CONSOLIDATED EDISON INC

10-Q

Quarterly report pursuant to sections 13 or 15(d)
Filed on 05/05/2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2011

OR

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

For the transition period from __________ to __________

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

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

Consolidated Edison, Inc. (Con Edison)	Yes ☒	No ☐
Consolidated Edison of New York, Inc. (CECONY)	Yes ☒	No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Con Edison	Yes ☒	No ☐
CECONY	Yes ☒	No ☐

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

Con Edison			
Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐
CECONY			
Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☒	Smaller reporting company ☐

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

Con Edison	Yes ☐	No ☒
CECONY	Yes ☐	No ☒

As of April 29, 2011, Con Edison had outstanding 292,577,516 Common Shares ($.10 par value). All of the outstanding common equity of CECONY is held by Con Edison.

Filing Format

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

Table of Contents

Table of Contents

Table of Contents

Glossary of Terms

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

Con Edison Companies

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

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

EPA	U. S. Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
IRS	Internal Revenue Service
ISO-NE	ISO New England Inc.
NJBPU	New Jersey Board of Public Utilities
NJDEP	New Jersey Department of Environmental Protection
NYAG	New York State Attorney General
NYISO	New York Independent System Operator
NYPA	New York Power Authority
NYSDEC	New York State Department of Environmental Conservation
NYSERDA	New York State Energy Research and Development Authority
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

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

Environmental

CO_2	Carbon dioxide
GHG	Greenhouse gases
MGP Sites	Manufactured gas plant sites
PCBs	Polychlorinated biphenyls
PRP	Potentially responsible party
SO_2	Sulfur dioxide
Superfund	Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes

Table of Contents

Units of Measure

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

Other

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

Forward-Looking Statements

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

Table of Contents

Consolidated Edison, Inc.
CONSOLIDATED INCOME STATEMENT (UNAUDITED)

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

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

Table of Contents

Consolidated Edison, Inc.
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

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

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

Table of Contents

Consolidated Edison, Inc.
CONSOLIDATED BALANCE SHEET

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

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

Table of Contents

Consolidated Edison, Inc.
CONSOLIDATED BALANCE SHEET

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

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

Table of Contents

Consolidated Edison, Inc.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

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

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

Table of Contents

Consolidated Edison, Inc.
CONSOLIDATED STATEMENT OF COMMON SHAREHOLDERS' EQUITY (UNAUDITED)

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

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

Table of Contents

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

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

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

Table of Contents

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

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

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

Table of Contents

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

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

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

Table of Contents

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

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

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

Table of Contents

Consolidated Edison Company of New York, Inc.
CONSOLIDATED STATEMENT OF COMMON SHAREHOLDER'S EQUITY (UNAUDITED)

	Common Stock		Additional	Retained	Repurchased	Capital	Accumulated Other	
(Millions of Dollars/Except Share Data)	Shares	Amount	Paid-In Capital	Earnings	Con Edison Stock	Stock Expense	Comprehensive Income/(Loss)	Total
BALANCE AS OF DECEMBER 31, 2009	235,488,094	$ 589	$ 3,877	$ 5,909	$ (962)	$ (62)	$ (4)	$ 9,347
Net income				246				246
Capital contribution from parent			12					12
Common stock dividend to parent				(167)				(167)
Cumulative preferred dividends				(3)				(3)
BALANCE AS OF MARCH 31, 2010	235,488,094	$ 589	$ 3,889	$ 5,985	$ (962)	$ (62)	$ (4)	$ 9,435
BALANCE AS OF DECEMBER 31, 2010	235,488,094	$ 589	$ 4,234	$ 6,132	$ (962)	$ (64)	$ (6)	$ 9,923
Net income				271				271
Common stock dividend to parent				(170)				(170)
Cumulative preferred dividends				(3)				(3)
BALANCE AS OF MARCH 31, 2011	235,488,094	$ 589	$ 4,234	$ 6,230	$ (962)	$ (64)	$ (6)	$ 10,021

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

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

General

These combined notes accompany and form an integral part of the separate consolidated financial statements of each of the two separate registrants: Consolidated Edison, Inc. and its subsidiaries (Con Edison) and Consolidated Edison Company of New York, Inc. and its subsidiaries (CECONY). CECONY is a subsidiary of Con Edison and as such its financial condition and results of operations and cash flows, which are presented separately in the CECONY consolidated financial statements, are also consolidated, along with those of Con Edison's other utility subsidiary, Orange and Rockland Utilities, Inc. (O&R), and Con Edison's competitive energy businesses (discussed below) in Con Edison's consolidated financial statements. The term "Utilities" is used in these notes to refer to CECONY and O&R.

As used in these notes, the term "Companies" refers to Con Edison and CECONY and, except as otherwise noted, the information in these combined notes relates to each of the Companies. However, CECONY makes no representation as to information relating to Con Edison or the subsidiaries of Con Edison other than itself.

The separate interim consolidated financial statements of each of the Companies are unaudited but, in the opinion of their respective managements, reflect all adjustments (which include only normally recurring adjustments) necessary for a fair presentation of the results for the interim periods presented. The Companies' separate interim consolidated financial statements should be read together with their separate audited financial statements (including the combined notes thereto) included in Item 8 of their combined Annual Report on Form 10-K for the year ended December 31, 2010 (the Form 10-K). Information in the notes to the consolidated financial statements in the Form 10-K referred to in these notes is incorporated by reference herein. The use of terms such as "see" or "refer to" shall be deemed to incorporate by reference into these notes the information to which reference is made.

Con Edison has two regulated utility subsidiaries: CECONY and O&R. CECONY provides electric service and gas service in New York City and Westchester County. The company also provides steam service in parts of Manhattan. O&R, along with its regulated utility subsidiaries, provides electric service in southeastern New York and adjacent areas of northern New Jersey and eastern Pennsylvania and gas service in southeastern New York and adjacent areas of eastern Pennsylvania. Con Edison has the following competitive energy businesses: Consolidated Edison Solutions, Inc. (Con Edison Solutions), a retail energy services company that sells electricity and also offers energy-related services; Consolidated Edison Energy, Inc. (Con Edison Energy), a wholesale energy supply and services company; and Consolidated Edison Development, Inc. (Con Edison Development), a company that develops and participates in infrastructure projects.

Note A — Summary of Significant Accounting Policies

Earnings Per Common Share

Reference is made to "Earnings Per Common Share" in Note A to the financial statements included in Item 8 of the Form 10-K. For the three months ended March 31, 2011 and 2010, Con Edison's basic and diluted EPS for Con Edison are calculated as follows:

(Millions of Dollars, except per share amounts/Shares in Millions)	2011	2010
Net income for common stock	$ 311	$ 226
Weighted average common shares outstanding – Basic	292.0	281.4
Add: Incremental shares attributable to effect of potentially dilutive securities	1.6	1.3
Adjusted weighted average common shares outstanding – Diluted	293.6	282.7
Earnings per Common Share – Basic		
Net income for common stock	$ 1.07	$ 0.80
Earnings per Common Share – Diluted		
Net income for common stock	$ 1.06	$ 0.80

Note B — Regulatory Matters

Reference is made to "Accounting Policies" in Note A and "Rate Agreements" in Note B to the financial statements included in Item 8 of the Form 10-K.

Rate Agreements

O&R — Electric

In April 2011, NYSPSC administrative law judges (ALJ) issued a recommended decision with respect to O&R's July 2010 electric rate filing recommending that the NYSPSC grant the company a $26.6 million rate increase, effective July 2011. The ALJ's recommended decision reflects a return on common equity of 9.2 percent and a common equity ratio of 49 percent. See "Regulatory Matters – O&R – Electric" in Note B to the financial statements in Item 8 of the Form 10-K.

Other Regulatory Matters

In February 2009, the NYSPSC commenced a proceeding to examine the prudence of certain CECONY expenditures (see "Investigations of Vendor Payments" in Note G). Pursuant to NYSPSC orders, a portion of the company's revenues (currently, $249 million, $32 million and $6 million on an annual basis for electric, gas and steam service, respectively) is being collected subject to potential refund to customers. At March 31, 2011, the company had collected an estimated $605 million from customers subject to potential refund in connection with this proceeding. In October 2010, a NYSPSC consultant reported its $21 million provisional assessment, which the company has disputed, of potential overcharges for construction work. The potential overcharges related to transactions that involved certain employees who were arrested and a contractor that performed work for the company. The NYSPSC's consultant is expected to continue to review the company's expenditures. The company is unable to estimate the amount, if any, of any such refund and, accordingly, has not established a regulatory liability for a refund.

In February 2011, the NYSPSC initiated a proceeding to examine the existing mechanisms pursuant to which utilities recover site investigation and remediation costs and possible alternatives. See Note G to the financial statements in Item 8 of the Form 10-K and Note F to the First Quarter Financial Statements.

Table of Contents

Regulatory Assets and Liabilities

Regulatory assets and liabilities at March 31, 2011 and December 31, 2010 were comprised of the following items:

	Con Edison		CECONY	
(Millions of Dollars)	2011	2010	2011	2010
Regulatory assets				
Unrecognized pension and other postretirement costs	$ 4,074	$ 4,371	$ 3,873	$ 4,152
Future federal income tax	1,622	1,593	1,542	1,515
Environmental remediation costs	693	695	573	574
Surcharge for New York State Assessment	159	121	148	112
Net electric deferrals	134	156	134	156
Pension and other post retirement benefits deferrals	183	138	138	90
Revenue taxes	152	145	147	140
Deferred derivative losses – long-term	57	74	37	48
Deferred storm costs	55	57	42	43
Property tax reconciliation	32	34	23	27
O&R transition bond charges	48	48	—	—
World Trade Center restoration costs	—	45	—	45
Workers' compensation	33	31	33	31
Other	132	135	123	125
Regulatory assets – long-term	7,374	7,643	6,813	7,058
Deferred derivative losses – current	146	190	116	151
Recoverable energy costs – current	1	13	—	—
Regulatory assets – current	147	203	116	151
Total Regulatory Assets	$ 7,521	$ 7,846	$ 6,929	$ 7,209
Regulatory liabilities				
Allowance for cost of removal less salvage	$ 422	$ 422	$ 349	$ 350
Refundable energy costs	91	78	61	50
Revenue decoupling mechanism	54	38	54	38
Net unbilled revenue deferrals	33	136	33	136
New York State tax refund	30	30	30	30
Gain on sale of properties	15	31	15	31
Other	220	180	182	148
Regulatory liabilities	865	915	724	783
Deferred derivative gains – current	10	4	8	3
Total Regulatory Liabilities	$ 875	$ 919	$ 732	$ 786

Note C — Short-Term Borrowing

Reference is made to Note D to the financial statements in Item 8 of the Form 10-K.

At March 31, 2011, Con Edison had $464 million of commercial paper outstanding, all of which was outstanding under CECONY's program. The weighted average interest rate was 0.3 percent. At December 31, 2010, Con Edison and CECONY had no commercial paper outstanding.

At March 31, 2011 and December 31, 2010, no loans were outstanding under the Companies' Credit Agreement and $192 million (including $142 million for CECONY) and $197 million (including $145 million for CECONY) of letters of credit were outstanding under the Credit Agreement, respectively.

Note D — Pension Benefits

Reference is made to Note E to the financial statements in Item 8 of the Form 10-K.

Table of Contents

Net Periodic Benefit Cost

The components of the Companies' net periodic benefit costs for the three months ended March 31, 2011 and 2010 were as follows:

	Con Edison		CECONY	
(Millions of Dollars)	2011	2010	2011	2010
Service cost – including administrative expenses	$ 47	$ 42	$ 44	$ 39
Interest cost on projected benefit obligation	140	139	131	130
Expected return on plan assets	(183)	(176)	(175)	(167)
Amortization of net actuarial loss	132	106	125	100
Amortization of prior service costs	2	2	2	2
NET PERIODIC BENEFIT COST	$ 138	$ 113	$ 127	$ 104
TOTAL PERIODIC BENEFIT COST	$ 138	$ 113	$ 127	$ 104
Cost capitalized	(48)	(41)	(45)	(39)
Cost deferred	(51)	(23)	(52)	(21)
Cost charged to operating expenses	$ 39	$ 49	$ 30	$ 44

Expected Contributions

Based on estimates as of March 31, 2011, the Companies are not required under funding regulations and laws to make any contributions to the pension plan during 2011. The Companies' policy is to fund their accounting cost to the extent tax deductible. In 2011, Con Edison expects to make discretionary contributions to the pension plan of $533 million, of which CECONY contributed $491 million during the first quarter. The Companies also expect to fund $11 million for their non-qualified supplemental pension plans in 2011.

Note E — Other Postretirement Benefits

Reference is made to Note F to the financial statements in Item 8 of the Form 10-K.

Net Periodic Benefit Cost

The components of the Companies' net periodic postretirement benefit costs for the three months ended March 31, 2011 and 2010 were as follows:

	Con Edison		CECONY	
(Millions of Dollars)	2011	2010	2011	2010
Service cost	$ 6	$ 6	$ 5	$ 5
Interest cost on accumulated other postretirement benefit obligation	21	23	18	20
Expected return on plan assets	(22)	(22)	(19)	(19)
Amortization of net actuarial loss	22	23	20	21
Amortization of prior service cost	(2)	(3)	(3)	(4)
Amortization of transition obligation	1	1	1	1
NET PERIODIC POSTRETIREMENT BENEFIT COST	$ 26	$ 28	$ 22	$ 24
Cost capitalized	(9)	(10)	(8)	(9)
Cost deferred	4	(1)	3	(2)
Cost charged to operating expenses	$ 21	$ 17	$ 17	$ 13

Table of Contents

Expected Contributions

Based on estimates as of March 31, 2011, Con Edison expects to make a contribution of $84 million, including $74 million for CECONY, to the other postretirement benefit plans in 2011.

Note F — Environmental Matters

Superfund Sites

Hazardous substances, such as asbestos, polychlorinated biphenyls (PCBs) and coal tar, have been used or generated in the course of operations of the Utilities and their predecessors and are present at sites and in facilities and equipment they currently or previously owned, including sites at which gas was manufactured or stored.

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 and remediation costs (which include costs of demolition, removal, disposal, storage, replacement, containment, and monitoring) and natural resource damages. Liability under these laws can be material and may be imposed for contamination from past acts, even though such past acts may have been lawful at the time they occurred. The sites at which the Utilities have been asserted to have liability under these laws, including their manufactured gas plant sites and any neighboring areas to which contamination may have migrated, are referred to herein as "Superfund Sites."

For Superfund Sites where there are other potentially responsible parties and the Utilities are not managing the site investigation and remediation, the accrued liability represents an estimate of the amount the Utilities will need to pay to investigate and, where determinable, discharge their related obligations. For Superfund Sites (including the manufactured gas plant sites) for which one of the Utilities is managing the investigation and remediation, the accrued liability represents an estimate of the company's share of undiscounted cost to investigate the sites and, for sites that have been investigated in whole or in part, the cost to remediate the sites, if remediation is necessary and if a reasonable estimate of such cost can be made. Remediation costs are estimated in light of the information available, applicable remediation standards, and experience with similar sites.

The accrued liabilities and regulatory assets related to Superfund Sites at March 31, 2011 and December 31, 2010 were as follows:

	Con Edison		CECONY	
(Millions of Dollars)	2011	2010	2011	2010
Accrued Liabilities:				
Manufactured gas plant sites	$ 441	$ 446	$ 323	$ 327
Other Superfund Sites	70	66	69	65
Total	$ 511	$ 512	$ 392	$ 392
Regulatory assets	$ 691	$ 692	$ 571	$ 571

Most of the accrued Superfund Site liability relates to sites that have been investigated, in whole or in part. However, for some of the sites, the extent and associated cost of the required remediation has not yet been determined. As investigations progress and information pertaining to the required remediation becomes available, the Utilities expect that additional liability may be accrued, the amount of which is not presently determinable but may be material. Under their current rate agreements, the Utilities are permitted to recover or defer as regulatory assets (for subsequent recovery through rates) certain site investigation and remediation costs. In February 2011, the NYSPSC initiated a proceeding to examine the existing mechanisms pursuant to which utilities recover such costs and possible alternatives.

Environmental remediation costs incurred related to Superfund Sites for the three months ended March 31, 2011 and 2010, were as follows:

	Con Edison		CECONY	
(Millions of Dollars)	2011	2010	2011	2010
Remediation costs incurred	$ 6	$ 9	$ 5	$ 8

There were no insurance recoveries received related to Superfund Sites for the three months ended March 31, 2011. Insurance recoveries related to Superfund Sites for the three months ended March 31, 2010 were immaterial.

[Table of Contents](#)

In 2010, CECONY estimated that for its manufactured gas plant sites, its aggregate undiscounted potential liability for the investigation and remediation of coal tar and/or other manufactured gas plant-related environmental contaminants could range up to $1.9 billion. In 2010, O&R estimated that for its manufactured gas plant sites, each of which has been investigated, the aggregate undiscounted potential liability for the remediation of such contaminants could range up to $200 million. These estimates were based on the assumption that there is contamination at all sites, including those that have not yet been fully investigated and additional assumptions about the extent of the contamination and the type and extent of the remediation that may be required. Actual experience may be materially different.

Asbestos Proceedings

Suits have been brought in New York State and federal courts against the Utilities and many other defendants, wherein a large number of plaintiffs sought large amounts of compensatory and punitive damages for deaths and injuries allegedly caused by exposure to asbestos at various premises of the Utilities. The suits that have been resolved, which are many, have been resolved without any payment by the Utilities, or for amounts that were not, in the aggregate, material to them. The amounts specified in all the remaining thousands of suits total billions of dollars; however, the Utilities believe that these amounts are greatly exaggerated, based on the disposition of previous claims. In 2010, CECONY estimated that its aggregate undiscounted potential liability for these suits and additional suits that may be brought over the next 15 years is $10 million. The estimate was based upon a combination of modeling, historical data analysis and risk factor assessment. Actual experience may be materially different. In addition, certain current and former employees have claimed or are claiming workers' compensation benefits based on alleged disability from exposure to asbestos. Under its current rate agreements, CECONY is permitted to defer as regulatory assets (for subsequent recovery through rates) costs incurred for its asbestos lawsuits and workers' compensation claims. The accrued liability for asbestos suits and workers' compensation proceedings (including those related to asbestos exposure) and the amounts deferred as regulatory assets for the Companies at March 31, 2011 and December 31, 2010 were as follows:

	Con Edison		CECONY	
(Millions of Dollars)	**2011**	**2010**	**2011**	**2010**
Accrued liability – asbestos suits	$ 10	$ 10	$ 10	$ 10
Regulatory assets – asbestos suits	$ 10	$ 10	$ 10	$ 10
Accrued liability – workers' compensation	$ 108	$ 106	$ 103	$ 101
Regulatory assets – workers' compensation	$ 33	$ 31	$ 33	$ 31

Note G – Other Material Contingencies

Manhattan Steam Main Rupture

In July 2007, a CECONY steam main located in midtown Manhattan ruptured. It has been reported that one person died and others were injured as a result of the incident. Several buildings in the area were damaged. Debris from the incident included dirt and mud containing asbestos. The response to the incident required the closing of several buildings and streets for various periods. Approximately 100 suits are pending against the company seeking generally unspecified compensatory and, in some cases, punitive damages, for personal injury, property damage and business interruption. The company has not accrued a liability for the suits. The company has notified its insurers of the incident and believes that the policies in force at the time of the incident will cover most of the company's costs, which the company is unable to estimate, but which could be substantial, to satisfy its liability to others in connection with the incident.

Investigations of Vendor Payments

In January 2009, CECONY commenced an internal investigation relating to the arrests of certain employees and retired employees (all of whom have since pleaded guilty) for accepting kickbacks from contractors that performed construction work for the company. The company has retained a law firm, which has retained an accounting firm, to assist in the company's investigation. The company is providing information to governmental authorities, which consider the company to be a victim of unlawful conduct, in connection with their investigation of the arrested employees and contractors. The company has terminated its employment of the arrested employees and its contracts with the contractors. In February 2009, the NYSPSC commenced a proceeding that, among other things, will examine the prudence of certain of the company's expenditures relating to the arrests and consider whether additional expenditures should also be examined (see "Other Regulatory Matters" in Note B).

CECONY is also investigating the September 2010 arrest of a retired employee (who has since pleaded guilty to participating in a bribery scheme in which the employee received payments from two companies that supplied materials to the company) and the January 2011 arrest of an employee (for accepting kickbacks from an engineering firm that performed work for the company). CECONY has provided information to governmental authorities in connection with their ongoing investigations of these matters.

The company, based upon its evaluation of its internal controls for 2010 and previous years, believes that the controls were effective to provide reasonable assurance that its financial statements have been fairly presented, in all material respects, in conformity with generally accepted accounting principles. Because the company's investigations are ongoing, the company is unable to predict the impact of any of the employees' unlawful conduct on the company's internal controls, business, results of operations or financial position.

Lease In/Lease Out Transactions

In each of 1997 and 1999, Con Edison Development entered into a transaction in which it leased property and then immediately subleased it back to the lessor (termed "Lease In/Lease Out," or LILO transactions). The transactions respectively involve electric generating and gas distribution facilities in the Netherlands, with a total investment of $259 million. The transactions were financed with $93 million of equity and $166 million of non-recourse, long-term debt secured by the underlying assets. In accordance with the accounting rules for leases, Con Edison is accounting for the two LILO transactions as leveraged leases. Accordingly, the company's investment in these leases, net of non-recourse debt, is carried as a single amount in Con Edison's consolidated balance sheet and income is recognized pursuant to a method that incorporates a level rate of return for those years when net investment in the lease is positive, based upon the after-tax cash flows projected at the inception of the leveraged leases. The company's investment in these leveraged leases was $(45) million at March 31, 2011 and $(41) million at December 31, 2010 and is comprised of a $234 million gross investment less $279 million deferred tax liabilities at March 31, 2011 and $235 million gross investment less $276 million of deferred tax liabilities at December 31, 2010.

On audit of Con Edison's tax return for 1997, the IRS disallowed the tax losses in connection with the 1997 LILO transaction. In December 2005, Con Edison paid a $0.3 million income tax deficiency asserted by the IRS for the tax year 1997 with respect to the 1997 LILO transaction. In April 2006, the company paid interest of $0.2 million associated with the deficiency and commenced an action in the United States Court of Federal Claims, entitled Consolidated Edison Company of New York, Inc. v. United States, to obtain a refund of this tax payment and interest. A trial was completed in November 2007. In October 2009, the court issued a decision in favor of the company concluding that the 1997 LILO transaction was, in substance, a true lease that possessed economic substance, the loans relating to the lease constituted bona fide indebtedness, and the deductions for the 1997 LILO transactions claimed by the company in its 1997 federal income tax return are allowable. The IRS is entitled to appeal the decision.

In connection with its audit of Con Edison's federal income tax returns for 1998 through 2007, the IRS disallowed $416 million of net tax deductions taken with respect to both of the LILO transactions for the tax years. Con Edison is pursuing administrative appeals of these audit level disallowances. In connection with its audit of Con Edison's federal income tax returns for 2009 and 2008, the IRS has disallowed $41 million and $42 million, respectively, of net tax deductions taken with respect to both of the LILO transactions. When these audit level disallowances become appealable, Con Edison intends to file an appeal of the disallowances.

Con Edison believes that its LILO transactions have been correctly reported, and has not recorded any reserve with respect to the disallowance of tax losses, or related interest, in connection with its LILO transactions. Con Edison's estimated tax savings, reflected in its financial statements, from the two LILO transactions through March 31, 2011, in the aggregate, was $225 million. If Con Edison were required to repay all or a portion of these amounts, it would also be required to pay interest of up to $79 million net of tax at March 31, 2011.

Pursuant to the accounting rules for leveraged lease transactions, the expected timing of income tax cash flows generated by Con Edison's LILO transactions are required to be reviewed at least annually. If the expected timing of the cash flows is revised, the rate of return and the allocation of income would be recalculated from the inception of the LILO transactions, and the company would be required to recalculate the accounting effect of the LILO transactions, which would result in a charge to earnings that could have a material adverse effect on the company's results of operations.

Guarantees

Con Edison and its subsidiaries enter into various agreements providing financial or performance assurance primarily to third parties on behalf of their subsidiaries. Maximum amounts guaranteed by Con Edison totaled $897 million and $859 million at March 31, 2011 and December 31, 2010, respectively.

A summary, by type (described in Note H to the financial statements in Item 8 of the Form 10-K) and term, of Con Edison's total guarantees at March 31, 2011 is as follows:

Guarantee Type	0 –3 years	4 –10 years	> 10 years	Total
		(Millions of Dollars)		
Commodity transactions	$ 645	$ 29	$ 131	$ 805
Affordable housing program	$ 1	—	—	$ 1
Intra-company guarantees	$ 30	—	$ 1	$ 31
Other guarantees	$ 47	$ 13	—	$ 60
TOTAL	$ 723	$ 42	$ 132	$ 897

Note H — Financial Information by Business Segment

Reference is made to Note N to the financial statements in Item 8 of the Form 10-K.

The financial data for the business segments are as follows:

	For the Three Months Ended March 31,							
	Operating revenues		Inter-segment revenues		Depreciation and amortization		Operating income	
(Millions of Dollars)	2011	2010	2011	2010	2011	2010	2011	2010
CECONY								
Electric	$ 1,721	$ 1,728	$ 3	$ 3	$ 161	$ 151	$ 217	$ 195
Gas	663	683	1	1	27	25	204	215
Steam	325	307	20	18	16	15	125	102
Consolidation adjustments	—	—	(24)	(22)	—	—	—	—
Total CECONY	$ 2,709	$ 2,718	$ —	$ —	$ 204	$ 191	$ 546	$ 512
O&R								
Electric	$ 149	$ 161	$ —	$ —	$ 9	$ 8	$ 10	$ 5
Gas	92	90	—	—	3	3	28	23
Total O&R	$ 241	$ 251	$ —	$ —	$ 12	$ 11	$ 38	$ 28
Competitive energy businesses	$ 408	$ 500	$ 3	$ 2	$ 2	$ 2	$ 44	$ (48)
Other*	(9)	(7)	(3)	(2)	—	—	(2)	—
Total Con Edison	$ 3,349	$ 3,462	$ —	$ —	$ 218	$ 204	$ 626	$ 492

* Parent company expenses, primarily interest, and consolidation adjustments. Other does not represent a business segment.

[Table of Contents](#)

Note I — Derivative Instruments and Hedging Activities

Under the accounting rules for derivatives and hedging, derivatives are recognized on the balance sheet at fair value, unless an exception is available under the accounting rules. Certain qualifying derivative contracts have been designated as normal purchases or normal sales contracts. These contracts are not reported at fair value under the accounting rules.

Energy Price Hedging

Con Edison's subsidiaries hedge market price fluctuations associated with physical purchases and sales of electricity, natural gas, and steam by using derivative instruments including futures, forwards, basis swaps, options, transmission congestion contracts and financial transmission rights contracts. The fair values of these hedges at March 31, 2011 and December 31, 2010 were as follows:

	Con Edison		CECONY	
(Millions of Dollars)	2011	2010	2011	2010
Fair value of net derivative assets/(liabilities) - gross	$ (150)	$ (261)	$ (94)	$ (156)
Impact of netting of cash collateral	137	176	85	104
Fair value of net derivative assets/(liabilities) - net	$ (13)	$ (85)	$ (9)	$ (52)

Credit Exposure

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. The Companies use credit policies to manage this risk, including an established credit approval process, monitoring of counterparty limits, netting provisions within agreements, collateral or prepayment arrangements, credit insurance and credit default swaps.

At March 31, 2011, Con Edison and CECONY had
$178 million and $44 million of credit exposure in connection with energy supply and hedging activities, net of collateral, respectively. Con Edison's net credit exposure consisted of $66 million with investment-grade counterparties, $65 million with commodity exchange brokers, $45 million with independent system operators and $2 million with non-investment grade counterparties. CECONY's net credit exposure consisted of $2 million with investment-grade counterparties and $42 million with commodity exchange brokers.

Economic Hedges

The Companies enter into certain derivative instruments that do not qualify or are not designated as hedges under the accounting rules for derivatives and hedging. However, management believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices.

Table of Contents

The fair values of the Companies' commodity derivatives at March 31, 2011 were:

(Millions of Dollars)	Fair Value of Commodity Derivatives(a) Balance Sheet Location	Con Edison	CECONY
	Derivative Assets		
Current	Other current assets	$ 173	$ 46
Long-term	Other deferred charges and non-current assets	49	21
Total derivative assets		$ 222	$ 67
Impact of netting		(75)	(2)
Net derivative assets		$ 147	$ 65
	Derivative Liabilities		
Current	Fair value of derivative liabilities	$ 287	$ —
Current	Other current liabilities	—	115
Long-term	Fair value of derivative liabilities	85	46
Total derivative liabilities		$ 372	$ 161
Impact of netting		(212)	(87)
Net derivative liabilities		$ 160	$ 74

(a) Qualifying derivative contracts, which have been designated as normal purchases or normal sales contracts, are not reported at fair value under the accounting rules for derivatives and hedging and, therefore, are excluded from the table.

The fair values of the Companies' commodity derivatives at December 31, 2010 were:

(Millions of Dollars)	Fair Value of Commodity Derivatives(a) Balance Sheet Location	Con Edison	CECONY
	Derivative Assets		
Current	Other current assets	$ 184	$ 29
Long-term	Other deferred charges and non-current assets	51	19
Total derivative assets		$ 235	$ 48
Impact of netting		(129)	—
Net derivative assets		$ 106	$ 48
	Derivative Liabilities		
Current	Fair value of derivative liabilities	$ 385	$ —
Current	Other current liabilities	—	148
Long-term	Fair value of derivative liabilities	111	56
Total derivative liabilities		$ 496	$ 204
Impact of netting		(305)	(104)
Net derivative liabilities		$ 191	$ 100

(a) Qualifying derivative contracts, which have been designated as normal purchases or normal sales contracts, are not reported at fair value under the accounting rules for derivatives and hedging and, therefore, are excluded from the table.

The Utilities generally recover all of their prudently incurred fuel, purchased power and gas cost, including hedging gains and losses, in accordance with rate provisions approved by the applicable state utility commissions. See "Recoverable Energy Costs" in Note A to the financial statements in Item 8 of the Form 10-K. In accordance with the accounting rules for regulated operations, the Utilities record a regulatory asset or liability to defer recognition of unrealized gains and losses on their electric and gas derivatives. As gains and losses are realized in future periods, they will be recognized as purchased power, gas and fuel costs in the Companies' consolidated income statements. Con Edison's competitive energy businesses record realized and unrealized gains and losses on their derivative contracts in earnings in the reporting period in which they occur.

The following table presents the changes in the fair values of commodity derivatives that have been deferred or recognized in earnings for the three months ended March 31, 2011:

Realized and Unrealized Gains/(Losses) on Commodity Derivatives(a)
Deferred or Recognized in Income for the three months ended March 31, 2011

(Millions of Dollars)	**Balance Sheet Location**	**Con Edison**	**CECONY**
Pre-tax gains/(losses) deferred in accordance with accounting rules for regulated operations:			
Current	Deferred derivative gains	$ 6	$ 5
Long-term	Regulatory liabilities	3	3
Total deferred gains		$ 9	$ 8
Current	Deferred derivative losses	$ 17	$ 11
Current	Recoverable energy costs	(49)	(42)
Long-term	Regulatory assets	44	35
Total deferred losses		$ 12	$ 4
Net deferred losses		$ 21	$ 12
	Income Statement Location		
Pre-tax gain/(loss) recognized in income			
	Purchased power expense	$ (21)(b)	$ —
	Gas purchased for resale	(6)	—
	Non-utility revenue	10(b)	—
Total pre-tax gain/(loss) recognized in income		$ (17)	$ —

(a) Qualifying derivative contracts, which have been designated as normal purchases or normal sales contracts, are not reported at fair value under the accounting rules for derivatives and hedging and, therefore, are excluded from the table.

(b) For the three months ended March 31, 2011 Con Edison recorded in non-utility operating revenues and purchased power expense an unrealized pre-tax (loss)/gain of $(13) million and $50 million, respectively.

The following table presents the changes in the fair values of commodity derivatives that have been deferred or recognized in earnings for the three months ended March 31, 2010:

Realized and Unrealized Gains/(Losses) on Commodity Derivatives(a)
Deferred or Recognized in Income for the Three Months Ended March 31, 2010

(Millions of Dollars)	**Balance Sheet Location**	**Con Edison**	**CECONY**
Pre-tax gains/(losses) deferred in accordance with accounting rules for regulated operations:			
Current	Deferred derivative gains	$ (6)	$ (6)
Total deferred gains		$ (6)	$ (6)
Current	Deferred derivative losses	$ (161)	$ (138)
Current	Recoverable energy costs	$ (55)	$ (42)
Long-term	Regulatory assets	$ (74)	$ (56)
Total deferred losses		$ (290)	$ (236)
Net deferred losses		$ (296)	$ (242)
	Income Statement Location		
Pre-tax gain/(loss) recognized in income			
	Purchased power expense	$ (70)(b)	$ —
	Gas purchased for resale	5	—
	Non-utility revenue	14(b)	—
Total pre-tax gain/(loss) recognized in income		$ (51)	$ —

(a) Qualifying derivative contracts, which have been designated as normal purchases or normal sales contracts, are not reported at fair value under the accounting rules for derivatives and hedging and, therefore, are excluded from the table.

(b) For the three months ended March 31, 2010, Con Edison recorded in non-utility operating revenues and purchased power expense an unrealized pre-tax gain/(loss) of $46 million and $(110) million, respectively.

Table of Contents

As of March 31, 2011, Con Edison had 1,664 contracts, including 686 CECONY contracts, which were considered to be derivatives under the accounting rules for derivatives and hedging (excluding qualifying derivative contracts, which have been designated as normal purchases or normal sales contracts). The following table presents the number of contracts by commodity type:

	Electric Derivatives				Gas Derivatives		
	Number of Energy Contracts[(a)]	MWhs[(b)]	Number of Capacity Contracts[(a)]	MWs[(b)]	Number of Contracts[(a)]	Dths[(b)]	Total Number Of Contracts[(a)]
Con Edison	915	20,692,742	63	10,164	686	118,524,450	1,664
CECONY	183	5,332,425	—	—	503	109,330,000	686

(a) Qualifying derivative contracts, which have been designated as normal purchases or normal sales contracts, are not reported at fair value under the accounting rules for derivatives and hedging and, therefore, are excluded from the table.

(b) Volumes are reported net of long and short positions.

The Companies also enter into electric congestion and gas basis swap contracts to hedge the congestion and transportation charges which are associated with electric and gas contracts and hedged volumes.

The collateral requirements associated with, and settlement of, derivative transactions are included in net cash flows from operating activities in the Companies' consolidated statement of cash flows. Most derivative instrument contracts contain provisions that may require the Companies to provide collateral on derivative instruments in net liability positions. The amount of collateral to be provided will depend on the fair value of the derivative instruments and the Companies' credit ratings.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a net liability position and collateral posted at March 31, 2011, and the additional collateral that would have been required to be posted had the lowest applicable credit rating been reduced one level and to below investment grade were:

(Millions of Dollars)	Con Edison[(a)]	CECONY[(a)]
Aggregate fair value – net liabilities	$ 172	$ 92
Collateral posted	$ 68	$ 51[(b)]
Additional collateral[(c)] (downgrade one level from current ratings(d))	$ 11	$ 6
Additional collateral[(c)] (downgrade to below investment grade from current ratings(d))	$ 140[(e)]	$ 52[(e)]

(a) Non-derivative transactions for the purchase and sale of electricity and gas and qualifying derivative instruments, which have been designated as normal purchases or normal sales, are excluded from the table. These transactions primarily include purchases of electricity from independent system operators. In the event the Utilities and Con Edison's competitive energy businesses were no longer extended unsecured credit for such purchases, the Companies would be required to post collateral, which at March 31, 2011, would have amounted to an estimated $127 million for Con Edison, including $33 million for CECONY. For certain other such non-derivative transactions, the Companies could be required to post collateral under certain circumstances, including in the event counterparties had reasonable grounds for insecurity.

(b) Across the Utilities' energy derivative positions, credit limits for the same counterparties are generally integrated. At March 31, 2011, the Utilities posted combined collateral of $68 million, including an estimated $17 million attributable to O&R.

(c) The Companies measure the collateral requirements by taking into consideration the fair value amounts of derivative instruments that contain credit-risk-related contingent features that are in a net liabilities position plus amounts owed to counterparties for settled transactions and amounts required by counterparties for minimum financial security. The fair value amounts represent unrealized losses, net of any unrealized gains where the Companies have a legally enforceable right of setoff.

(d) The current ratings are Moody's, S&P and Fitch long-term credit rating of, as applicable, Con Edison (Baa1/BBB+/BBB+), CECONY (A3/A-/A-) or O&R (Baa1/A-/A-). Credit ratings assigned by rating agencies are expressions of opinions that are subject to revision or withdrawal at any time by the assigning rating agency.

(e) Derivative instruments that are net assets have been excluded from the table. At March 31, 2011, if Con Edison had been downgraded to below investment grade, it would have been required to post additional collateral for such derivative instruments of not more than $24 million.

Interest Rate Swap

O&R has an interest rate swap pursuant to which it pays a fixed-rate of 6.09 percent and receives a LIBOR-based variable rate. The fair value of this interest rate swap at March 31, 2011 was an unrealized loss of $10 million, which has been included in Con Edison's consolidated balance sheet as a noncurrent liability/fair value of derivative liabilities and a regulatory asset. The change in the fair value of the swap for the three months ended March 31, 2011 was not material. In the event O&R's credit rating was downgraded to BBB- or lower by S&P or Baa3 or lower by Moody's, the swap counterparty could elect to terminate the agreement and, if it did so, the parties would then be required to settle the transaction.

Note J — Fair Value Measurements

Reference is made to Note P to the financial statements in Item 8 of the Form 10-K.

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2011 are summarized below.

	Level 1		Level 2		Level 3		Netting Adjustments (4)		Total	
(Millions of Dollars)	Con Edison	CECONY	Con Edison	CECONY	Con Edison	CECONY	Con Edison	CECONY	Con Edison	CECONY
Derivative assets:										
Commodity (1)	$ 2	$ 1	$ 71	$ 27	$ 140	$ 23	$ (67)	$ 14	$ 146	$ 65
Other assets (3)	68	68	—	—	105	95	—	—	173	163
Total	$ 70	$ 69	$ 71	$ 27	$ 245	$ 118	$ (67)	$ 14	$ 319	$ 228
Derivative liabilities:										
Commodity	$ 3	$ 1	$ 184	$ 118	$ 176	$ 26	$ (204)	$ (71)	$ 159	$ 74
Transfer in (5) (6)	—	—	5	5	—	—	—	—	5	5
Transfer out (5) (6)	—	—	—	—	(5)	(5)	—	—	(5)	(5)
Commodity (1)	$ 3	$ 1	$ 189	$ 123	$ 171	$ 21	$ (204)	$ (71)	$ 159	$ 74
Interest rate contract (2)	—	—	—	—	10	—	—	—	10	—
Total	$ 3	$ 1	$ 189	$ 123	$ 181	$ 21	$ (204)	$ (71)	$ 169	$ 74

(1) A significant portion of the commodity derivative contracts categorized in Level 3 is valued using either an industry acceptable model or an internally developed model with observable inputs. The models also include some less readily observable inputs resulting in the classification of the entire contract as Level 3. See Note I.

(2) See Note I.

(3) Other assets are comprised of assets such as life insurance contracts within the Deferred Income Plan and Supplemental Retirement Income Plans, held in rabbi trusts.

(4) Amounts represent the impact of legally-enforceable master netting agreements that allow the Companies to net gain and loss positions and cash collateral held or placed with the same counterparties.

(5) The Companies' policy is to recognize transfers into and transfers out of the levels at the end of the reporting period.

(6) Transferred from Level 3 to Level 2 because of availability of observable market data due to decrease in the terms of certain contracts from beyond one year as of December 31, 2010 to less than one year as of March 31, 2011.

Table of Contents

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2010 are summarized below.

	Level 1		Level 2		Level 3		Netting Adjustments (4)		Total	
(Millions of Dollars)	Con Edison	CECONY	Con Edison	CECONY	Con Edison	CECONY	Con Edison	CECONY	Con Edison	CECONY
Derivative assets:										
Commodity (1)	$ 2	$ 1	$ 72	$ 21	$ 144	$ 13	$ (112)	$ 13	$ 106	$ 48
Other assets (3)	65	64	—	—	101	92	—	—	166	156
Total	$ 67	$ 65	$ 72	$ 21	$ 245	$ 105	$ (112)	$ 13	$ 272	$ 204
Derivative liabilities:										
Commodity	$ 4	$ 2	$ 270	$ 177	$ 205	$ 12	$ (288)	$ (91)	$ 191	$ 100
Transfer in (5) (6) (7)	—	—	(36)	(36)	(9)	(9)	—	—	(45)	(45)
Transfer out (5) (6) (7)	—	—	9	9	36	36	—	—	45	45
Commodity (1)	$ 4	$ 2	$ 243	$ 150	$ 232	$ 39	$ (288)	$ (91)	$ 191	$ 100
Interest rate contract (2)	—	—	—	—	10	—	—	—	10	—
Total	$ 4	$ 2	$ 243	$ 150	$ 242	$ 39	$ (288)	$ (91)	$ 201	$ 100

(1) A significant portion of the commodity derivative contracts categorized in Level 3 is valued using either an industry acceptable model or an internally developed model with observable inputs. The models also include some less readily observable inputs resulting in the classification of the entire contract as Level 3. See Note O to the financial statements in Item 8 of the Form 10-K.

(2) See Note O to the financial statements in Item 8 of the Form 10-K.

(3) Other assets are comprised of assets such as life insurance contracts within the Deferred Income Plan and Supplemental Retirement Income Plans, held in rabbi trusts.

(4) Amounts represent the impact of legally-enforceable master netting agreements that allow the Companies to net gain and loss positions and cash collateral held or placed with the same counterparties.

(5) The Companies' policy is to recognize transfers into and transfers out of the levels at the end of the reporting period.

(6) Transferred from Level 2 to Level 3 because of reassessment of the levels in the fair value hierarchy within which certain inputs fall.

(7) Transferred from Level 3 to Level 2 because of availability of observable market data due to decrease in the terms of certain contracts from beyond one year as of December 31, 2009 to less than one year as of December 31, 2010.

The table listed below provides a reconciliation of the beginning and ending net balances for assets and liabilities measured at fair value as of March 31, 2011 and 2010 and classified as Level 3 in the fair value hierarchy below.

	For the Three Months Ended March 31, 2011								
		Total Gains/(Losses) – Realized and Unrealized							
(Millions of Dollars)	Beginning Balance as of January 1, 2011	Included in Earnings	Included in Regulatory Assets and Liabilities	Purchases	Issuances	Sales	Settlements	Transfer In/Out of Level 3	Ending Balance as of March 31, 2011
Con Edison									
Derivatives:									
Commodity	$ (88)	$ 33	$ 40	$ 10	$ —	$ —	$ (21)	$ (5)	$ (31)
Interest rate contract	(10)	(1)	—	—	—	—	1	—	(10)
Other assets (1)	101	2	2	—	—	—	—	—	105
Total	$ 3	$ 34	$ 42	$ 10	$ —	$ —	$ (20)	$ (5)	$ 64
CECONY									
Derivatives:									
Commodity	$ (26)	$ (1)	$ 27	$ 10	$ —	$ —	$ (3)	$ (5)	$ 2
Other assets(1)	92	2	1	—	—	—	—	—	95
Total	$ 66	$ 1	$ 28	$ 10	$ —	$ —	$ (3)	$ (5)	$ 97

(1) Amounts included in earnings are reported in investment and other income on the consolidated income statement.

	For the Three Months Ended March 31, 2010								
		Total Gains/(Losses) – Realized and Unrealized							
(Millions of Dollars)	Beginning Balance as of January 1, 2010	Included in Earnings	Included in Regulatory Assets and Liabilities	Purchases	Issuances	Sales	Settlements	Transfer In/Out of Level 3	Ending Balance as of March 31, 2010
Con Edison									
Derivatives:									
Commodity	$ (59)	$ (44)	$ (72)	$ —	$ —	$ —	$ 7	$ —	$ (168)
Interest rate contract	(11)	(1)	—	—	—	—	1	—	(11)
Other assets (1)	92	—	1	—	—	—	—	—	93
Total	$ 22	$ (45)	$ (71)	$ —	$ —	$ —	$ 8	$ —	$ (86)
CECONY									
Derivatives:									
Commodity	$ (5)	$ (5)	$ (33)	$ —	$ —	$ —	$ (5)	$ —	$ (48)
Other assets(1)	83	—	1	—	—	—	—	—	84
Total	$ 78	$ (5)	$ (32)	$ —	$ —	$ —	$ (5)	$ —	$ 36

(1) Amounts included in earnings are reported in investment and other income on the consolidated income statement.

For the Utilities, realized gains and losses on Level 3 commodity derivative assets and liabilities are reported as part of purchased power, gas and fuel costs. The Utilities generally recover these costs in accordance with rate provisions approved by the applicable state public utilities commissions. See Note A to the financial statements in Item 8 of the Form 10-K. Unrealized gains and losses for commodity derivatives are generally deferred on the consolidated balance sheet in accordance with the accounting rules for regulated operations.

For the competitive energy businesses, realized and unrealized gains and losses on Level 3 commodity derivative assets and liabilities are reported in non-utility revenues ($2 million loss and $60 million gain) and purchased power costs ($41 million gain and $89 million loss) on the consolidated income statement for the three months ended March 31, 2011 and 2010, respectively. The change in fair value relating to Level 3 commodity derivative assets held at March 31, 2011 and 2010 is included in non-utility revenues ($12 million loss and $46 million gain), and purchased power costs ($29 million gain and $71 million loss) on the consolidated income statement for the three months ended March 31, 2011 and 2010, respectively.

The accounting rules for fair value measurements and disclosures require consideration of the impact of nonperformance risk (including credit risk) from a market participant perspective in the measurement of the fair value of assets and liabilities. At March 31, 2011, the Companies determined that nonperformance risk would have no material impact on their financial position or results of operations. To assess nonperformance risk, the Companies considered information such as collateral requirements, master netting arrangements, letters of credit and parent company guarantees, and applied a market-based method by using the counterparty's (for an asset) or the Companies' (for a liability) credit default swaps rates.

[Table of Contents](#)

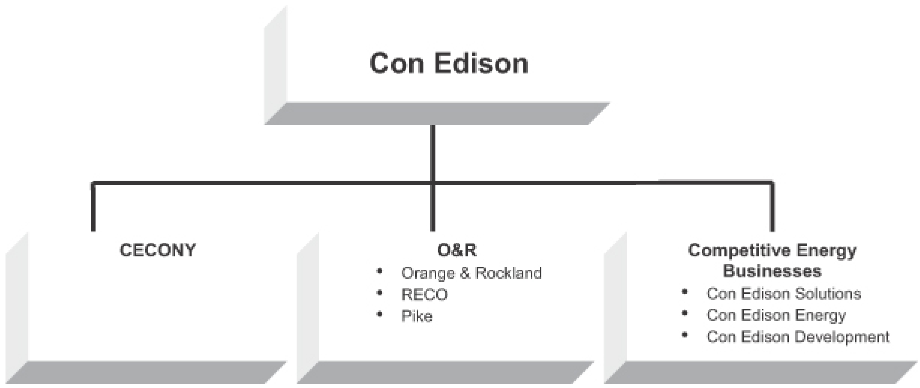
Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

This combined management's discussion and analysis of financial condition and results of operations (MD&A) relates to the consolidated financial statements (the First Quarter Financial Statements) included in this report of two separate registrants: Consolidated Edison, Inc. (Con Edison) and Consolidated Edison Company of New York, Inc. (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 MD&A about CECONY applies to Con Edison.

This MD&A should be read in conjunction with the First Quarter Financial Statements and the notes thereto and the MD&A in Item 7 of the Companies' combined Annual Report on Form 10-K for the year ended December 31, 2010 (File Nos. 1-14514 and 1-1217, the Form 10-K).

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.

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



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 wholesale and retail customers, provide certain energy-related services, and participate in energy infrastructure projects. Con Edison is evaluating additional opportunities to invest in electric and gas-related businesses.

Con Edison's strategy is to provide reliable energy services, maintain public and employee safety, promote energy efficiency, and develop cost-effective ways of performing its business. Con Edison seeks to be a responsible steward of the environment and enhance its relationships with customers, regulators and members of the communities it serves.

Table of Contents

CECONY

Electric

CECONY provides electric service to approximately 3.3 million customers in all of New York City (except 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 and parts of Queens and Westchester County.

Steam

CECONY operates the largest steam distribution system in the United States by producing and delivering more than 23,000 MMlbs of steam annually to approximately 1,760 customers in parts of Manhattan.

O&R

Electric

O&R and its utility subsidiaries, Rockland Electric Company (RECO) and Pike County Power & Light 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.

Gas

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

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 include the sales and related hedging of electricity to wholesale and retail customers, sales of certain energy-related products and services, and participation in energy infrastructure projects. At March 31, 2011, Con Edison's equity investment in its competitive energy businesses was $361 million and their assets amounted to $841 million.
Certain financial data of Con Edison's businesses is presented below:

	Three months ended March 31, 2011				At March 31, 2011	
(Millions of Dollars, except percentages)	**Operating Revenues**		**Net Income for Common Stock**		**Assets**	
CECONY	$ 2,709	81%	$ 268	86%	$ 32,396	90%
O&R	241	7%	19	6%	2,318	6%
Total Utilities	2,950	88%	287	92%	34,714	96%
Con Edison Solutions (a)	344	10%	27	9%	280	1%
Con Edison Energy (a)	66	2%	—	—%	77	—%
Con Edison Development	1	—%	—	—%	484	1%
Other(b)	(12)	—%	(3)	(1)%	631	2%
Total Con Edison	$ 3,349	100%	$ 311	100%	$ 36,186	100%

(a) Net income from the competitive energy businesses for the three months ended March 31, 2011 includes $22 million of net after-tax mark-to-market gains (Con Edison Solutions, $20 million and Con Edison Energy, $2 million).

(b) Represents inter-company and parent company accounting. See "Results of Operations," below.

Con Edison's net income for common stock for the three months ended March 31, 2011 was $311 million or $1.07 a share ($1.06 on a diluted basis) compared with $226 million or $0.80 a share (basic and diluted basis) for the three months ended March 31, 2010. See "Results of Operations – Summary," below. For segment financial information, see Note H to the First Quarter Financial Statements and "Results of Operations," below.

Table of Contents

Results of Operations — Summary

Net income for common stock for the three months ended March 31, 2011 and 2010 was as follows:

(Millions of Dollars)	2011	2010
CECONY	$ 268	$ 243
O&R	19	13
Competitive energy businesses(a)	27	(28)
Other(b)	(3)	(2)
Con Edison	**$ 311**	**$ 226**

(a) Includes $22 million and $(38) million of net after-tax mark-to-market gains/(losses) in the three months ended March 31, 2011 and 2010, respectively.

(b) Consists of inter-company and parent company accounting.

The Companies' results of operations for the three months ended March 31, 2011, as compared with the 2010 period, reflect changes in the Utilities' rate plans. These rate plans provide for additional revenues to cover expected increases in certain operations and maintenance expenses and depreciation and property taxes. The results of operations include the operating results of the competitive energy businesses, including net mark-to-market effects.

Operations and maintenance expenses were lower in the three months ended March 31, 2011 compared with the 2010 period reflecting lower costs for employee health insurance, demand management programs and savings from cost control efforts, offset in part by winter storm related emergency response costs and higher regulatory assessments in the 2011 period. Depreciation and property taxes were higher in the 2011 period reflecting primarily the impact from higher utility plant balances.

The following table presents the estimated effect on earnings per share and net income for common stock for the three months ended March 31, 2011 as compared with the 2010 period, resulting from these and other major factors:

	Earnings per Share	Net Income for Common Stock (Millions of Dollars)
CECONY		
Rate plans, primarily to recover increases in certain costs	$ 0.18	$ 51
Operations and maintenance expense	0.02	7
Depreciation, property taxes and other tax matters	(0.10)	(29)
Net interest expense	0.01	4
Other (includes dilutive effect of new stock issuances)	(0.05)	(8)
Total CECONY	0.06	25
O&R	0.02	6
Competitive energy businesses		
Earnings excluding net mark-to-market effects	(0.02)	(5)
Net mark-to-market effects	0.21	60
Total competitive energy businesses	0.19	55
Other, including parent company expenses	—	(1)
Total variations	$ 0.27	$ 85

See "Results of Operations" below for further discussion and analysis of results of operations.

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 of the Form 10-K.

[Table of Contents](#)

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, derivative instruments,

goodwill and leases. See "Application of Critical Accounting Policies" in Item 7 of the Form 10-K.

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. See "Liquidity and Capital Resources" in Item 7 of the Form 10-K.

Changes in the Companies' cash and temporary cash investments resulting from operating, investing and financing activities for the three months ended March 31, 2011 and 2010 are summarized as follows:

Con Edison

(Millions of Dollars)	2011	2010	Variance
Operating activities	$ 362	$ 1	$ 361
Investing activities	(496)	(460)	(36)
Financing activities	312	286	26
Net change	178	(173)	351
Balance at beginning of period	338	260	78
Balance at end of period	$ 516	$ 87	$ 429

CECONY

(Millions of Dollars)	2011	2010	Variance
Operating activities	$ 72	$ 22	$ 50
Investing activities	(413)	(441)	28
Financing activities	291	317	(26)
Net change	(50)	(102)	52
Balance at beginning of period	78	131	(53)
Balance at end of period	$ 28	$ 29	$ (1)

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 dependent primarily on factors external to the Utilities, such as growth of customer demand, weather, market prices for energy, economic conditions and measures that promote energy efficiency. Under the revenue decoupling mechanisms in CECONY's electric and gas rate plans and O&R's 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 not net income. See Note B to the financial statements in Item 8 of the Form 10-K. The prices at which the Utilities provide energy to their customers are determined in accordance with their rate agreements. 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 the costs are recovered in accordance with rate agreements. See "Recoverable Energy Costs" in Note A to the financial statements in Item 8 of the Form 10-K.

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 include depreciation, deferred income tax expense and net derivative losses. Non-cash charges or credits may also be accrued under the revenue decoupling and cost reconciliation mechanisms in the Utilities' electric and gas rate plans in New York. See "Rate Agreements" in Note B to the financial statements in Item 8 of the Form 10-K.

Net cash flows from operating activities for the three months ended March 31, 2011 for Con Edison and CECONY were $361 million and $50 million higher, respectively, than in the 2010 period. For Con Edison, this increase reflects primarily the receipt of refunds in 2011, at the parent company, for estimated federal income tax payments made in 2010 by the company prior to the determination that the company had no current federal income tax liability for 2010. For Con Edison, this increase also reflects lower cash collateral paid to brokers and counterparties generally reflecting higher commodity prices for derivative transactions.

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.

Cash Flows Used in Investing Activities

Net cash flows used in investing activities for Con Edison and CECONY were $36 million higher and $28 million lower, respectively, for the three months ended March 31, 2011 compared with the 2010 period. The increase for Con Edison reflects primarily a loan to an affiliate for a solar project offset in part by lower construction expenditures in the 2011 period. The decrease for CECONY reflects primarily lower construction expenditures in the 2011 period.

Cash Flows from Financing Activities

Net cash flows from financing activities for Con Edison increased $26 million in the three months ended March 31, 2011 compared with the 2010 period. Net cash flows from financing activities for CECONY decreased $26 million in the three months ended March 31, 2011 compared with the 2010 period.

Cash flows from financing activities for the three months ended March 31, 2011 and 2010 reflect the issuance of Con Edison common shares through its dividend reinvestment and employee stock plans (2011: 0.7 million shares for $25 million, 2010: 0.6 million shares for $14 million). In addition, as a result of the stock plan issuances, cash used to pay common stock dividends was reduced by $3 million and $12 million in the 2011 and 2010 periods, respectively.

Cash flows from financing activities of the Companies also reflect commercial paper issuance (included on the consolidated balance sheets as "Notes payable"). The commercial paper amounts outstanding at March 31, 2011 and March 31, 2010 and the average daily balances for the three months ended March 31, 2011 and 2010 for Con Edison and CECONY were as follows:

	2011		2010	
(Millions of Dollars, except Weighted Average Yield)	**Outstanding at March 31**	**Daily average**	**Outstanding at March 31**	**Daily average**
Con Edison	$ 464	$ 140	$ 475	$ 297
CECONY	$ 464	$ 140	$ 475	$ 296
Weighted average yield	0.3%	0.3%	0.3%	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.

[Table of Contents](#)

Other Changes in Assets and Liabilities

The following table shows changes in certain assets and liabilities at March 31, 2011, compared with December 31, 2010.

(Millions of Dollars)	Con Edison 2011 vs. 2010 Variance	CECONY 2011 vs. 2010 Variance
Assets		
Prepayments	$ 217	$ 291
Regulatory asset – Unrecognized pension and other postretirement costs	(297)	(279)
Accrued unbilled revenue	(220)	(185)
Liabilities		
Deferred income taxes and investment tax credits	269	238
Pension and retiree benefits	(628)	(620)
Regulatory liability – Net unbilled revenue	(103)	(103)

Prepayments and Deferred Income Taxes and Investment Tax Credits

The increase in prepayments for Con Edison and CECONY, reflects primarily CECONY's January 2011 payment of its New York City semi-annual property taxes, offset by three months of amortization, while the December 2010 balance reflects a full amortization of the previous semi-annual prepayment. For Con Edison, this increase is offset by the receipt of refunds in 2011 for estimated federal income tax payments made in 2010 by the company prior to the determination that the company had no current federal income tax liability for 2010. See "Cash Flows from Operating Activities," above.

The increase in the liability for deferred income taxes and investment tax credits reflects the timing of the deduction of expenditures for utility plant which resulted in amounts being collected from customers to pay income taxes in advance of when the income tax payments will be required. See "Cash Flows from Operating Activities," above.

Accrued Unbilled Revenues/Net Unbilled Revenues

The decrease in accrued unbilled revenues and the regulatory liability for net unbilled revenues reflects primarily the colder weather in December 2010 compared with March 2011.

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

The decreases in the regulatory asset for unrecognized pension and other postretirement benefit costs and the noncurrent liability for pension and retiree benefits reflect the final actuarial valuation of the underfunding of the pension and other retiree benefit plans as measured at December 31, 2010, in accordance with the accounting rules for pensions and the year's amortization of accounting costs. The decrease in the noncurrent liability for pension and retiree benefits also reflects the contributions to the pension plan made by CECONY in 2011. See Notes E and F to the First Quarter Financial Statements.

Capital Requirements and Resources

At March 31, 2011, there was no material change in the Companies' capital requirements and resources compared to those disclosed under "Capital Requirements and Resources – Capital Resources" in Item 1 of the Form 10-K, other than as described below.

Table of Contents

For each of the Companies, the ratio of earnings to fixed charges (Securities and Exchange Commission basis) for the three months ended March 31, 2011 and 2010 and the twelve months ended December 31, 2010 was:

	Earnings to Fixed Charges (Times)		
	For the Three Months Ended March 31, 2011	For the Three Months Ended March 31, 2010	For the Twelve Months Ended December 31, 2010
Con Edison	3.9	3.1	3.3
CECONY	3.9	3.7	3.4

For each of the Companies, the common equity ratio at March 31, 2011 and December 31, 2010 was:

	Common Equity Ratio (Percent of total capitalization)	
	March 31, 2011	December 31, 2010
Con Edison	50.8	50.4
CECONY	50.2	49.9

Contractual Obligations

At March 31, 2011, there were no material changes in the Companies' aggregate obligation to make payments pursuant to contracts compared to those discussed under "Capital Requirements and Resources –Contractual Obligations" in Item 1 of the Form 10-K.

Regulatory Matters

For Information about the Utilities' rate plans and other regulatory matters affecting the Companies, see "Utility Regulation" in Item 1 of the Form 10-K and "Rate Agreements" in Note B to the financial statements in Item 8 of the Form 10-K and Note B to the First Quarter Financial Statements.

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. At March 31, 2011, there were no material changes in the Companies' financial and commodity market risks compared to those discussed under "Financial and Commodity Market Risks" in Item 7 of the Form 10-K, other than as described below and in Note I to the First Quarter Financial Statements.

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 have risk management strategies to mitigate their related exposures. See Note I to the First Quarter Financial Statements.

Con Edison estimates that, as of March 31, 2011, a 10 percent decline in market prices would result in a decline in fair value of $107 million for the derivative instruments used by the Utilities to hedge purchases of electricity and gas, of which $88 million is for CECONY and $19 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 of the Form 10-K.

Con Edison's competitive energy businesses use a value-at-risk (VaR) model to assess the market risk of their electricity and gas commodity fixed-price purchase and sales commitments, physical forward contracts and commodity derivative instruments. VaR represents the potential change in fair value of instruments or the portfolio due to changes in market factors, for a specified time period and confidence level. These businesses estimate VaR across their electricity and natural gas commodity businesses 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 transactions associated with hedges on generating assets and commodity contracts, assuming a one-day holding period, for the three months ended March 31, 2011 and the year ended December 31, 2010 was as follows:

	March 31, 2011	December 31, 2010
	(Millions of Dollars)	
95% Confidence Level, One-Day Holding Period		
Average for the period	$ 1	$ 1
High	1	1
Low	—	—

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. Credit risk relates to the loss that may result from a counterparty's nonperformance. The Companies use credit policies to manage this risk, including an established credit approval process, monitoring of counterparty limits, netting provisions within agreements and collateral or prepayment arrangements, credit insurance and credit default swaps. The Companies measure credit risk exposure as the replacement cost for open energy commodity and derivative positions plus amounts owed from counterparties for settled transactions. The replacement cost of open positions represents unrealized gains, net of any unrealized losses where the Companies have a legally enforceable right of setoff. See "Credit Exposure" in Note I to the First Quarter Financial Statements.

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 of the Form 10-K and Notes F and G to the First Quarter Financial Statements.

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," in Item 7 of the Form 10-K and Notes B, G and H to the First Quarter Financial Statements.

Results of Operations

See "Results of Operations – Summary," above.

Results of operations reflect, among other things, the Companies' accounting policies (see "Application of Critical Accounting Policies," in Item 7 of the Form 10-K) and rate plans that limit the rates the Utilities can charge their customers (see "Utility Regulation" in Item 1 of the Form 10-K). Under the revenue decoupling mechanisms currently applicable to CECONY's electric and gas businesses and O&R's electric and gas businesses in New York, the Utilities' delivery revenues generally will not be affected by changes in delivery volumes from levels assumed when rates were approved. Revenues for CECONY's steam business and O&R's businesses in New Jersey and Pennsylvania are affected by changes in delivery volumes resulting from weather, economic conditions and other factors. See Note B to the First Quarter Financial Statements.

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 "Regulatory Matters" in Note B to the financial statements in Item 8 of the Form 10-K). Accordingly, such costs do not generally affect the Companies' results of operations. Management uses the term "net revenues" (operating revenues less such costs) to identify changes in operating revenues that may affect the Companies' results of operations. Management believes that, although "net revenues" may not be a measure determined in accordance with accounting

Table of Contents

principles generally accepted in the United States of America, the measure facilitates the analysis by management and investors of the Companies' results of operations.

Con Edison's principal business segments are CECONY's regulated electric, gas and steam utility activities, O&R's regulated electric and gas 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 three months ended March 31, 2011 and 2010 follows. For additional business segment financial information, see Note H to the First Quarter Financial Statements.

Three Months Ended March 31, 2011 Compared with Three Months Ended March 31, 2010

The Companies' results of operations in 2011 compared with 2010 were:

	CECONY		O&R		Competitive Energy Businesses and 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
Operating revenues	$ (9)	(0.3)%	$ (10)	(4.0)%	$ (94)	(19.1)%	$ (113)	(3.3)%
Purchased power	(69)	(12.5)	(18)	(20.9)	(191)	(37.8)	(278)	(24.3)
Fuel	26	17.3	N/A	N/A	—	—	26	17.3
Gas purchased for resale	(31)	(10.5)	(5)	(11.4)	1	20.0	(35)	(10.2)
Operating revenues less purchased power, fuel and gas purchased for resale (net revenues)	65	3.8	13	10.7	96	Large	174	9.5
Other operations and maintenance	(11)	(1.8)	2	2.9	5	20.0	(4)	(0.6)
Depreciation and amortization	13	6.8	1	9.1	—	—	14	6.9
Taxes, other than income taxes	29	7.1	—	—	1	25.0	30	7.0
Operating income	34	6.6	10	35.7	90	Large	134	27.2
Other income less deductions	—	—	1	Large	—	—	1	12.5
Net interest expense	(1)	(0.7)	2	25.0	2	40.0	3	2.0
Income before income tax expense	35	9.2	9	45.0	88	Large	132	37.6
Income tax expense	10	7.4	3	42.9	34	Large	47	38.5
Net income for common stock	$ 25	10.3%	$ 6	46.2%	$ 54	Large	$ 85	37.6%

(a) Includes inter-company and parent company accounting.

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

CECONY

	Three Months Ended March 31, 2011				Three Months Ended March 31, 2010				
(Millions of Dollars)	Electric	Gas	Steam	2011 Total	Electric	Gas	Steam	2010 Total	2011-2010 Variation
Operating revenues	$ 1,721	$ 663	$ 325	$ 2,709	$ 1,728	$ 683	$ 307	$ 2,718	$ (9)
Purchased power	464	—	19	483	529	—	23	552	(69)
Fuel	76	—	100	176	60	—	90	150	26
Gas purchased for resale	—	263	—	263	—	294	—	294	(31)
Net revenues	1,181	400	206	1,787	1,139	389	194	1,722	65
Operations and maintenance	459	103	35	597	468	88	52	608	(11)
Depreciation and amortization	161	27	16	204	151	25	15	191	13
Taxes, other than income taxes	344	66	30	440	325	61	25	411	29
Operating income	**$ 217**	**$ 204**	**$ 125**	**$ 546**	**$ 195**	**$ 215**	**$ 102**	**$ 512**	**$ 34**

Electric

CECONY's results of electric operations for the three months ended March 31, 2011 compared with the 2010 period is as follows:

	Three Months Ended		
(Millions of Dollars)	March 31, 2011	March 31, 2010	Variation
Operating revenues	$ 1,721	$ 1,728	$ (7)
Purchased power	464	529	(65)
Fuel	76	60	16
Net revenues	1,181	1,139	42
Operations and maintenance	459	468	(9)
Depreciation and amortization	161	151	10
Taxes, other than income taxes	344	325	19
Electric operating income	**$ 217**	**$ 195**	**$ 22**

CECONY's electric sales and deliveries, excluding off-system sales, for the three months ended March 31, 2011 compared with the 2010 period were:

	Millions of kWhs Delivered				Revenues in Millions			
	Three Months Ended				Three Months Ended			
Description	March 31, 2011	March 31, 2010	Variation	Percent Variation	March 31, 2011	March 31, 2010	Variation	Percent Variation
Residential/Religious (a)	2,664	2,671	(7)	(0.3)%	$ 648	$ 633	$ 15	2.4%
Commercial/Industrial	2,860	2,994	(134)	(4.5)	561	554	7	1.3
Retail access customers	5,558	5,385	173	3.2	474	468	6	1.3
NYPA, Municipal Agency and other sales	2,774	2,898	(124)	(4.3)	117	120	(3)	(2.5)
Other operating revenues	—	—	—	—	(79)	(47)	(32)	(68.1)
Total	**13,856**	**13,948**	**(92)**	**(0.7)%**	**$ 1,721**	**$ 1,728**	**$ (7)**	**(0.4)%**

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

CECONY's electric operating revenues decreased $7 million in the three months ended March 31, 2011 compared with the 2010 period due primarily to lower purchased power costs ($65 million), offset in part by higher revenues from the electric rate plan ($50 million). The change in rate plan revenues reflects, among other things, reductions in revenues pursuant to the rate plan's revenue decoupling mechanism ($28 million) and reconciliations of costs for municipal infrastructure support and capital expenditures ($5 million). CECONY's 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. 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 "Rate Agreements – CECONY – Electric" in Note B to the financial statements in Item 8 of the Form 10-K.

Electric delivery volumes in CECONY's service area decreased 0.7 percent in the three months ended March 31, 2011 compared with the 2010 period. After adjusting for variations, principally weather and billing days, electric delivery volumes in CECONY's service area decreased 1.3 percent in the three months ended March 31, 2011 compared with the 2010 period.

CECONY's electric fuel costs increased $16 million in the three months ended March 31, 2011 compared with the 2010 period due to higher sendout volumes from the company's electric generating facilities ($11 million) and unit costs ($5 million). Electric purchased power costs decreased $65 million in the three months ended March 31, 2011 compared with the 2010 period due to a decrease in unit costs ($42 million) and purchased volumes ($23 million).

CECONY's electric operating income increased $22 million in the three months ended March 31, 2011 compared with the 2010 period. The increase reflects primarily higher net revenues ($42 million, due primarily to the electric rate plan, including the collection of a surcharge for a New York State assessment) and lower operations and maintenance costs ($9 million). The lower operations and maintenance costs reflect primarily lower costs for injuries and damages ($6 million), employees' health and group life insurance ($6 million), pension ($3 million) and cost control efforts, offset in part by an increase in the surcharge for a New York State assessment ($5 million) and winter storm related emergency response costs ($5 million). The increase in electric operating income was offset by higher depreciation and amortization ($10 million) and taxes, other than income taxes ($19 million, principally property taxes). See "Regulatory Assets and Liabilities" in Note B to the First Quarter Financial Statements.

Gas

CECONY's results of gas operations for the three months ended March 31, 2011 compared with the 2010 period is as follows:

	Three Months Ended		
(Millions of Dollars)	March 31, 2011	March 31, 2010	Variation
Operating revenues	$ 663	$ 683	$ (20)
Gas purchased for resale	263	294	(31)
Net revenues	400	389	11
Operations and maintenance	103	88	15
Depreciation and amortization	27	25	2
Taxes, other than income taxes	66	61	5
Gas operating income	**$ 204**	**$ 215**	**$ (11)**

CECONY's gas sales and deliveries, excluding off-system sales, for the three months ended March 31, 2011 compared with the 2010 period were:

	Thousands of dths Delivered				Revenues in Millions			
	Three Months Ended				Three Months Ended			
Description	**March 31, 2011**	**March 31, 2010**	**Variation**	**Percent Variation**	**March 31, 2011**	**March 31, 2010**	**Variation**	**Percent Variation**
Residential	18,783	19,345	(562)	(2.9)%	$ 326	$ 346	$ (20)	(5.8)%
General	13,250	11,482	1,768	15.4	152	163	(11)	(6.7)
Firm transportation	24,096	22,941	1,155	5.0	144	148	(4)	(2.7)
Total firm sales and transportation	**56,129**	**53,768**	**2,361**	**4.4**	**622**	**657**	**(35)**	**(5.3)**
Interruptible sales (a)	3,562	3,167	395	12.5	36	30	6	20.0
NYPA	5,820	6,042	(222)	(3.7)	1	1	—	—
Generation plants	12,359	12,265	94	0.8	7	8	(1)	(12.5)
Other	7,687	7,814	(127)	(1.6)	19	22	(3)	(13.6)
Other operating revenues	—	—	—	—	(22)	(35)	13	37.1
Total	**85,557**	**83,056**	**2,501**	**3.0%**	**$ 663**	**$ 683**	**$ (20)**	**(2.9)%**

(a) Includes 984 and 986 thousands of dths for the 2011 and 2010 period, respectively, which are also reflected in firm transportation and other.

CECONY's gas operating revenues decreased $20 million in the three months ended March 31, 2011 compared with the 2010 period due primarily to a decrease in gas purchased for resale costs ($31 million), offset in part by higher revenues from the gas rate plans ($24 million). CECONY's 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. Other gas operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's rate plans. See "Rate Agreements – CECONY – Gas" in Note B to the financial statements in Item 8 of the Form 10-K.

CECONY's sales and transportation volumes for firm customers increased 4.4 percent in the three months ended March 31, 2011 compared with the 2010 period. After adjusting for variations, principally weather and billing days, firm gas sales and transportation volumes in the company's service area increased 1.2 percent in the three months ended March 31, 2011 reflecting an increase in the number of customers, offset in part by net transfers from firm service to interruptible service.

CECONY's purchased gas cost decreased $31 million in the three months ended March 31, 2011 compared with the 2010 period due to lower unit costs ($50 million), offset by higher sendout volumes ($19 million).

CECONY's gas operating income decreased $11 million in the three months ended March 31, 2011 compared with the 2010 period. The decrease reflects primarily higher operations and maintenance costs ($15 million, due primarily to an increase in the surcharge for a New York State assessment ($3 million) and pension expense ($7 million)), taxes, other than income taxes ($5 million, principally property taxes) and depreciation and amortization ($2 million), offset by higher net revenues ($11 million).

Steam

CECONY's results of steam operations for the three months ended March 31, 2011 compared with the 2010 period is as follows:

	Three Months Ended		
(Millions of Dollars)	March 31, 2011	March 31, 2010	Variation
Operating revenues	$ 325	$ 307	$ 18
Purchased power	19	23	(4)
Fuel	100	90	10
Net revenues	206	194	12
Operations and maintenance	35	52	(17)
Depreciation and amortization	16	15	1
Taxes, other than income taxes	30	25	5
Steam operating income	**$ 125**	**$ 102**	**$ 23**

CECONY's steam sales and deliveries for the three months ended March 31, 2011 compared with the 2010 period were:

	Millions of Pounds Delivered				Revenues in Millions			
	Three Months Ended				Three Months Ended			
Description	March 31, 2011	March 31, 2010	Variation	Percent Variation	March 31, 2011	March 31, 2010	Variation	Percent Variation
General	334	61	273	Large	$ 15	$ 10	$ 5	50.0%
Apartment house	2,593	2,631	(38)	(1.4)	83	80	3	3.8
Annual power	6,541	6,523	18	0.3	234	218	16	7.3
Other operating revenues	—	—	—	—	(7)	(1)	(6)	Large
Total	**9,468**	**9,215**	**253**	**2.7%**	**$ 325**	**$ 307**	**$ 18**	**5.9%**

CECONY's steam operating revenues increased $18 million in the three months ended March 31, 2011 compared with the 2010 period due primarily to higher fuel costs ($10 million), the net change in rates under the steam rate plans ($6 million) and colder winter weather in 2011 compared with the 2010 period ($8 million), offset in part by lower purchased power costs ($4 million). Other steam operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's rate plans. See "Rate Agreements – CECONY – Steam" in Note B to the financial statements in Item 8 of the Form 10-K.

Steam sales and delivery volumes increased 2.7 percent in the three months ended March 31, 2011 compared with the 2010 period. After adjusting for variations, principally weather and billing days, steam sales and deliveries decreased 2.4 percent in the three months ended March 31, 2011 reflecting lower average normalized use per customer.

CECONY's steam purchased fuel costs increased $10 million in the three months ended March 31, 2011 compared with the 2010 period due to higher unit costs ($5 million) and sendout volumes ($5 million). Steam purchased power costs decreased $4 million in the three months ended March 31, 2011 compared with the 2010 period due to a decrease in unit costs ($5 million), offset by an increase in purchased volumes ($1 million).

Steam operating income increased $23 million in the three months ended March 31, 2011 compared with the 2010 period. The increase reflects primarily higher net revenues ($12 million) and lower operations and maintenance costs ($17 million, due primarily to lower pension expense ($13 million)), offset by higher taxes, other than income taxes ($5 million, principally property taxes) and depreciation and amortization ($1 million).

Table of Contents

O&R

	Three Months Ended March 31, 2011			Three Months Ended March 31, 2010			
(Millions of Dollars)	Electric	Gas	2011 Total	Electric	Gas	2010 Total	2011-2010 Variation
Operating revenues	$ 149	$ 92	$ 241	$ 161	$ 90	$ 251	$ (10)
Purchased power	68	—	68	86	—	86	(18)
Gas purchased for resale	—	39	39	—	44	44	(5)
Net revenues	81	53	134	75	46	121	13
Operations and maintenance	53	18	71	53	16	69	2
Depreciation and amortization	9	3	12	8	3	11	1
Taxes, other than income taxes	9	4	13	9	4	13	—
Operating income	**$ 10**	**$ 28**	**$ 38**	**$ 5**	**$ 23**	**$ 28**	**$ 10**

Electric

O&R's results of electric operations for the three months ended March 31, 2011 compared with the 2010 period is as follows:

	Three Months Ended		
(Millions of Dollars)	March 31, 2011	March 31, 2010	Variation
Operating revenues	$ 149	$ 161	$ (12)
Purchased power	68	86	(18)
Net revenues	81	75	6
Operations and maintenance	53	53	—
Depreciation and amortization	9	8	1
Taxes, other than income taxes	9	9	—
Electric operating income	**$ 10**	**$ 5**	**$ 5**

O&R's electric sales and deliveries, excluding off-system sales, for the three months ended March 31, 2011 compared with the 2010 period were:

	Millions of kWhs Delivered				Revenues in Millions			
	Three Months Ended				Three Months Ended			
Description	March 31, 2011	March 31, 2010	Variation	Percent Variation	March 31, 2011	March 31, 2010	Variation	Percent Variation
Residential/Religious(a)	429	448	(19)	(4.2)%	$ 74	$ 80	$ (6)	(7.5)%
Commercial/Industrial	316	382	(66)	(17.3)	41	54	(13)	(24.1)
Retail access customers	625	507	118	23.3	33	26	7	26.9
Public authorities	24	27	(3)	(11.1)	3	3	—	—
Other operating revenues	—	—	—	—	(2)	(2)	—	—
Total	**1,394**	**1,364**	**30**	**2.2%**	**$ 149**	**$ 161**	**$ (12)**	**(7.5)%**

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

O&R's electric operating revenues decreased $12 million in the three months ended March 31, 2011 compared with the 2010 period due primarily to lower costs for purchased power ($18 million). 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. 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 First Quarter Financial Statements and "Rate Agreements – O&R – Electric" in Note B to the financial statements in Item 8 of the Form 10-K.

Electric delivery volumes in O&R's service area increased 2.2 percent in the three months ended March 31, 2011 compared with the 2010 period. After adjusting for weather variations, electric delivery volumes in O&R's service area increased 1.0 percent in the three months ended March 31, 2011 compared with the 2010 period reflecting higher average normalized use per customer.

Electric operating income increased $5 million in the three months ended March 31, 2011 compared with the 2010 period. The increase reflects primarily higher net revenues ($6 million), offset by higher depreciation and amortization ($1 million).

Gas

O&R's results of gas operations for the three months ended March 31, 2011 compared with the 2010 period is as follows:

	Three Months Ended		
(Millions of Dollars)	March 31, 2011	March 31, 2010	Variation
Operating revenues	$ 92	$ 90	$ 2
Gas purchased for resale	39	44	(5)
Net revenues	53	46	7
Operations and maintenance	18	16	2
Depreciation and amortization	3	3	—
Taxes, other than income taxes	4	4	—
Gas operating income	**$ 28**	**$ 23**	**$ 5**

O&R's gas sales and deliveries, excluding off-system sales, for the three months ended March 31, 2011 compared with the 2010 period were:

	Thousands of dths Delivered				Revenues in Millions			
	Three Months Ended				Three Months Ended			
Description	March 31, 2011	March 31, 2010	Variation	Percent Variation	March 31, 2011	March 31, 2010	Variation	Percent Variation
Residential	3,774	3,525	249	7.1%	$ 53	$ 50	$ 3	6.0%
General	737	710	27	3.8	9	9	—	—
Firm transportation	5,296	4,678	618	13.2	31	25	6	24.0
Total firm sales and transportation	**9,807**	**8,913**	**894**	**10.0**	**93**	**84**	**9**	**10.7**
Interruptible sales	1,311	1,411	(100)	(7.1)	1	6	(5)	(83.3)
Generation plants	98	140	(42)	(30.0)	—	—	—	—
Other	399	369	30	8.1	—	—	—	—
Other gas revenues	—	—	—	—	(2)	—	(2)	Large
Total	**11,615**	**10,833**	**782**	**7.2%**	**$ 92**	**$ 90**	**$ 2**	**2.2%**

O&R's gas operating revenues increased $2 million in the three months ended March 31, 2011 compared with the 2010 period due primarily to the gas rate plan, offset in part by the decrease in gas purchased for resale ($5 million).

Sales and transportation volumes for firm customers increased 10.0 percent in the three months ended March 31, 2011 compared with the 2010 period. After adjusting for weather and other variations, total firm sales and transportation volumes decreased 0.4 percent in the three months ended March 31, 2011 compared with the 2010 period. O&R's New York 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.

Gas operating income increased $5 million in the three months ended March 31, 2011 compared with the 2010 period. The increase reflects primarily higher net revenues ($7 million), offset by higher operations and maintenance costs ($2 million).

Competitive Energy Businesses

The competitive energy business's results of operations for the three months ended March 31, 2011 compared with the 2010 period is as follows:

	Three Months Ended		
(Millions of Dollars)	March 31, 2011	March 31, 2010	Variation
Operating revenues	$ 408	$ 500	$ (92)
Purchased power	321	513	(192)
Gas purchased for resale	6	5	1
Net revenues	81	(18)	99
Operations and maintenance	30	24	6
Depreciation and amortization	2	2	—
Taxes, other than income taxes	5	4	1
Operating income	**$ 44**	**$ (48)**	**$ 92**

The competitive energy businesses' operating revenues decreased $92 million in the three months ended March 31, 2011 compared with the 2010 period due primarily to net mark-to-market effects ($60 million) and a decrease in electric wholesale revenues ($29 million). Electric wholesale revenues decreased $29 million in the three months ended March 31, 2011 compared with the 2010 period due to lower sales volume ($31 million), offset by higher unit prices ($2 million). Electric retail revenues decreased $7 million in the three months ended March 31, 2011 compared with the 2010 period due to lower unit prices ($12 million), offset by higher sales volume ($5 million). Gross margins on electric retail revenues decreased in the three months ended March 31, 2011 compared with the 2010 period due primarily to lower unit gross margins. Net mark-to-market values increased $101 million in the three months ended March 31, 2011 as compared with the 2010 period, of which $161 million in gains are reflected in purchased power costs and $60 million in losses are reflected in revenues. Other revenues increased $4 million in the three months ended March 31, 2011 as compared with the 2010 period due primarily to higher sales of energy efficiency services ($5 million).

Purchased power costs decreased $192 million in the three months ended March 31, 2011 compared with the 2010 period due primarily to changes in mark-to-market values ($161 million) and lower purchased power costs ($31 million). Purchased power costs decreased $31 million due to lower unit prices ($9 million) and volumes ($22 million). Operating income increased $92 million in the three months ended March 31, 2011 compared with the 2010 period due primarily to net mark-to-market effects ($101 million).

Other

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

Item 3: Quantitative and Qualitative Disclosures About Market Risk

For information about the Companies' primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments, see "Financial and Commodity Market Risks," in Part I, Item 2 of this report, which information is incorporated herein by reference. Also, see Item 7A of the Form 10-K.

Item 4: Controls and Procedures

The Companies maintain disclosure controls and procedures designed to provide reasonable assurance that the information required to be disclosed in the reports that they submit to the Securities and Exchange Commission (SEC) is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. For each of the Companies, its management, with the participation of its principal executive officer and principal financial officer, has evaluated its disclosure controls and procedures as of the end of the period covered by this report and, based on such evaluation, has concluded that the controls and procedures are effective to provide such reasonable assurance. Reasonable assurance is not absolute assurance, however, and there can be no assurance that any design of controls or procedures would be effective under all potential future conditions, regardless of how remote.

In January 2011, the Companies implemented a consolidation, reporting, and analysis system as part of a large ongoing project to implement a new financial and supply-chain enterprise resource planning information system. See Item 9A of the Form 10-K (which information is incorporated herein by reference). The project is reasonably likely to materially affect the Companies' internal control over financial reporting. There was no other change in the Companies' internal control over financial reporting that occurred during the Companies' most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Companies' internal control over financial reporting.

Part II Other Information

Item 1: Legal Proceedings

For information about certain legal proceedings affecting the Companies, see Notes B, F and G to the financial statements in Part I, Item 1 of this report, which information is incorporated herein by reference.

Item 1A: Risk Factors

There were no material changes in the Companies' risk factors compared to those disclosed in Item 1A of the Form 10-K.

Table of Contents

Item 6: Exhibits

CON EDISON

Exhibit 10.1	Form of Restricted Stock Unit Award for Officers under the Con Edison Long-Term Incentive Plan.
Exhibit 12.1	Statement of computation of Con Edison's ratio of earnings to fixed charges for the three-month periods ended March 31, 2011 and 2010, and the 12-month period ended December 31, 2010.
Exhibit 31.1.1	Rule 13a-14(a)/15d-14(a) Certifications – Chief Executive Officer.
Exhibit 31.1.2	Rule 13a-14(a)/15d-14(a) Certifications – Chief Financial Officer.
Exhibit 32.1.1	Section 1350 Certifications – Chief Executive Officer.
Exhibit 32.1.2	Section 1350 Certifications – Chief Financial Officer.
Exhibit 101.INS	XBRL Instance Document.
Exhibit 101.SCH	XBRL Taxonomy Extension Schema.
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase.
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase.
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

CECONY

Exhibit 12.2	Statement of computation of CECONY's ratio of earnings to fixed charges for the three-month periods ended March 31, 2011 and 2010, and the 12-month period ended December 31, 2010.
Exhibit 31.2.1	Rule 13a-14(a)/15d-14(a) Certifications – Chief Executive Officer.
Exhibit 31.2.2	Rule 13a-14(a)/15d-14(a) Certifications – Chief Financial Officer.
Exhibit 32.2.1	Section 1350 Certifications – Chief Executive Officer.
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Table of Contents

SIGNATURES

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

	CONSOLIDATED EDISON, INC. **CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**	
DATE: May 5, 2011	By	/S/ ROBERT HOGLUND
		Robert Hoglund **Senior Vice President, Chief Financial Officer and Duly Authorized Officer**

Exhibit 10.1

CONSOLIDATED EDISON, INC.
Restricted Stock Unit Award for Officers

Consolidated Edison, Inc. (the Company) hereby grants Restricted Stock Units (the Units) to «FirstName»«LastName» (the Employee) under the Consolidated Edison, Inc. Long Term Incentive Plan (the Plan) as follows:

Grant Date	Allocation	Performance Period	Vesting Date
	«PBRS» Units		

This Award is subject to the terms and conditions set forth herein and in the Plan. The terms of this Award are subject in all respects to the provisions of the Plan, which are incorporated herein by reference. All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan.

Each Unit shall represent the right, upon vesting, to receive one Share of Common Stock, the cash value of one Share of Common Stock, or a combination thereof. The cash value of a Unit shall equal the closing price of a Share of Common Stock in the Consolidated Reporting System as reported in the Wall Street Journal or in a similarly readily available public source for the trading day immediately prior to the Vesting Date. If no trading of Shares of Common Stock occurred on such trading date, the closing price of a Share of Common Stock in such System as reported for the preceding day on which sales of Shares of Common Stock traded shall be used.

Performance Factors: Fifty percent of the Units for the grant will be earned based on the Company's Total Shareholder Return (TSR) compared to the 2007 Compensation Peer Group[1] over the Performance Period. The remaining fifty percent of the Units for the grant will be earned based on the average of the Adjusted Target Incentive Fund as defined in the Consolidated Edison Company of New York, Inc 2005 Executive Incentive Plan, as amended ("Executive Incentive Plan") expressed as a percent of the Target Incentive Fund as defined in the Executive Incentive Plan for each year in the Performance Period.[2]

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1 The following companies comprise the Compensation Peer Group: Ameren Corp., American Electric Power, Centerpoint Energy Inc., Constellation Energy Group Inc., Dominion Resources, Inc., DTE Energy Co., Duke Energy Corp., Edison International, Entergy Corp., Exelon Corp., First Energy Corp., NextEra Energy Inc., Nisource Inc., Pepco Holdings Inc, PG&E Corp., PPL Corp, Progress Energy, Sempra Energy, Southern Co. and Xcel Energy Inc.

2 For Executive Officers as defined in the Executive Incentive Plan (an executive of the Company who holds the position of Chairman and Chief Executive Officer, Executive Vice President, Senior Vice President and Chief Financial Officer, General Counsel, President , Senior Vice President – Business Shared Services, Senior Vice President – Enterprise Shared Services, Senior Vice President – Public Affairs, Vice President and General Auditor; or an executive of Orange and Rockland Utilities Inc. who holds the title of President and Chief Executive Officer) substitute "the average of the Executive Officer's approved payout percentage as set forth in the Executive Incentive Plan for each year over the Performance Period." For Employees of Orange and Rockland, other than Executive Officers substitute "the corporate average of the approved payout percentage of the Annual Team Incentive (ATIP) Plan over the Performance Period." For Employees of Consolidated Edison Solutions, Inc., substitute "the average of the approved payout percentage for the specific business unit goals measured over the Performance Period." For Employees of Consolidated Edison Energy, Inc. and Consolidated Edison Development, Inc. substitute "the average of the approved payout percentage for the specific business unit goals of Consolidated Edison Energy, Inc. and Consolidated Edison Development, Inc. measured over the Performance Period."

Determination of Award Amount. The actual number of Units to be paid to an Employee can range from 0 to 175 percent of the above allocation. The Management Development and Compensation Committee (the "Committee") of the Board has the discretion and final authority to determine the amount of any Employee's Award payout. The Committee may modify, adjust, reduce or eliminate any Employee's Award allocation prior to payment. The Committee also has the authority in accordance with paragraph 12 below, to recover an Award after it has been paid.

Subject to Section 1.b. below, payment of the Units shall be made no later than 90 days after the Vesting Date.

1. **Consequences of Separation from Service and Death**. In the event of the Employee's Separation from Service with the Company or its subsidiaries or upon his/her death prior to the Vesting Date, the Employee's rights will be as set forth below:

a. If the Employee Separates from Service other than by reason of Retirement[3], Disability or death, or a deemed Separation from Service while on an approved leave of absence (a Leave Separation), during a Performance Period, his/her Award is completely forfeited.

b. If the Employee dies during a Performance Period, his/her Award is prorated based on the actual period of service from the Grant Date to the Employee's date of death. The Employee's beneficiaries or the Employee's estate, as the case may be, shall receive payment of the Award within 90 days following the Employee's death. The determination of the performance factors will be made by the Vice President of Human Resources of Consolidated Edison Company of New York, Inc. (the "Vice President") using the indicators as of the end of the month in which the

[3] For purposes of Section 1. Retirement means any officer who retires or resigns at 55 or older with at least 5 years of service.

date of death occurs for the Total Shareholder Return and using the prior year(s) Adjusted Target Incentive Fund expressed as a percent of the Target Incentive Fund for Executive Incentive Plan Awards.[4]

c. If the Employee Separates from Service by reason of Retirement3 or Disability during a Performance Period, then his/her Award is prorated based on the actual period of service from the Grant Date to the date of the Employee's Disability or Retirement, and shall be based on actual performance achieved through the end of the Performance Period. The Employee, or if the Employee is legally incapacitated, the Employee's legal representative, shall receive payment of the Award within 90 days following the Vesting Date.

d. If the Employee is deemed to have Separated from Service by reason of a Leave Separation during a Performance Period, then his/her Award is prorated based on the actual period of service from the Grant Date to the date of the Employee's deemed Separation from Service, and shall be based on actual performance achieved through the end of the Performance Period; provided, however, that if the Employee returns to employment with the Company during the Performance Period, his/her Award will be recalculated based on his/her actual period of service including the period during which the Employee is on an approved leave of absence. The Employee, or if the Employee is legally incapacitated, the Employee's legal representative, shall receive payment of the Award within 90 days following the Vesting Date.

2. **Form of Payout**. The Units will be paid in a lump sum, either in Shares of Common Stock, in cash, or a combination, pursuant to an election made by the Employee on a form prescribed by the Vice President. The Employee's election will be effective only when filed with the Vice President prior to December 31 of the year before the Grant Date, and shall be subject to the Committee's discretion. Cash can be deferred into the Deferred Income Plan (the "DIP").

3. **Deferrals**. Employees will have a one-time election to defer the receipt of the cash value of the Award into the DIP or to defer the right to convert the Units into Shares of Common Stock and to receive them, or a combination thereof pursuant to an election made by the Employee on a form prescribed by the Vice President. The Employee's deferral election will be effective only when filed with the Vice President

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4 For Executive Officers substitute "the prior year(s) approved payout percentage of his or her Executive Incentive Plan Award." For Employees of Orange and Rockland Utilities, Inc., other than Executive Officers, substitute "the prior year(s) corporate average(s) approved payout percentage for ATIP Awards." For Employees of Consolidated Edison Solutions, Inc. substitute "the prior year(s) average(s) of the approved payout percentage for the specific business unit goals of Consolidated Edison Solutions, Inc." For Employees of Consolidated Edison Energy, Inc. and Consolidated Edison Development, Inc. substitute "the prior year(s) average(s) of the approved payout percentage for the specific business unit goals of Consolidated Edison Energy, Inc, and Consolidated Edison Development, Inc."

prior to December 31 of the year before the Grant Date, and shall be subject to the Committee's discretion.

4. **Voting and Dividend or Dividend Equivalent Rights**.

a. The Employee shall not be entitled to any voting rights with respect to the Units awarded. Furthermore, the Employee shall not be entitled to any Dividend or Dividend Equivalent payments until the Units vest.

b. If the Employee receives Shares of Common Stock at the time of vesting, he or she will be entitled to receive dividends on the Shares of Common Stock when dividends are otherwise paid.

c. If, however, the Employee elects prior to the Grant Date to defer the right to convert the Units into Shares of Common Stock and to receive them, he or she will be entitled to receive the Dividend Equivalents payments on the Units once the Units vest. These Dividend Equivalent payments can be received as additional Shares of Common Stock, cash, or as cash deferred into the DIP.

d. If at the time of vesting, the Employee receives a cash payment or defers the cash into the DIP, he or she will not receive Dividend Equivalent payments.

e. Dividend Equivalent payments are made on the Dividend Payment Date, which is the date the Company pays any dividend on outstanding Shares of Common Stock based on the number of Units owned as of the record date for such dividend.

5. **Deferral Election for Dividend Equivalent Payments**. A deferral of Dividend Equivalent payments must be made at the same time as the deferral of the receipt of the Award and is subject to the same requirements and conditions as set forth in section 3 above. At that time the Employee can elect to receive the Dividend Equivalent payments as additional Shares of Common Stock to be distributed or deferred to a future date, or as cash to be distributed or deferred into the DIP.

6. **No Right to Continued Employment**. Nothing contained herein shall confer on the Employee any right to continue in the employ of the Company or its subsidiaries or shall limit the Company's rights to terminate the Employee at any time, provided, however, that nothing herein shall affect any other contractual rights existing between the Employee and the Company or its subsidiaries.

7. **Leave of Absence**. If the Employee is officially granted a leave of absence for illness, military or governmental service or other reasons by the Company or its subsidiaries, for purposes of this Award, such leave of absence shall not be

treated as a Separation from Service except to the extent required pursuant to Section 409A.

8. **Payment**. Subject to any deferral election and except as provided in Section 1 herein, the Company shall pay the Employee (a) the cash value of the Shares of Common Stock represented by the Units, (b) the Shares of Common Stock, or (c) a combination of cash and Shares of Common Stock during the 90 day period following the Vesting Date. Prior to vesting, the Units represent an unfunded and unsecured promise to pay the Employee the cash value of Shares of Common Stock, Shares of Common Stock or a combination thereof upon vesting.

9. **Transferability**. Except as may otherwise be authorized by the Committee in accordance with the Plan, this Award shall not be transferred, assigned, or pledged in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution, and shall not be subject to execution, attachment or other similar process. Any attempted transfers shall be null and void and of no effect.

10. **Tax Withholding**. The Company may make such provision and take such steps as it deems necessary or appropriate for the withholding of any taxes that the Company is required by law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with this Award.

11. **Code Section 409A**.

a. If the Committee determines in good faith that any provision contained herein could cause any person to recognize additional taxes, penalties or interest under Section 409A, or could otherwise contravene the applicable provisions of Section 409A, the Committee will modify, to the maximum extent practicable, the original intent of the applicable provision without violation of the requirements of Section 409A (Section 409A Compliance), and, notwithstanding any provision herein to the contrary, the Committee shall have broad authority to amend or to modify this agreement, without advance notice to or consent by any person, to the extent necessary or desirable to ensure Section 409A Compliance. Any determination by the Committee shall be final and binding on all parties.

b. Notwithstanding anything herein to the contrary, if the Employee is a "specified employee" for purposes of Section 409A, as determined under the Company's established methodology for determining specified employees, on the date on which such Participant incurs a Separation from Service, any payment hereunder that is deemed to be a "deferral of compensation" subject to Section 409A and is payable on the Employee's Separation from Service shall be paid or commence to be paid on the fifteenth business day after the date that is six months following the Employee's Separation from Service, provided, however, that a payment delayed pursuant to this clause (b) shall commence earlier in the event of the Employee's death prior to the end of the six-month period.

12. **Recoupment of Awards**. The Employee's Award, is subject to the Company's Recoupment Policy, as amended from time to time.

a. Under this Recoupment Policy, appropriate actions, as determined by the Committee, will be undertaken by the Company to recoup the Excess Award Amount, as defined below, received by any Employee when:

1. The Audit Committee of CEI determines that CEI is required to prepare an accounting restatement due to its material noncompliance with any financial reporting requirement under the securities laws (a "Restatement");

2 The Employee received an Award during the three-year period preceding the date on which CEI is required to prepare a Restatement; and

3. The amount of the Award received by the Employee, based on the erroneous data, was in excess of what would have been paid to the Employee under the Restatement (the "Excess Award Amount").

b. As consideration for the receipt of this Award, the Employee agrees that any prior Award granted under the terms of the LTIP is subject to this Recoupment Policy.

13. **Miscellaneous**. In the event of a conflict between this document and the Plan, the terms and conditions of the Plan shall govern. The Employee may request a copy of the Plan from the Vice President at any time.

By accepting this Award, the Employee has indicated his or her acceptance, ratification of, and consent to, the terms of this Award and any action taken under the Plan by CEI, the Board, the Committee or the Plan Administrator.

«FirstName»«LastName»

Exhibit 12.1

Consolidated Edison, Inc.
Ratio of Earnings to Fixed Charges
(Millions of Dollars)

	For the Three Months Ended March 31, 2011	For the Twelve Months Ended December 31, 2010	For the Three Months Ended March 31, 2010
Earnings			
Net income from continuing operations	$ 311	$ 992	$ 226
Preferred stock dividend	3	11	3
(Income) or loss from equity investees	2	2	(1)
Minority interest loss	—	—	—
Income tax	169	548	122
Pre-tax income from continuing operations	$ 485	$ 1,553	$ 350
Add: Fixed charges*	165	660	163
Add: Distributed income of equity investees	—	—	—
Subtract: Interest capitalized	—	—	—
Subtract: Pre-tax preferred stock dividend requirement	5	19	5
Earnings	**$ 645**	**$ 2,194**	**$ 508**
*** Fixed charges**			
Interest on long-term debt	$ 141	$ 580	$ 146
Amortization of debt discount, premium and expense	6	17	4
Interest capitalized	—	—	—
Other interest	7	21	2
Interest component of rentals	6	23	6
Pre-tax preferred stock dividend requirement	5	19	5
Fixed charges	**$ 165**	**$ 660**	**$ 163**
Ratio of Earnings to Fixed Charges	3.9	3.3	3.1

Exhibit 31.1.1

CERTIFICATIONS

CON EDISON—Principal Executive Officer

I, Kevin Burke, the principal executive officer of Consolidated Edison, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 of Consolidated Edison, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2011

/S/ KEVIN BURKE

Kevin Burke
Chairman, President and Chief Executive Officer

Exhibit 31.1.2

CERTIFICATIONS

CON EDISON—Principal Financial Officer

I, Robert Hoglund, the principal financial officer of Consolidated Edison, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 of Consolidated Edison, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2011

/S/ ROBERT HOGLUND

Robert Hoglund
Senior Vice President and Chief Financial Officer

Exhibit 32.1.1

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

I, Kevin Burke, the Chief Executive Officer of Consolidated Edison, Inc. (the "Company") certify that the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, which this statement accompanies, (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ KEVIN BURKE

Kevin Burke

Dated: May 5, 2011

Exhibit 32.1.2

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

I, Robert Hoglund, the Chief Financial Officer of Consolidated Edison, Inc. (the "Company") certify that the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, which this statement accompanies, (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert Hoglund

Robert Hoglund

Dated: May 5, 2011

Exhibit 12.2

Con Edison Company of New York, Inc.
Ratio of Earnings to Fixed Charges
(Millions of Dollars)

	For the Three Months Ended March 31, 2011	For the Twelve Months Ended December 31, 2010	For the Three Months Ended March 31, 2010
Earnings			
Net income for common stock	$ 268	$ 893	$ 243
Preferred stock dividend	3	11	3
(Income) or loss from equity investees	—	2	—
Minority interest loss	2	—	(1)
Income tax	145	495	135
Pre-tax income for common stock	$ 418	$ 1,401	$ 380
Add: Fixed charges*	142	578	143
Add: Distributed income of equity investees	—	—	—
Subtract: Interest capitalized	—	—	—
Subtract: Pre-tax preferred stock dividend requirement	—	—	—
Earnings	**$ 560**	**$ 1,979**	**$ 523**
*** Fixed charges**			
Interest on long-term debt	$ 126	$ 520	$ 131
Amortization of debt discount, premium and expense	6	17	4
Interest capitalized	—	—	—
Other interest	5	19	3
Interest component of rentals	5	22	5
Pre-tax preferred stock dividend requirement	—	—	—
Fixed charges	**$ 142**	**$ 578**	**$ 143**
Ratio of Earnings to Fixed Charges	3.9	3.4	3.7

Exhibit 31.2.1

CERTIFICATIONS

CECONY—Principal Executive Officer

I, Kevin Burke, the principal executive officer of Consolidated Edison Company of New York, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 of Consolidated Edison Company of New York, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2011

/s/ Kevin Burke

Kevin Burke
Chairman and Chief Executive Officer

Exhibit 31.2.2

CERTIFICATIONS

CECONY—Principal Financial Officer

I, Robert Hoglund, the principal financial officer of Consolidated Edison Company of New York, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 of Consolidated Edison Company of New York, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2011

/S/ ROBERT HOGLUND

Robert Hoglund
Senior Vice President and Chief
Financial Officer

Exhibit 32.2.1

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

I, Kevin Burke, the Chief Executive Officer of Consolidated Edison Company of New York, Inc. (the "Company") certify that the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, which this statement accompanies, (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ KEVIN BURKE

Kevin Burke

Dated: May 5, 2011

Exhibit 32.2.2

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

I, Robert Hoglund, the Chief Financial Officer of Consolidated Edison Company of New York, Inc. (the "Company") certify that the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, which this statement accompanies, (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ ROBERT HOGLUND

Robert Hoglund

Dated: May 5, 2011