

CONSOLIDATED EDISON CO OF NEW YORK INC
Form 10-Q
August 04, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended JUNE 30, 2009

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.

Con Edison Yes No
Con Edison of New York Yes No

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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
Con Edison of New York 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
Con Edison of New York
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 Act).

Con Edison Yes No
Con Edison of New York Yes No

As of July 31, 2009, Con Edison had outstanding 274,985,240 Common Shares (\$.10 par value). All of the outstanding common equity of Con Edison of New York is held by Con Edison.

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Filing Format

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

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GLOSSARY OF TERMS

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

Con Edison Companies

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

Regulatory and State Agencies

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

Other

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

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Other	
EMF	Electric and magnetic fields
ERRP	East River Repowering Project
FASB	Financial Accounting Standards Board
FIN	FASB Interpretation No.
First Quarter Form 10-Q	The Companies' combined Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009
Fitch	Fitch Ratings
Form 10-K	The Companies' combined Annual Report on Form 10-K for the year ended December 31, 2008
FSP	FASB Staff Position
GHG	Greenhouse gases
kV	Kilovolts
kWh	Kilowatt-hour
LILLO	Lease In/Lease Out
LTIP	Long Term Incentive Plan
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
mdths	Thousand dekatherms
MGP Sites	Manufactured gas plant sites
mmlbs	Million pounds
Moody's	Moody's Investors Service
MVA	Megavolt amperes
MW	Megawatts or thousand kilowatts
MWH	Megawatt hour
Net T&D Revenues	Revenue requirement impact resulting from the reconciliation pursuant to Con Edison of New York's electric rate agreement of the differences between the actual amount of transmission and distribution utility plant, net of depreciation, to the amount reflected in electric rates
NUGs	Non-utility generators
OCI	Other Comprehensive Income
PCBs	Polychlorinated biphenyls
PPA	Power purchase agreement
PRP	Potentially responsible party
S&P	Standard & Poor's Rating Services
SFAS	Statement of Financial Accounting Standards
SO ₂	Sulfur dioxide
SSCM	Simplified service cost method
Second Quarter Form 10-Q	The Companies' combined Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009
Superfund	Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes
VaR	Value-at-Risk
VIE	Variable interest entity

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Consolidated Edison, Inc.

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

	<i>June 30, 2009</i>	<i>December 31, 2008</i>
	<i>(Millions of Dollars)</i>	
ASSETS		
UTILITY PLANT, AT ORIGINAL COST		
Electric	\$ 18,104	\$ 17,483
Gas	3,839	3,696
Steam	1,880	1,849
General	1,858	1,795
TOTAL	25,681	24,823
Less: Accumulated depreciation	5,222	5,079
Net	20,459	19,744
Construction work in progress	1,126	1,109
NET UTILITY PLANT	21,585	20,853
NON-UTILITY PLANT		
Non-utility property, less accumulated depreciation of \$43 and \$40 in 2009 and 2008, respectively	19	20
Construction work in progress	3	1
NET PLANT	21,607	20,874
CURRENT ASSETS		
Cash and temporary cash investments	311	74
Accounts receivable - customers, less allowance for uncollectible accounts of \$67 and \$60 in 2009 and 2008, respectively	938	1,098
Accrued unbilled revenue	475	131
Other receivables, less allowance for uncollectible accounts of \$4 in 2009 and 2008	155	194
Fuel oil, at average cost	28	37
Gas in storage, at average cost	170	325
Materials and supplies, at average cost	159	154
Prepayments	175	697
Fair value of derivative assets	203	162
Recoverable energy costs	36	172
Deferred derivative losses	263	288
Other current assets	84	37
TOTAL CURRENT ASSETS	2,997	3,369
INVESTMENTS	368	356
DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS		
Goodwill	413	411
Intangible assets, less accumulated amortization of \$2 in 2009 and 2008	4	5
Regulatory assets	7,858	8,055
Other deferred charges and noncurrent assets	463	428
TOTAL DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS	8,738	8,899
TOTAL ASSETS	\$ 33,710	\$ 33,498

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

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Consolidated Edison, Inc.

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

	<i>June 30, 2009</i>	<i>December 31, 2008</i>
	<i>(Millions of Dollars)</i>	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common shareholders' equity (See Statement of Common Shareholders' Equity)	\$ 9,748	\$ 9,698
Preferred stock of subsidiary	213	213
Long-term debt	9,664	9,232
TOTAL CAPITALIZATION	19,625	19,143
NONCURRENT LIABILITIES		
Obligations under capital leases	14	17
Provision for injuries and damages	175	169
Pensions and retiree benefits	4,322	4,511
Superfund and other environmental costs	227	250
Uncertain income taxes	123	118
Asset retirement obligations	118	115
Fair value of derivative liabilities	150	120
Other noncurrent liabilities	89	79
TOTAL NONCURRENT LIABILITIES	5,218	5,379
CURRENT LIABILITIES		
Long-term debt due within one year	588	482
Notes payable	100	363
Accounts payable	939	1,161
Customer deposits	268	265
Accrued taxes	29	57
Accrued interest	155	139
Accrued wages	81	88
Fair value of derivative liabilities	217	192
Deferred derivative gains	10	23
Deferred income taxes - recoverable energy costs	15	70
Other current liabilities	333	365
TOTAL CURRENT LIABILITIES	2,735	3,205
DEFERRED CREDITS AND REGULATORY LIABILITIES		
Deferred income taxes and investment tax credits	5,206	4,999
Regulatory liabilities	891	737
Other deferred credits	35	35
TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES	6,132	5,771
TOTAL CAPITALIZATION AND LIABILITIES	\$ 33,710	\$ 33,498

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

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Consolidated Edison, Inc.

CONSOLIDATED INCOME STATEMENT

(UNAUDITED)

	<i>For the Three Months Ended June 30,</i>		<i>For the Six Months Ended June 30,</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>(Millions of Dollars/Except Share Data)</i>			
OPERATING REVENUES				
Electric	\$ 1,955	\$ 1,957	\$ 3,758	\$ 3,830
Gas	334	426	1,222	1,272
Steam	113	133	444	418
Non-utility	443	633	845	1,205
TOTAL OPERATING REVENUES	2,845	3,149	6,269	6,725
OPERATING EXPENSES				
Purchased power	1,065	1,362	2,205	2,653
Fuel	86	124	321	325
Gas purchased for resale	136	243	633	740
Other operations and maintenance	622	572	1,203	1,108
Depreciation and amortization	197	182	389	347
Taxes, other than income taxes	367	328	727	677
Income taxes	78	190	177	337
TOTAL OPERATING EXPENSES	2,551	3,001	5,655	6,187
Gain on sale of generation projects		260		260
OPERATING INCOME	294	408	614	798
OTHER INCOME (DEDUCTIONS)				
Investment and other income	18	11	21	69
Allowance for equity funds used during construction	3	2	5	4
Other deductions	(5)	(5)	(8)	(10)
Income taxes	(2)	(5)	3	(21)
TOTAL OTHER INCOME (DEDUCTIONS)	14	3	21	42
INTEREST EXPENSE				
Interest on long-term debt	151	131	293	244
Other interest	6		10	16
Allowance for borrowed funds used during construction	(2)	(3)	(4)	(6)
NET INTEREST EXPENSE	155	128	299	254
INCOME FROM CONTINUING OPERATIONS	153	283	336	586
INCOME FROM DISCONTINUED OPERATIONS				
Gain on sale of generation projects, net of tax expense of \$174 in 2008		270		270
Income from discontinued operations, net of tax expense of \$1 and \$3 in 2008		2		4
TOTAL INCOME FROM DISCONTINUED OPERATIONS		272		274
NET INCOME	\$ 153	\$ 555	\$ 336	\$ 860
Preferred stock dividend requirements of subsidiary	(3)	(3)	(6)	(6)
NET INCOME FOR COMMON STOCK	\$ 150	\$ 552	\$ 330	\$ 854
EARNINGS PER COMMON SHARE BASIC				
Continuing operations	\$ 0.55	\$ 1.03	\$ 1.20	\$ 2.13
Discontinued operations		0.99		1.01
Net income for common stock	\$ 0.55	\$ 2.02	\$ 1.20	\$ 3.14
EARNINGS PER COMMON SHARE DILUTED				
Continuing operations	\$ 0.55	\$ 1.03	\$ 1.20	\$ 2.12
Discontinued operations		0.99		1.01
Net income for common stock	\$ 0.55	\$ 2.02	\$ 1.20	\$ 3.13
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$ 0.590	\$ 0.585	\$ 1.180	\$ 1.170
AVERAGE NUMBER OF SHARES OUTSTANDING BASIC (IN MILLIONS)	274.5	272.7	274.2	272.5
AVERAGE NUMBER OF SHARES OUTSTANDING DILUTED (IN MILLIONS)	275.3	273.5	275.0	273.3

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

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Consolidated Edison, Inc.

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

	<i>For the Three Months</i>		<i>For the Six Months</i>	
	<i>Ended June 30,</i>		<i>Ended June 30,</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>(Millions of Dollars)</i>		<i>(Millions of Dollars)</i>	
NET INCOME	\$ 153	\$ 555	\$ 336	\$ 860
OTHER COMPREHENSIVE INCOME, NET OF TAXES				
Pension plan liability adjustments, net of taxes of \$1 and \$2 in 2009 and \$1 and \$1 in 2008, respectively	1	1	3	2
Unrealized losses on derivatives qualified as cash flow hedges, net of taxes of \$(1) in 2008				(2)
Less: Reclassification adjustment for losses included in net income, net of taxes of \$0 in 2009 and \$(1) and \$(1) in 2008	(1)	(2)		(2)
Less: Reclassification adjustment for unrealized losses included in regulatory assets, net of taxes of \$(5) in 2008				(8)
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAXES	2	3	3	10
COMPREHENSIVE INCOME	155	558	339	870
Preferred stock dividend requirements of subsidiary	(3)	(3)	(6)	(6)
COMPREHENSIVE INCOME FOR COMMON STOCK	\$ 152	\$ 555	\$ 333	\$ 864

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

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Consolidated Edison, Inc.

CONSOLIDATED STATEMENT OF COMMON SHAREHOLDERS EQUITY

(UNAUDITED)

	Common Stock			Treasury Stock		Accumulated			Total
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Shares	Amount	Capital	Other	
							Stock	Comprehensive	
							Expense	Income/(Loss)	
	<i>(Millions of Dollars/Except Share Data)</i>								
BALANCE AS OF DECEMBER 31, 2007	272,024,874	\$ 29	\$ 4,038	\$ 6,113	23,210,700	\$ (1,001)	\$ (60)	\$ (43)	\$ 9,076
Net income for common stock				303					303
Common stock dividends				(160)					(160)
Issuance of common shares dividend reinvestment and employee stock plans	476,809		21						21
Other comprehensive income								7	7
Adjustment for adoption of FASB Statement No. 157				17					17
BALANCE AS OF MARCH 31, 2008	272,501,683	\$ 29	\$ 4,059	\$ 6,273	23,210,700	\$ (1,001)	\$ (60)	\$ (36)	\$ 9,264
Net income for common stock				552					552
Common stock dividends				(162)					(162)
Issuance of common shares dividend reinvestment and employee stock plans	493,092		23						23
Other comprehensive income								3	3
BALANCE AS OF JUNE 30, 2008	272,994,775	\$ 29	\$ 4,082	\$ 6,663	23,210,700	\$ (1,001)	\$ (60)	\$ (33)	\$ 9,680
BALANCE AS OF DECEMBER 31, 2008	273,721,686	\$ 29	\$ 4,112	\$ 6,685	23,210,700	\$ (1,001)	\$ (60)	\$ (67)	\$ 9,698
Net income for common stock				180					180
Common stock dividends				(162)					(162)
Issuance of common shares dividend reinvestment and employee stock plans	532,533		20						20
Other comprehensive income								1	1
BALANCE AS OF MARCH 31, 2009	274,254,219	\$ 29	\$ 4,132	\$ 6,703	23,210,700	\$ (1,001)	\$ (60)	\$ (66)	\$ 9,737
Net income for common stock				150					150
Common stock dividends				(162)					(162)
Issuance of common shares dividend reinvestment and employee stock plans	584,916		21						21
Other comprehensive income								2	2
BALANCE AS OF JUNE 30, 2009	274,839,135	\$ 29	\$ 4,153	\$ 6,691	23,210,700	\$ (1,001)	\$ (60)	\$ (64)	\$ 9,748

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

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Consolidated Edison, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

	<i>For the Six Months Ended June 30,</i>	
	<i>2009</i>	<i>2008</i>
	<i>(Millions of Dollars)</i>	
OPERATING ACTIVITIES		
Net income	\$ 336	\$ 860
PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME		
Depreciation and amortization	389	347
Deferred income taxes	159	202
Rate case amortization and accruals	(13)	(105)
Net transmission and distribution reconciliation		(52)
Common equity component of allowance for funds used during construction	(5)	(4)
Pre-tax gain on sale of generation projects		(704)
Net derivative losses	26	(106)
Other non-cash items (net)	(13)	(229)
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable customers, less allowance for uncollectibles	160	69
Materials and supplies, including fuel oil and gas in storage	159	(35)
Other receivables and other current assets	(68)	(148)
Prepayments	522	16
Recoverable energy costs	128	(33)
Accounts payable	(157)	335
Pensions and retiree benefits	5	63
Accrued taxes	(28)	257
Accrued interest	16	4
Deferred charges, noncurrent assets and other regulatory assets	(114)	(124)
Deferred credits and other regulatory liabilities	(19)	638
Other assets	(1)	133
Other liabilities	(45)	(94)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,437	1,290
INVESTING ACTIVITIES		
Utility construction expenditures	(1,034)	(1,068)
Cost of removal less salvage	(87)	(90)
Non-utility construction expenditures	(3)	3
Common equity component of allowance for funds used during construction	5	4
Proceeds from sale of generation projects		1,477
Purchase of ownership interest in Hawkeye lease		(12)
Purchase of ownership interest in Newington SCS		(20)
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES	(1,119)	294
FINANCING ACTIVITIES		
Net payments of short-term debt	(263)	(763)
Retirement of long-term debt	(278)	(186)
Issuance of long-term debt	750	1,200
Issuance of common stock	15	19
Debt issuance costs	(5)	(9)
Common stock dividends	(300)	(298)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(81)	(37)
CASH AND TEMPORARY CASH INVESTMENTS:		
NET CHANGE FOR THE PERIOD	237	1,547
BALANCE AT BEGINNING OF PERIOD	74	210
BALANCE AT END OF PERIOD	\$ 311	\$ 1,757

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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for:

Interest	\$ 270	\$ 244
Income taxes	\$ 7	\$ 87

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

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Consolidated Edison Company of New York, Inc.

CONSOLIDATED BALANCE SHEET**(UNAUDITED)**

	<i>June 30, 2009</i>	<i>December 31, 2008</i>
	<i>(Millions of Dollars)</i>	
ASSETS		
UTILITY PLANT AT ORIGINAL COST		
Electric	\$ 17,055	\$ 16,460
Gas	3,407	3,273
Steam	1,880	1,849
General	1,707	1,646
TOTAL	24,049	23,228
Less: Accumulated depreciation	4,770	4,636
Net	19,279	18,592
Construction work in progress	1,071	1,051
NET UTILITY PLANT	20,350	19,643
NON-UTILITY PROPERTY		
Non-utility property, less accumulated depreciation of \$20 and \$19 in 2009 and 2008, respectively	10	11
NET PLANT	20,360	19,654
CURRENT ASSETS		
Cash and temporary cash investments	290	37
Accounts receivable - customers, less allowance for uncollectible accounts of \$60 and \$53 in 2009 and 2008, respectively	793	937
Other receivables, less allowance for uncollectible accounts of \$3 in 2009 and 2008	107	127
Accrued unbilled revenue	357	
Accounts receivable from affiliated companies	44	272
Fuel oil, at average cost	28	37
Gas in storage, at average cost	137	261
Materials and supplies, at average cost	149	145
Prepayments	75	538
Fair value of derivative assets	54	71
Recoverable energy costs		146
Deferred derivative losses	207	247
Other current assets	71	22
TOTAL CURRENT ASSETS	2,312	2,840
INVESTMENTS	105	93
DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS		
Regulatory assets	7,308	7,486
Other deferred charges and noncurrent assets	359	342
TOTAL DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS	7,667	7,828
TOTAL ASSETS	\$ 30,444	\$ 30,415

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

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

	<i>June 30, 2009</i>	<i>December 31, 2008</i>
	<i>(Millions of Dollars)</i>	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common shareholder s equity (See Statement of Common Shareholder s Equity)	\$ 8,999	\$ 8,991
Preferred stock	213	213
Long-term debt	8,919	8,494
TOTAL CAPITALIZATION	18,131	17,698
NONCURRENT LIABILITIES		
Obligations under capital leases	14	17
Provision for injuries and damages	168	163
Pensions and retiree benefits	3,859	4,059
Superfund and other environmental costs	175	196
Uncertain income taxes	107	108
Asset retirement obligations	118	115
Fair value of derivative liabilities	40	29
Other noncurrent liabilities	62	61
TOTAL NONCURRENT LIABILITIES	4,543	4,748
CURRENT LIABILITIES		
Long-term debt due within one year	525	475
Notes payable		253
Accounts payable	726	952
Accounts payable to affiliated companies	10	26
Customer deposits	253	250
Accrued taxes	27	41
Accrued taxes to affiliated companies	23	25
Accrued interest	144	131
Accrued wages	76	80
Fair value of derivative liabilities	76	87
Deferred derivative gains	10	23
Deferred income taxes recoverable energy costs		59
Other current liabilities	299	325
TOTAL CURRENT LIABILITIES	2,169	2,727
DEFERRED CREDITS AND REGULATORY LIABILITIES		
Deferred income taxes and investment tax credits	4,807	4,611
Regulatory liabilities	762	600
Other deferred credits	32	31
TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES	5,601	5,242
TOTAL CAPITALIZATION AND LIABILITIES	\$ 30,444	\$ 30,415

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

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Consolidated Edison Company of New York, Inc.

CONSOLIDATED INCOME STATEMENT**(UNAUDITED)**

	<i>For the Three Months Ended June 30,</i>		<i>For the Six Months Ended June 30,</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>(Millions of Dollars)</i>			
OPERATING REVENUES				
Electric	\$ 1,812	\$ 1,778	\$ 3,469	\$ 3,492
Gas	295	383	1,077	1,124
Steam	113	133	444	418
TOTAL OPERATING REVENUES	2,220	2,294	4,990	5,034
OPERATING EXPENSES				
Purchased power	609	704	1,256	1,425
Fuel	86	124	321	322
Gas purchased for resale	114	215	542	642
Other operations and maintenance	532	488	1,033	950
Depreciation and amortization	185	171	366	325
Taxes, other than income taxes	354	313	697	645
Income taxes	67	41	176	154
TOTAL OPERATING EXPENSES	1,947	2,056	4,391	4,463
OPERATING INCOME	273	238	599	571
OTHER INCOME (DEDUCTIONS)				
Investment and other income	12	10	15	13
Allowance for equity funds used during construction	3	2	5	4
Other deductions	(4)	(5)	(7)	(7)
Income taxes	(5)	(4)	(4)	(3)
TOTAL OTHER INCOME (DEDUCTIONS)	6	3	9	7
INTEREST EXPENSE				
Interest on long-term debt	137	121	265	227
Other interest	5	(2)	7	10
Allowance for borrowed funds used during construction	(2)	(2)	(3)	(5)
NET INTEREST EXPENSE	140	117	269	232
NET INCOME	139	124	339	346
PREFERRED STOCK DIVIDEND REQUIREMENTS	3	3	6	6
NET INCOME FOR COMMON STOCK	\$ 136	\$ 121	\$ 333	\$ 340

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

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Consolidated Edison Company of New York, Inc.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(UNAUDITED)

	<i>For the Three Months Ended June 30,</i>		<i>For the Six Months Ended June 30,</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>(Millions of Dollars)</i>			
NET INCOME	\$ 139	\$ 124	\$ 339	\$ 346
OTHER COMPREHENSIVE INCOME, NET OF TAXES				
COMPREHENSIVE INCOME	\$ 139	\$ 124	\$ 339	\$ 346

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

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Consolidated Edison Company of New York, Inc.

CONSOLIDATED STATEMENT OF COMMON SHAREHOLDERS EQUITY

(UNAUDITED)

	<i>Common Stock</i>		<i>Additional Paid-In Capital</i>	<i>Retained Earnings</i>	<i>Repurchased Con Edison Stock</i>	<i>Capital Stock Expense</i>	<i>Accumulated Other Comprehensive Income/(Loss)</i>	<i>Total</i>
	<i>Shares</i>	<i>Amount</i>						
	<i>(Millions of Dollars/Except Share Data)</i>							
BALANCE AS OF DECEMBER 31, 2007	235,488,094	\$ 589	\$ 2,912	\$ 5,616	\$ (962)	\$ (60)	\$ (9)	\$ 8,086
Net income				222				222
Common stock dividend to parent				(139)				(139)
Capital contribution by parent			23					23
Cumulative preferred dividends				(3)				(3)
BALANCE AS OF MARCH 31, 2008	235,488,094	\$ 589	\$ 2,935	\$ 5,696	\$ (962)	\$ (60)	\$ (9)	\$ 8,189
Net income				124				124
Common stock dividend to parent				(145)				(145)
Capital contribution by parent			26					26
Cumulative preferred dividends				(3)				(3)
BALANCE AS OF JUNE 30, 2008	235,488,094	\$ 589	\$ 2,961	\$ 5,672	\$ (962)	\$ (60)	\$ (9)	\$ 8,191
BALANCE AS OF DECEMBER 31, 2008	235,488,094	\$ 589	\$ 3,664	\$ 5,780	\$ (962)	\$ (60)	\$ (20)	\$ 8,991
Net income				200				200
Common stock dividend to parent				(163)				(163)
Cumulative preferred dividends				(3)				(3)
BALANCE AS OF MARCH 31, 2009	235,488,094	\$ 589	\$ 3,664	\$ 5,814	\$ (962)	\$ (60)	\$ (20)	\$ 9,025
Net income				139				139
Common stock dividend to parent				(163)				(163)
Cumulative preferred dividends				(3)				(3)
BALANCE AS OF JUNE 30, 2009	235,488,094	\$ 589	\$ 3,664	\$ 5,787	\$ (962)	\$ (60)	\$ (20)	\$ 8,998

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

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Consolidated Edison Company of New York, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

	<i>For the Six Months Ended June 30,</i>	
	2009	2008
	<i>(Millions of Dollars)</i>	
OPERATING ACTIVITIES		
Net income	\$ 339	\$ 346
PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME		
Depreciation and amortization	366	325
Deferred income taxes	151	193
Rate case amortization and accruals	(13)	(105)
Net transmission and distribution reconciliation		(52)
Common equity component of allowance for funds used during construction	(5)	(4)
Other non-cash items (net)	(52)	(27)
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable customers, less allowance for uncollectibles	144	84
Materials and supplies, including fuel oil and gas in storage	129	(31)
Other receivables and other current assets	71	(171)
Prepayments	463	4
Recoverable energy costs	148	(42)
Accounts payable	(242)	129
Pensions and retiree benefits	(16)	44
Accrued taxes	(16)	12
Accrued interest	13	3
Deferred charges, noncurrent assets and other regulatory assets	(63)	(119)
Deferred credits and other regulatory liabilities	(45)	473
Other liabilities	(45)	3
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,327	1,065
INVESTING ACTIVITIES		
Utility construction expenditures	(992)	(1,031)
Cost of removal less salvage	(85)	(88)
Common equity component of allowance for funds used during construction	5	4
Loan to affiliate	113	55
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(959)	(1,060)
FINANCING ACTIVITIES		
Net payments of short-term debt	(253)	(555)
Retirement of long-term debt	(275)	(180)
Issuance of long-term debt	750	1,200
Capital contribution by parent		49
Debt issuance costs	(5)	(9)
Dividend to parent	(326)	(284)
Preferred stock dividends	(6)	(6)
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	(115)	215
CASH AND TEMPORARY CASH INVESTMENTS:		
NET CHANGE FOR THE PERIOD	253	220
BALANCE AT BEGINNING OF PERIOD	37	121
BALANCE AT END OF PERIOD	\$ 290	\$ 341

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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for:

Interest	\$ 244	\$ 223
Income taxes	\$ 15	\$ 70

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

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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 (Con Edison of New York). Con Edison of New York 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 Con Edison of New York 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 Con Edison of New York and O&R.

As used in these notes, the term "Companies" refers to Con Edison and Con Edison of New York and, except as otherwise noted, the information in these combined notes relates to each of the Companies. However, Con Edison of New York 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, 2008 (the Form 10-K) and their separate unaudited financial statements (including the combined notes thereto) included in Part I, Item 1 of their combined Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009 (the First Quarter Form 10-Q). Information in the notes to the consolidated financial statements in the Form 10-K and the First Quarter Form 10-Q 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.

The Companies have, pursuant to Statement of Financial Accounting Standard (SFAS) No. 165, *Subsequent Events* (which is effective for periods ending after June 15, 2009), evaluated events or transactions that occurred after June 30, 2009 through the filing with the Securities and Exchange Commission of this Quarterly Report on Form 10-Q for potential recognition or disclosure in the consolidated financial statements.

Certain prior period amounts have been reclassified to conform to the current period presentation. Effective June 2009, the Companies are including receivables purchased from energy supply companies

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

within accounts receivable customers, and to conform to this presentation, have reclassified receivables purchased from energy supply companies that were included in other receivables at December 31, 2008 (\$148 million for Con Edison; \$121 million for Con Edison of New York). This reclassification more appropriately reflects the Utilities customer operations practices, policies and procedures. Results for interim periods are not necessarily indicative of results for the entire fiscal year.

Con Edison has two regulated utility subsidiaries: Con Edison of New York and O&R. Con Edison of New York 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 company; and Consolidated Edison Development, Inc. (Con Edison Development), a company that participates in infrastructure projects. During the second quarter of 2008, Con Edison Development and its subsidiary, CED/SCS Newington, LLC, completed the sale of their ownership interests in power generating projects with an aggregate capacity of approximately 1,706 megawatts. See Note M.

Note A Summary of Significant Accounting Policies

Revenues

The Utilities and Con Edison Solutions recognize revenues for electric, gas and steam service on a monthly billing cycle basis. The Utilities defer over a 12-month period net interruptible gas revenues, other than those authorized by the New York State Public Service Commission (PSC) to be retained by the Utilities, for refund to firm gas sales and transportation customers. O&R and Con Edison Solutions accrue revenues at the end of each month for estimated energy service not yet billed to customers. Prior to March 31, 2009, Con Edison of New York did not accrue revenues for estimated energy service not yet billed to customers except for certain unbilled gas revenues accrued in 1989. Effective March 31, 2009, the PSC authorized Con Edison of New York to accrue unbilled electric, gas and steam revenues. The adoption of this accounting for unbilled revenues had no effect on net income. See Note A to the financial statements in Part I, Item 1 of the First Quarter Form 10-Q. Unbilled revenues included in Con Edison's balance sheet at June 30, 2009 and December 31, 2008 were \$475 million (including \$357 million for Con Edison of New York) and \$131 million, respectively.

Table of Contents**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED****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 and six months ended June 30, 2009 and 2008, Con Edison's basic and diluted EPS are calculated as follows:

<i>(Millions of Dollars, except per share amounts/Shares in Millions)</i>	<i>For the Three Months Ended June 30,</i>		<i>For the Six Months Ended June 30,</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
Income for common stock from continuing operations	\$ 150	\$ 280	\$ 330	\$ 580
Income for common stock from discontinued operations, net of tax		272		274
Net income for common stock	\$ 150	\$ 552	\$ 330	\$ 854
Weighted average common shares outstanding - Basic	274.5	272.7	274.2	272.5
Add: Incremental shares attributable to effect of potentially dilutive securities	0.8	0.8	0.8	0.8
Adjusted weighted average common shares outstanding - Diluted	275.3	273.5	275.0	273.3
EARNINGS PER COMMON SHARE - BASIC				
Continuing operations	\$ 0.55	\$ 1.03	\$ 1.20	\$ 2.13
Discontinued operations		0.99		1.01
Net income for common stock	\$ 0.55	\$ 2.02	\$ 1.20	\$ 3.14
EARNINGS PER COMMON SHARE - DILUTED				
Continuing operations	\$ 0.55	\$ 1.03	\$ 1.20	\$ 2.12
Discontinued operations		0.99		1.01
Net income for common stock	\$ 0.55	\$ 2.02	\$ 1.20	\$ 3.13

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 and Note B to the financial statements in Part I, Item 1 of the First Quarter Form 10-Q.

Rate Agreements**Con Edison of New York - Electric**

In May 2009, Con Edison of New York filed a request with the PSC for a three-year electric rate plan with level annual rate increases of \$695 million effective April 2010, 2011 and 2012. The filing reflects a return on common equity of 11.60 percent and a common equity ratio of 48.2 percent.

The filing also includes an alternative proposal for an electric rate increase of \$854 million, effective April 2010, reflecting a return on common equity of 10.9 percent and a common equity ratio of 48.2 percent. Included in the increase would be recovery of increased property taxes (\$127 million); additional operating costs and new and or expanded operating programs (\$153 million); carrying

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

charges on additional infrastructure investments (\$237 million); increased pension and other post-retirement benefit costs (\$114 million); and an increased return on equity as compared to the return on equity reflected in current electric rates (\$127 million).

The filing reflects continuation of the current provisions pursuant to which expenses for pension and other post-retirement benefits, property taxes, long-term debt and environmental site investigation and remediation are reconciled to amounts reflected in rates and avoided revenue requirements (as updated, \$23 million) as a result of austerity measures (discussed below). The company is requesting reconciliation for municipal infrastructure support costs and the impact of new laws. As part of the three-year rate plan, the company is requesting that increases, if any, in certain expenses above a 4 percent annual inflation rate be deferred as a regulatory asset if its annual return on common equity is less than the authorized return. The filing also reflects continuation of the revenue decoupling mechanism that eliminates the direct relationship between the company's level of delivery revenues and profits and the provisions pursuant to which the company recovers its purchased power and fuel costs from customers.

In April 2009, the PSC directed the company to file with the PSC in May 2009 the company's plan with respect to austerity measures that would reduce the company's revenue requirements during the rate year ending March 31, 2010 by \$60 million. The PSC further directed the company to provide, in its next electric rate filing or within 30 days thereafter, the austerity program efforts it plans to continue beyond that rate year. The company has, as directed by the PSC, filed its austerity plans, which include reductions in labor costs, including compensation and other employee benefits, deferral of expenditures for capital projects and operating and maintenance programs and other initiatives. These reductions would collectively represent \$47 million of the \$60 million reduction sought by the PSC. The company will seek further opportunities for austerity when it prepares its 2010 budgets. In May 2009, the company filed with the PSC a request for rehearing of the PSC's April 2009 order with respect to its austerity provisions and certain other matters.

The PSC's April 2009 order covering Con Edison of New York's electric rates, among other things, provided for the continuation of the collection of a portion (increased, to reflect higher capital costs, from \$237 million collected in the rate year ended March 2009 to \$254 million for the rate year ending March 2010) of the April 2008 rate increase subject to potential refund to customers following further PSC review and completion of an investigation by the PSC staff of the \$1.6 billion of capital expenditures during the April 2005 through March 2008 period covered by the 2005 electric rate agreement for transmission and distribution utility plant that were above the amounts of such expenditures reflected in rates. The portion collected would also be subject to refund in the event the

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

PSC determined that some disallowance of costs the company has recovered is warranted to address potential impacts of alleged unlawful conduct by arrested employees and contractors (see Investigation of Contractor Payments in Note H). The company is unable to estimate the amount, if any, of any refund that might be required and, accordingly, has not established a regulatory liability for a refund.

Con Edison of New York Gas and Steam

In June 2009, the PSC approved a Joint Proposal by Con Edison of New York, the PSC Staff and other parties under which, starting in July 2009, a portion of the company's gas and steam revenues (\$32 million and \$6 million annually, respectively) would be subject to potential refund to customers in the event the PSC determined that some disallowance of costs the company has recovered is warranted to address potential impacts of alleged unlawful conduct by arrested employees and contractors (see Investigation of Contractor Payments in Note H). The company is unable to estimate the amount, if any, of any refund that might be required.

O&R Gas

In June 2009, O&R entered into a settlement agreement with the staff of the PSC and other parties. The settlement agreement, which is subject to PSC approval, establishes a rate plan that covers the three-year period November 1, 2009 through October 31, 2012. The rate plan provides two rate increase alternatives for consideration by the PSC. The first alternative is for increases in base rates of \$12.8 million in the first year, \$5.2 million in the second year and \$4.5 million in the third year. The second alternative is for increases in base rates of \$9 million in each of the first two years and \$4.6 million in the third year, with an additional \$4.3 million to be collected through a surcharge in the third rate year.

The rate plan reflects the following major items:

an annual return on common equity of 10.4 percent;

most of any actual earnings above an 11.4 percent annual return on common equity (based upon the actual average common equity ratio, subject to a maximum 50 percent of capitalization) are to be applied to reduce regulatory assets;

deferral as a regulatory asset or liability, as the case may be, of differences between the actual level of certain expenses, including expenses for pension and other postretirement benefits, environmental remediation, property taxes and taxable and tax-exempt long-term debt, and amounts for those expenses reflected in rates;

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

deferral as a regulatory liability of the revenue requirement impact (i.e., return on investment, depreciation and income taxes) of the amount, if any, by which average gas net plant balances are less than balances reflected in rates;

deferral as a regulatory asset of increases, if any over the course of the rate plan, in certain expenses above a 4 percent annual inflation rate, but only if the actual annual return on common equity is less than 10.4 percent;

implementation of a revenue decoupling mechanism;

continuation of the provisions pursuant to which the company recovers its cost of purchasing gas and the provisions pursuant to which the effects of weather on gas income are moderated; and

potential negative earnings adjustments of up to \$1.4 million annually if certain operations and customer service requirements are not met.

Table of Contents**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED****Regulatory Assets and Liabilities**

Regulatory assets and liabilities at June 30, 2009 and December 31, 2008 were comprised of the following items:

<i>(Millions of Dollars)</i>	<i>Con Edison</i>		<i>Con Edison of New York</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
Regulatory assets				
Unrecognized pension and other postretirement costs	\$ 5,407	\$ 5,602	\$ 5,154	\$ 5,335
Future federal income tax	1,222	1,186	1,162	1,127
Environmental remediation costs	385	378	325	316
Revenue taxes	108	101	106	99
Pension and other postretirement benefits deferrals	106	92	50	38
Deferred derivative losses long-term	112	94	70	54
Net electric deferrals	82	27	82	27
Electric property tax petition	73	41	73	41
World Trade Center restoration costs	60	140	60	140
O&R transition bond charges	58	59		
Workers compensation	38	38	38	38
Gas rate plan deferral	28	30	28	30
Unbilled gas revenue	15	44	15	44
Other retirement program costs	13	14	13	14
Asbestos-related costs	10	10	9	9
Recoverable energy costs		42		42
Other	141	157	122	132
Regulatory assets	7,858	8,055	7,308	7,486
Deferred derivative losses current	263	288	207	247
Recoverable energy costs current	36	172		146
Total Regulatory Assets	\$ 8,157	\$ 8,515	\$ 7,515	\$ 7,879
Regulatory liabilities				
Allowance for cost of removal less salvage	\$ 374	\$ 378	\$ 308	\$ 313
Refundable energy costs	152	104	105	47
Net unbilled revenue deferrals	96		96	
Electric rate case deferral	57		57	
Rate case amortizations	35	68	35	68
Gain on sale of First Avenue properties	17	30	17	30
Other	160	157	144	142
Regulatory liabilities	891	737	762	600
Deferred derivative gains current	10	23	10	23
Total Regulatory Liabilities	\$ 901	\$ 760	\$ 772	\$ 623

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

Other Regulatory Matters

Con Edison of New York expects that the PSC will be releasing a report on its management audit of the company. The PSC is required to audit New York utilities every five years. The company expects that the PSC consultant that performed the audit will identify areas for improvement, including with respect to the company's construction program, planning and business processes and regulatory relationships.

Note C Long-Term Debt

Reference is made to Note C to the financial statements in Item 8 of the Form 10-K and Note C to the financial statements in Part I, Item 1 of the First Quarter Form 10-Q.

In June 2009, \$49 million of the \$55 million of O&R's weekly-rate, tax-exempt debt insured by Financial Guaranty Insurance Company (Series 1994A Debt) that had been tendered was remarketed, and the proceeds from the remarketing were used to pay short-term borrowings that funded the purchased tendered bonds.

Note D Short-Term Borrowing

Reference is made to Note D to the financial statements in Item 8 of the Form 10-K and Note D to the financial statements in Part I, Item 1 of the First Quarter Form 10-Q.

At June 30, 2009, Con Edison had \$100 million of commercial paper outstanding, none of which was outstanding under Con Edison of New York's program. The weighted average interest rate was 0.4 percent for Con Edison. At December 31, 2008, Con Edison had \$363 million of commercial paper outstanding of which \$253 million was outstanding under Con Edison of New York's program. The weighted average interest rate was 2.4 percent and 3.2 percent for Con Edison and Con Edison of New York, respectively. At June 30, 2009 and December 31, 2008, no loans were outstanding under the Companies' credit agreements and \$282 million (including \$126 million for Con Edison of New York) and \$316 million (including \$107 million for Con Edison of New York) of letters of credit were outstanding, respectively.

Note E Pension Benefits

Reference is made to Note E to the financial statements in Item 8 of the Form 10-K and Note E to the financial statements in Part I, Item 1 of the First Quarter Form 10-Q.

Table of Contents**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED****Net Periodic Benefit Cost**

The components of the Companies' net periodic benefit costs for the three and six months ended June 30, 2009 and 2008 were as follows:

<i>(Millions of Dollars)</i>	<i>For the Three Months Ended June 30,</i>			
	<i>Con Edison</i>		<i>Con Edison of New York</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
Service cost including administrative expenses	\$ 40	\$ 34	\$ 37	\$ 32
Interest cost on projected benefit obligation	131	129	123	121
Expected return on plan assets	(173)	(173)	(165)	(165)
Amortization of net actuarial loss	75	48	68	42