

CONSOLIDATED EDISON CO OF NEW YORK INC  
 Form 10-Q  
 November 02, 2006  
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**Form 10-Q**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934  
**For the quarterly period ended SEPTEMBER 30, 2006**

OR

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

**Commission**

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

Indicate by check mark whether each 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, and (2) has been subject to such filing requirements for the past 90 days. Yes  No  (See Filing Format on next page)

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

Con Edison	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>
Con Edison of New York	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>

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

Con Edison	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Con Edison of New York	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

As of the close of business on October 31, 2006 Con Edison had outstanding 256,794,082 Common Shares (\$.10 par value). Con Edison owns all of the outstanding common equity of Con Edison of New York.

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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 each of the two separate registrants: Con Edison and Con Edison of New York. However, Con Edison of New York makes no representation as to the information contained in this report relating to Con Edison or the subsidiaries of Con Edison other than itself.

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**GLOSSARY OF TERMS**

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

**Con Edison Companies**

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

**Regulatory and State Agencies**

DEC	New York State Department of Environmental Conservation
ECAR	East Central Area Reliability Council
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
NYISO	New York Independent System Operator
NYPA	New York Power Authority
NYSERDA	New York State Energy Research and Development Authority
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 <sub>2</sub>	Carbon dioxide
COSO	Committee of Sponsoring Organizations of the Treadway Commission
DIG	Derivatives Implementation Group
District Court	The United States District Court for the Southern District of New York
dths	Dekatherms
EITF	Emerging Issues Task Force
EMF	Electric and magnetic fields
ERRP	East River Repowering Project
FASB	Financial Accounting Standards Board
FIN	FASB Interpretation No.

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**Other**

First Quarter Form 10-Q	The Companies' combined Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006
Fitch	Fitch Ratings
Form 10-K	The Companies' combined Annual Report on Form 10-K for the year ended December 31, 2005
FSP	FASB Staff Position
GHG	Greenhouse gases
kV	Kilovolts
kWh	Kilowatt-hour
LILO	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
NYAG	New York Attorney General
NUGs	Non-utility generators
OCI	Other Comprehensive Income
PCBs	Polychlorinated biphenyls
PPA	Power purchase agreement
PRP	Potentially responsible party
RCN	RCN Corporation
S&P	Standard & Poor's Rating Services
SFAS	Statement of Financial Accounting Standards
SO <sub>2</sub>	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, 2006
Superfund	Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes
Third Quarter Form 10-Q	The Companies' combined Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006
VaR	Value-at-Risk
VIE	Variable interest entity

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## Consolidated Edison, Inc.

**CONSOLIDATED BALANCE SHEET**

(UNAUDITED)

	<i>September 30, 2006</i>	<i>December 31, 2005</i>
	<i>(Millions of Dollars)</i>	
<b>ASSETS</b>		
UTILITY PLANT, AT ORIGINAL COST		
Electric	\$ 14,270	\$ 13,586
Gas	3,182	3,044
Steam	1,676	1,624
General	1,580	1,541
TOTAL	20,708	19,795
Less: Accumulated depreciation	4,560	4,355
Net	16,148	15,440
Construction work in progress	1,047	771
NET UTILITY PLANT	17,195	16,211
NON-UTILITY PLANT		
Unregulated generating assets, less accumulated depreciation of \$121 and \$102 in 2006 and 2005, respectively	791	810
Non-utility property, less accumulated depreciation of \$35 and \$31 in 2006 and 2005, respectively	34	38
Non-utility property held for sale		52
Construction work in progress	1	1
NET PLANT	18,021	17,112
CURRENT ASSETS		
Cash and temporary cash investments	234	81
Restricted cash	19	15
Accounts receivable - customers, less allowance for uncollectible accounts of \$43 and \$39 in 2006 and 2005, respectively	809	1,025
Accrued unbilled revenue	112	116
Other receivables, less allowance for uncollectible accounts of \$4 and \$6 in 2006 and 2005, respectively	463	348
Fuel oil, at average cost	55	47
Gas in storage, at average cost	260	248
Materials and supplies, at average cost	143	130
Prepayments	507	434
Fair value of derivative assets	143	331
Recoverable energy costs	155	221
Current assets held for sale		8
Deferred derivative losses	196	9
Other current assets	312	147
TOTAL CURRENT ASSETS	3,408	3,160
INVESTMENTS	272	265
DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS		
Goodwill	406	406
Intangible assets, less accumulated amortization of \$32 and \$24 in 2006 and 2005, respectively	82	90
Prepaid pension costs	1,482	1,474
Regulatory assets	2,193	2,017

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Other deferred charges and noncurrent assets	277	324
TOTAL DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS	4,440	4,311
TOTAL ASSETS	\$ 26,141	\$ 24,848

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

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## Consolidated Edison, Inc.

**CONSOLIDATED BALANCE SHEET**

(UNAUDITED)

	<i>September 30, 2006</i>	<i>December 31, 2005</i>
	<i>(Millions of Dollars)</i>	
<b>CAPITALIZATION AND LIABILITIES</b>		
<b>CAPITALIZATION</b>		
Common shareholders' equity (See Statement of Common Shareholders' Equity)	\$ 7,928	\$ 7,310
Preferred stock of subsidiary	213	213
Long-term debt	8,066	7,398
<b>TOTAL CAPITALIZATION</b>	<b>16,207</b>	<b>14,921</b>
<b>MINORITY INTERESTS</b>	<b>41</b>	<b>42</b>
<b>NONCURRENT LIABILITIES</b>		
Obligations under capital leases	27	30
Provision for injuries and damages	169	167
Pensions and retiree benefits	258	223
Superfund and other environmental costs	266	238
Asset retirement obligations	98	94
Noncurrent liabilities held for sale		9
Fair value of derivative liabilities	125	24
Other noncurrent liabilities	42	40
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>985</b>	<b>825</b>
<b>CURRENT LIABILITIES</b>		
Long-term debt due within one year	444	22
Notes payable	431	755
Accounts payable	934	1,234
Customer deposits	225	229
Accrued taxes	50	94
Accrued interest	142	102
Accrued wages	85	77
Fair value of derivative liabilities	442	133
Deferred derivative gains	3	224
Deferred income taxes - recoverable energy costs	63	90
Current liabilities held for sale		12
Other current liabilities	295	349
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,114</b>	<b>3,321</b>
<b>DEFERRED CREDITS AND REGULATORY LIABILITIES</b>		
Deferred income taxes and investment tax credits	4,016	3,644
Regulatory liabilities	1,753	2,062
Other deferred credits	25	33
<b>TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES</b>	<b>5,794</b>	<b>5,739</b>
<b>TOTAL CAPITALIZATION AND LIABILITIES</b>	<b>\$ 26,141</b>	<b>\$ 24,848</b>

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</i>		<i>For the Nine Months</i>	
	<i>Ended September 30,</i>	<i>Ended September 30,</i>	<i>Ended September 30,</i>	<i>Ended September 30,</i>
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>(Millions of Dollars/Except Share Data)</i>			
<b>OPERATING REVENUES</b>				
Electric	\$ 2,478	\$ 2,502	\$ 5,903	\$ 5,646
Gas	211	232	1,404	1,314
Steam	104	111	485	474
Non-utility	648	492	1,522	1,089
TOTAL OPERATING REVENUES	3,441	3,337	9,314	8,523
<b>OPERATING EXPENSES</b>				
Purchased power	1,587	1,522	3,790	3,411
Fuel	200	222	600	553
Gas purchased for resale	100	133	845	786
Other operations and maintenance	556	420	1,433	1,239
Depreciation and amortization	155	147	460	434
Taxes, other than income taxes	328	323	945	874
Income taxes	140	173	310	322
TOTAL OPERATING EXPENSES	3,066	2,940	8,383	7,619
OPERATING INCOME	375	397	931	904
<b>OTHER INCOME (DEDUCTIONS)</b>				
Investment and other income	10	11	30	29
Allowance for equity funds used during construction	2		3	8
Preferred stock dividend requirements of subsidiary	(3)	(3)	(8)	(8)
Other deductions	(3)	(3)	(12)	(14)
Income taxes	11	5	10	10
TOTAL OTHER INCOME (DEDUCTIONS)	17	10	23	25
<b>INTEREST EXPENSE</b>				
Interest on long-term debt	123	111	356	330
Other interest	40	9	65	19
Allowance for borrowed funds used during construction	(2)		(4)	(6)
NET INTEREST EXPENSE	161	120	417	343
INCOME FROM CONTINUING OPERATIONS	231	287	537	586
LOSS FROM DISCONTINUED OPERATIONS (NET OF INCOME TAXES)		(2)	(1)	(5)
NET INCOME	\$ 231	\$ 285	\$ 536	\$ 581
<b>EARNINGS PER COMMON SHARE - BASIC</b>				
Continuing operations	\$ 0.93	\$ 1.17	\$ 2.17	\$ 2.41
Discontinued operations				(0.02)
Net income	\$ 0.93	\$ 1.17	\$ 2.17	\$ 2.39
<b>EARNINGS PER COMMON SHARE - DILUTED</b>				
Continuing operations	\$ 0.92	\$ 1.17	\$ 2.16	\$ 2.40
Discontinued operations		(0.01)		(0.02)
Net income	\$ 0.92	\$ 1.16	\$ 2.16	\$ 2.38
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$ 0.575	\$ 0.570	\$ 1.725	\$ 1.710
AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC (IN MILLIONS)	249.0	244.4	247.0	243.5

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AVERAGE NUMBER OF SHARES OUTSTANDING - DILUTED (IN MILLIONS)	250.0	245.4	248.0	244.2
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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 Nine Months</i>	
	<i>Ended September 30,</i>	<i>Ended September 30,</i>	<i>Ended September 30,</i>	<i>Ended September 30,</i>
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>(Millions of Dollars)</i>			
NET INCOME	\$ 231	\$ 285	\$ 536	\$ 581
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAXES				
Supplemental pension plan minimum liability adjustments, net of \$(3) and \$(2) taxes in 2005, respectively			(4)	(3)
Unrealized gains/(losses) on derivatives qualified as cash flow hedges, net of \$(17), \$22, \$(57) and \$40 taxes in 2006 and 2005, respectively	(25)	31	(82)	58
Less: Reclassification adjustment for gains/(losses) included in net income, net of \$(8), \$16, \$(36) and \$23 taxes in 2006 and 2005, respectively	(12)	23	(52)	34
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAXES	(13)	8	(34)	21
COMPREHENSIVE INCOME	\$ 218	\$ 293	\$ 502	\$ 602

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

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## Consolidated Edison, Inc.

**CONSOLIDATED STATEMENT OF COMMON SHAREHOLDERS EQUITY**

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005

(UNAUDITED)

	<i>Common Stock</i>		<i>Additional Paid-In Capital</i>	<i>Retained Earnings</i>	<i>Treasury Stock</i>		<i>Capital Stock Expense</i>	<i>Accumulated Other Income/(Loss)</i>	<i>Total</i>
	<i>Shares</i>	<i>Amount</i>			<i>Shares</i>	<i>Amount</i>			
BALANCE AS OF DECEMBER 31, 2004	242,514,183	\$ 26	\$ 2,642	\$ 5,451	23,210,700	\$ (1,001)	\$ (55)	\$ (9)	\$ 7,054
Net income				181					181
Common stock dividends				(138)					(138)
Issuance of common shares - dividend reinvestment and employee stock plans	476,235		20						20
Other comprehensive income								22	22
BALANCE AS OF MARCH 31, 2005	242,990,418	\$ 26	\$ 2,662	\$ 5,494	23,210,700	\$ (1,001)	\$ (55)	\$ 13	\$ 7,139
Net income				115					115
Common stock dividends				(139)					(139)
Issuance of common shares - dividend reinvestment and employee stock plans	948,465	1	43	(4)					40
Other comprehensive loss								(9)	(9)
BALANCE AS OF JUNE 30, 2005	243,938,883	\$ 27	\$ 2,705	\$ 5,466	23,210,700	\$ (1,001)	\$ (55)	\$ 4	\$ 7,146
Net income				285					285
Common stock dividends				(139)					(139)
Issuance of common shares - dividend reinvestment and employee stock plans	920,011		41	(5)					36
Other comprehensive income								8	8
BALANCE AS OF SEPTEMBER 30, 2005	244,858,894	\$ 27	\$ 2,746	\$ 5,607	23,210,700	\$ (1,001)	\$ (55)	\$ 12	\$ 7,336
BALANCE AS OF DECEMBER 31, 2005	245,286,058	\$ 27	\$ 2,768	\$ 5,605	23,210,700	\$ (1,001)	\$ (55)	\$ (34)	\$ 7,310
Net income				181					181
Common stock dividends				(141)					(141)
Issuance of common shares - dividend reinvestment and employee stock plans	456,347		24						