOTAL OPERATING EXPENSES	2,749	2,307	5,784	5,319
OPERATING INCOME	280	248	663	553
OTHER INCOME (DEDUCTIONS)				
Investment and other income	21	8	36	20
Allowance for equity funds used during construction	2	1	3	2
Preferred stock dividend requirements of subsidiary	(3)	(3)	(6)	(6)
Other deductions	(13)	(4)	(18)	(9)
Income taxes	5	6	10	1
TOTAL OTHER INCOME (DEDUCTIONS)	12	8	25	8
INTEREST EXPENSE				
Interest on long-term debt	126	119	254	232
Other interest	14	12	29	25
Allowance for borrowed funds used during construction	(2)	(1)	(5)	(2)
NET INTEREST EXPENSE	138	130	278	255
INCOME FROM CONTINUING OPERATIONS	154	126	410	306
INCOME FROM DISCONTINUED OPERATIONS (NET OF INCOME TAXES)		(2)		(1)
NET INCOME	\$ 154	\$ 124	\$ 410	\$ 305
EARNINGS PER COMMON SHARE - BASIC				
Continuing operations	\$ 0.58	\$ 0.51	\$ 1.57	\$ 1.24
Discontinued operations		(0.01)		
Net income	\$ 0.58	\$ 0.50	\$ 1.57	\$ 1.24
EARNINGS PER COMMON SHARE - DILUTED				
Continuing operations	\$ 0.58	\$ 0.51	\$ 1.56	\$ 1.24
Discontinued operations		(0.01)		
Net income	\$ 0.58	\$ 0.50	\$ 1.56	\$ 1.24
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$ 0.580	\$ 0.575	\$ 1.160	\$ 1.150
AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC (IN MILLIONS)	264.9	245.9	261.9	245.7
AVERAGE NUMBER OF SHARES OUTSTANDING - DILUTED (IN MILLIONS)	266.2	246.7	263.1	246.7

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

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Consolidated Edison, Inc.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**(UNAUDITED)**

	<i>For the Three Months Ended June 30,</i>		<i>For the Six Months Ended June 30,</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>(Millions of Dollars)</i>			
NET INCOME	\$ 154	\$ 124	\$ 410	\$ 305
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAXES				
Pension plan liability adjustments, net of \$1, \$0, \$2 and \$(3) taxes in 2007 and 2006, respectively	2		3	(4)
Unrealized gains/(losses) on derivatives qualified as cash flow hedges, net of \$(11), \$(8), \$3 and \$(40) taxes in 2007 and 2006, respectively	(19)	(11)	4	(57)
Less: Reclassification adjustment for losses included in net income, net of \$(5), \$(10), \$(14) and \$(28) taxes in 2007 and 2006, respectively	(8)	(14)	(20)	(40)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAXES	(9)	3	27	(21)
COMPREHENSIVE INCOME	\$ 145	\$ 127	\$ 437	\$ 284

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

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Consolidated Edison, Inc.

CONSOLIDATED STATEMENT OF COMMON SHAREHOLDERS EQUITY

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(UNAUDITED)

	<i>Common Stock</i>		<i>Additional Paid- In Capital</i>		<i>Retained Earnings</i>		<i>Treasury Stock</i>		<i>Accumulated Other Comprehensive Capital Stock Expense Loss</i>		<i>Total</i>
	<i>Shares</i>	<i>Amount</i>				<i>Shares</i>	<i>Amount</i>				
	<i>(Millions of Dollars/Except Share Data)</i>										
BALANCE AS OF DECEMBER 31, 2005	245,286,058	\$ 27	\$ 2,768	\$ 5,605	23,210,700	\$ (1,001)	\$ (55)	\$ (34)	\$ 7,310		
Net income				181							181
Common stock dividends				(141)							(141)
Issuance of common shares dividend reinvestment and employee stock plans	456,347		24								24
Stock options			(23)	35							12
Other comprehensive loss								(24)			(24)
BALANCE AS OF MARCH 31, 2006	245,742,405	\$ 27	\$ 2,769	\$ 5,680	23,210,700	\$ (1,001)	\$ (55)	\$ (58)	\$ 7,362		
Net income				124							124
Common stock dividends				(142)							(142)
Issuance of common shares dividend reinvestment and employee stock plans	491,822		28								28
Other comprehensive income								3			3
BALANCE AS OF JUNE 30, 2006	246,234,227	\$ 27	\$ 2,797	\$ 5,662	23,210,700	\$ (1,001)	\$ (55)	\$ (55)	\$ 7,375		
BALANCE AS OF DECEMBER 31, 2006	257,456,303	\$ 28	\$ 3,314	\$ 5,804	23,210,700	\$ (1,001)	\$ (58)	\$ (83)	\$ 8,004		
Net income				256							256
Common stock dividends				(150)							(150)
Issuance of common shares dividend reinvestment and employee stock plans	1,327,669		61								61
Other comprehensive income								36			36
BALANCE AS OF MARCH 31, 2007	258,783,972	\$ 28	\$ 3,375	\$ 5,910	23,210,700	\$ (1,001)	\$ (58)	\$ (47)	\$ 8,207		
Net income				154							154
Common stock dividends				(156)							(156)
Issuance of common shares public offering	11,000,000	1	559				(2)				558
Issuance of common shares dividend reinvestment and employee stock plans	1,089,068		52								52
Other comprehensive loss								(9)			(9)
BALANCE AS OF JUNE 30, 2007	270,873,040	\$ 29	\$ 3,986	\$ 5,908	23,210,700	\$ (1,001)	\$ (60)	\$ (56)	\$ 8,806		

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

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

	<i>For the Six Months Ended June 30,</i>	
	<u>2007</u>	<u>2006</u>
	<i>(Millions of Dollars)</i>	
OPERATING ACTIVITIES		
Net Income	\$ 410	\$ 305
PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME		
Depreciation and amortization	331	305
Deferred income taxes	89	11
Rate case amortization and accruals	(254)	(137)
Common equity component of allowance for funds used during construction	(3)	(2)
Prepaid pension costs (net of capitalized amounts)	71	15
Other non-cash items (net)	(55)	122
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable - customers, less allowance for uncollectibles	(42)	347
Materials and supplies, including fuel oil and gas in storage	85	22
Other receivables and other current assets	143	(104)
Prepayments	32	286
Recoverable energy costs	74	89
Accounts payable	(7)	(273)
Pensions and retiree benefits	13	61
Accrued taxes	22	(63)
Accrued interest	(3)	23
Deferred charges, noncurrent assets and other regulatory assets	(257)	(125)
Deferred credits and other regulatory liabilities	146	(9)
Other assets	(10)	8
Other liabilities	36	(78)
NET CASH FLOWS FROM OPERATING ACTIVITIES	821	803
INVESTING ACTIVITIES		
Utility construction expenditures (excluding capitalized support costs of \$(30) and \$(22) in 2007 and 2006, respectively)	(891)	(872)
Cost of removal less salvage	(73)	(83)
Non-utility construction expenditures	(3)	(2)
Common equity component of allowance for funds used during construction	3	2
Restricted cash	1	(3)
Proceeds from sale of properties	30	60
Proceeds from sale of Con Edison Communications		39
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(933)	(859)
FINANCING ACTIVITIES		
Net proceeds from/(payments of) short-term debt	198	(403)
Retirement of long-term debt	(359)	(109)
Issuance of long-term debt		800

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Issuance of common stock	651	20
Debt issuance costs		(7)
Common stock dividends	(286)	(263)
NET CASH FLOWS FROM FINANCING ACTIVITIES	204	38
<hr/>		
CASH AND TEMPORARY CASH INVESTMENTS:		
NET CHANGE FOR THE PERIOD	92	(18)
BALANCE AT BEGINNING OF PERIOD	94	81
<hr/>		
BALANCE AT END OF PERIOD	\$ 186	\$ 63
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 226	\$ 212
Income taxes	\$ 75	\$ 171

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

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Consolidated Edison Company of New York, Inc.

CONSOLIDATED BALANCE SHEET**(UNAUDITED)**

	<i>June 30, 2007</i>	<i>December 31, 2006</i>
	<i>(Millions of Dollars)</i>	
ASSETS		
UTILITY PLANT, AT ORIGINAL COST		
Electric	\$ 14,479	\$ 13,872
Gas	2,915	2,848
Steam	1,717	1,691
General	1,546	1,510
TOTAL	20,657	19,921
Less: Accumulated depreciation	4,267	4,173
Net	16,390	15,748
Construction work in progress	833	832
NET UTILITY PLANT	17,223	16,580
NON-UTILITY PROPERTY		
Non-utility property, less accumulated depreciation of \$17 in 2007 and 2006	13	15
NET PLANT	17,236	16,595
CURRENT ASSETS		
Cash and temporary cash investments	60	47
Accounts receivable - customers, less allowance for uncollectible accounts of \$41 and \$40 in 2007 and 2006, respectively	719	716
Other receivables, less allowance for uncollectible accounts of \$5 and \$3 in 2007 and 2006, respectively	333	365
Accounts receivable from affiliated companies	104	138
Fuel oil, at average cost	45	47
Gas in storage, at average cost	149	193
Materials and supplies, at average cost	127	126
Prepayments	77	84
Fair value of derivative assets	3	
Recoverable energy costs	185	213
Deferred derivative losses	167	213
Other current assets	3	14
TOTAL CURRENT ASSETS	1,972	2,156
INVESTMENTS		
	101	91
DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS		
Regulatory assets	3,710	3,764
Other deferred charges and noncurrent assets	340	210
TOTAL DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS	4,050	3,974
TOTAL ASSETS	\$ 23,359	\$ 22,816

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

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Consolidated Edison Company of New York, Inc.

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

	<i>June 30, 2007</i>	<i>December 31, 2006</i>
	<i>(Millions of Dollars)</i>	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common shareholder s equity (See Statement of Common Shareholder s Equity)	\$ 7,761	\$ 7,132
Preferred stock	213	213
Long-term debt	6,743	6,925
TOTAL CAPITALIZATION	14,717	14,270
NONCURRENT LIABILITIES		
Obligations under capital leases	24	26
Provision for injuries and damages	150	148
Pensions and retiree benefits	553	449
Superfund and other environmental costs	282	243
Uncertain income taxes	134	
Asset retirement obligations	99	96
Fair value of derivative liabilities	21	35
Other noncurrent liabilities	76	72
TOTAL NONCURRENT LIABILITIES	1,339	1,069
CURRENT LIABILITIES		
Long-term debt due within one year	510	330
Accounts payable	852	866
Accounts payable to affiliated companies	15	14
Customer deposits	225	214
Accrued taxes	147	118
Accrued interest	122	121
Accrued wages	81	71
Fair value of derivative liabilities	83	193
Deferred derivative gains	7	5
Deferred income taxes - recoverable energy costs	75	87
Other current liabilities	215	233
TOTAL CURRENT LIABILITIES	2,332	2,252
DEFERRED CREDITS AND REGULATORY LIABILITIES		
Deferred income taxes and investment tax credits	3,680	3,682
Regulatory liabilities	1,274	1,524
Other deferred credits	17	19
TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES	4,971	5,225
TOTAL CAPITALIZATION AND LIABILITIES	\$ 23,359	\$ 22,816

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

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Consolidated Edison Company of New York, Inc.

CONSOLIDATED INCOME STATEMENT**(UNAUDITED)**

	<i>For the Three Months Ended June 30,</i>		<i>For the Six Months Ended June 30,</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>(Millions of Dollars)</i>			
OPERATING REVENUES				
Electric	\$ 1,731	\$ 1,543	\$ 3,374	\$ 3,176
Gas	377	316	1,113	1,052
Steam	128	106	422	381
TOTAL OPERATING REVENUES	2,236	1,965	4,909	4,609
OPERATING EXPENSES				
Purchased power	713	642	1,369	1,417
Fuel	123	100	335	293
Gas purchased for resale	216	169	650	628
Other operations and maintenance	431	364	863	739
Depreciation and amortization	147	135	292	268
Taxes, other than income taxes	303	282	615	581
Income taxes	61	55	197	168
TOTAL OPERATING EXPENSES	1,994	1,747	4,321	4,094
OPERATING INCOME	242	218	588	515
OTHER INCOME (DEDUCTIONS)				
Investment and other income	15	5	25	15
Allowance for equity funds used during construction	2	1	3	2
Other deductions	(3)	(3)	(7)	(7)
Income taxes	(2)	3		2
TOTAL OTHER INCOME (DEDUCTIONS)	12	6	21	12
INTEREST EXPENSE				
Interest on long-term debt	105	96	209	185
Other interest	9	10	23	20
Allowance for borrowed funds used during construction	(2)	(1)	(4)	(2)
NET INTEREST EXPENSE	112	105	228	203
NET INCOME	142	119	381	324
PREFERRED STOCK DIVIDEND REQUIREMENTS	3	3	6	6
NET INCOME FOR COMMON STOCK	\$ 139	\$ 116	\$ 375	\$ 318

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Consolidated Edison Company of New York, Inc.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**(UNAUDITED)**

	<i>For the Three Months</i>		<i>For the Six Months</i>	
	<i>Ended June 30,</i>		<i>Ended June 30,</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>(Millions of Dollars)</i>			
NET INCOME	\$ 142	\$ 119	\$ 381	\$ 324
OTHER COMPREHENSIVE LOSS, NET OF TAXES				
Pension plan liability adjustments, net of \$0, \$0, \$0 and \$(3) taxes in 2007 and 2006, respectively				(4)
Unrealized losses on derivatives qualified as cash flow hedges				(1)
TOTAL OTHER COMPREHENSIVE LOSS, NET OF TAXES				(5)
COMPREHENSIVE INCOME	\$ 142	\$ 119	\$ 381	\$ 319

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

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Consolidated Edison Company of New York, Inc.
CONSOLIDATED STATEMENT OF COMMON SHAREHOLDERS EQUITY

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(UNAUDITED)

	<i>Common Stock</i>		<i>Additional Paid- In Capital</i>	<i>Retained Earnings</i>	<i>Repurchased Con Edison Stock</i>	<i>Capital Stock Expense</i>	<i>Accumulated Other Comprehensive Loss</i>	<i>Total</i>
	<i>Shares</i>	<i>Amount</i>						
	<i>(Millions of Dollars/Except Share Data)</i>							
BALANCE AS OF DECEMBER 31, 2005	235,488,094	\$ 589	\$ 1,802	\$ 5,074	\$ (962)	\$ (55)	\$ (11)	\$ 6,437
Net income				205				205
Common stock dividend to parent				(113)				(113)
Cumulative preferred dividends				(3)				(3)
Other comprehensive loss							(5)	(5)
BALANCE AS OF MARCH 31, 2006	235,488,094	\$ 589	\$ 1,802	\$ 5,163	\$ (962)	\$ (55)	\$ (16)	\$ 6,521
Net income				119				119
Common stock dividend to parent				(115)				(115)
Cumulative preferred dividends				(3)				(3)
BALANCE AS OF JUNE 30, 2006	235,488,094	\$ 589	\$ 1,802	\$ 5,164	\$ (962)	\$ (55)	\$ (16)	\$ 6,522
BALANCE AS OF DECEMBER 31, 2006	235,488,094	\$ 589	\$ 2,252	\$ 5,320	\$ (962)	\$ (58)	\$ (9)	\$ 7,132
Net income				239				239
Common stock dividend to parent				(131)				(131)
Cumulative preferred dividends				(3)				(3)
BALANCE AS OF MARCH 31, 2007	235,488,094	\$ 589	\$ 2,252	\$ 5,425	\$ (962)	\$ (58)	\$ (9)	\$ 7,237
Net income				142				142
Common stock dividend to parent				(131)				(131)
Capital contribution by parent			518			(2)		516
Cumulative preferred dividends				(3)				(3)
BALANCE AS OF JUNE 30, 2007	235,488,094	\$ 589	\$ 2,770	\$ 5,433	\$ (962)	\$ (60)	\$ (9)	\$ 7,761

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

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Consolidated Edison Company of New York, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

	<i>For the Six Months Ended June 30,</i>	
	<i>2007</i>	<i>2006</i>
	<i>(Millions of Dollars)</i>	
OPERATING ACTIVITIES		
Net income	\$ 381	\$ 324
PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME		
Depreciation and amortization	292	268
Deferred income taxes	86	31
Rate case amortization and accruals	(254)	(137)
Common equity component of allowance for funds used during construction	(3)	(2)
Prepaid pension costs (net of capitalized amounts)	12	15
Other non-cash items (net)	(32)	(1)
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable - customers, less allowance for uncollectibles	(3)	308
Materials and supplies, including fuel oil and gas in storage	45	4
Other receivables and other current assets	89	(39)
Prepayments	7	350
Recoverable energy costs	69	85
Accounts payable	(18)	(289)
Pensions and retiree benefits	(7)	35
Accrued taxes	35	(94)
Accrued interest	1	23
Deferred charges, noncurrent assets and other regulatory assets	(248)	(125)
Deferred credits and other regulatory liabilities	156	(4)
Other assets	(1)	
Other liabilities	48	(67)
NET CASH FLOWS FROM OPERATING ACTIVITIES	655	685
INVESTING ACTIVITIES		
Utility construction expenditures (excluding capitalized support costs of \$(30) and \$(22) in 2007 and 2006, respectively)	(852)	(823)
Cost of removal less salvage	(71)	(82)
Common equity component of allowance for funds used during construction	3	2
Proceeds from sale of properties	30	60
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(890)	(843)
FINANCING ACTIVITIES		
Net payments of short-term debt		(323)
Retirement of long-term debt		(100)
Issuance of long-term debt		800
Debt issuance costs		(7)
Capital contribution by parent	516	
Dividend to parent	(262)	(228)
Preferred stock dividends	(6)	(6)
NET CASH FLOWS FROM FINANCING ACTIVITIES	248	136
CASH AND TEMPORARY CASH I		