

CONSOLIDATED EDISON INC
Form 10-Q
August 01, 2013
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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, 2013

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 x No “

Consolidated Edison of New York, Inc. (CECONY) Yes x No “

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

Con Edison Yes x No “

CECONY Yes x No “

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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 July 26, 2013, Con Edison had outstanding 292,872,896 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.

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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 |
| NYISO | New York Independent System Operator |
| NYP&A | New York Power Authority |
| NYSAG | New York State Attorney General |
| NYSDEC | New York State Department of Environmental Conservation |
| NYSERDA | New York State Energy Research and Development Authority |
| NYSPPSC | 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 |
| 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 |

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Units of Measure

| | |
|-------|--------------------------------|
| AC | Alternating current |
| dths | Dekatherms |
| kV | Kilovolt |
| kWh | Kilowatt-hour |
| mdths | Thousand dekatherms |
| MMlbs | Million pounds |
| MVA | Megavolt ampere |
| MW | Megawatt 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 of the current year |
| Form 10-K | The Companies' combined Annual Report on Form 10-K for the year ended December 31, 2012 |
| LTIP | Long Term Incentive Plan |
| Moody's | Moody's Investors Service |
| S&P | Standard & Poor's Financial Services LLC |
| Second Quarter Form 10-Q | The Companies' combined Quarterly Report on Form 10-Q for the quarterly period ended June 30 of the current year |
| VaR | Value-at-Risk |

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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 risks, including:

the failure to operate energy facilities safely and reliably could adversely affect the Companies;

the failure to properly complete construction projects could adversely affect the Companies;

the failure of processes and systems and the performance of employees and contractors could adversely affect the Companies;

the Companies are extensively regulated and are subject to penalties;

the Utilities' rate plans may not provide a reasonable return;

the Companies may be adversely affected by changes to the Utilities' rate plans;

the Companies are exposed to risks from the environmental consequences of their operations;

a disruption in the wholesale energy markets or failure by an energy supplier could adversely affect the Companies;

the Companies have substantial unfunded pension and other postretirement benefit liabilities;

Con Edison's ability to pay dividends or interest depends on dividends from its subsidiaries;

the Companies require access to capital markets to satisfy funding requirements;

the Internal Revenue Service has disallowed substantial tax deductions taken by the company;

a cyber attack could adversely affect the Companies; and

the Companies also face other risks that are beyond their control.

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| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|--|----------------|--|--------------|
| | 2013 | 2012 | 2013 | 2012 |
| | <i>(Millions of Dollars/Except Share Data)</i> | | | |
| OPERATING REVENUES | | | | |
| Electric | \$2,018 | \$2,090 | \$3,977 | \$3,952 |
| Gas | 366 | 300 | 1,108 | 945 |
| Steam | 118 | 83 | 450 | 346 |
| Non-utility | 316 | 298 | 468 | 606 |
| TOTAL OPERATING REVENUES | 2,818 | 2,771 | 6,003 | 5,849 |
| OPERATING EXPENSES | | | | |
| Purchased power | 768 | 729 | 1,475 | 1,510 |
| Fuel | 58 | 46 | 205 | 153 |
| Gas purchased for resale | 118 | 62 | 368 | 258 |
| Other operations and maintenance | 776 | 790 | 1,606 | 1,539 |
| Depreciation and amortization | 255 | 236 | 506 | 469 |
| Taxes, other than income taxes | 457 | 433 | 931 | 884 |
| TOTAL OPERATING EXPENSES | 2,432 | 2,296 | 5,091 | 4,813 |
| OPERATING INCOME | 386 | 475 | 912 | 1,036 |
| OTHER INCOME (DEDUCTIONS) | | | | |
| Investment and other income | 7 | 2 | 10 | 10 |
| Allowance for equity funds used during construction | 1 | 2 | 1 | 2 |
| Other deductions | (6) | (6) | (8) | (10) |
| TOTAL OTHER INCOME (DEDUCTIONS) | 2 | (2) | 3 | 2 |
| INCOME BEFORE INTEREST AND INCOME TAX EXPENSE | 388 | 473 | 915 | 1,038 |
| INTEREST EXPENSE | | | | |
| Interest on long-term debt | 145 | 149 | 288 | 295 |
| Other interest | 6 | 5 | 142 | 10 |
| Allowance for borrowed funds used during construction | | (1) | (1) | (1) |
| NET INTEREST EXPENSE | 151 | 153 | 429 | 304 |
| INCOME BEFORE INCOME TAX EXPENSE | 237 | 320 | 486 | 734 |
| INCOME TAX EXPENSE | 65 | 106 | 122 | 240 |
| NET INCOME | 172 | 214 | 364 | 494 |
| Preferred stock dividend requirements of subsidiary | | | | (3) |
| NET INCOME FOR COMMON STOCK | \$172 | \$214 | \$364 | \$491 |
| Net income for common stock per common share basic | \$0.59 | \$0.73 | \$1.24 | \$1.68 |
| Net income for common stock per common share diluted | \$0.59 | \$0.73 | \$1.24 | \$1.67 |
| DIVIDENDS DECLARED PER SHARE OF COMMON STOCK | \$0.615 | \$0.605 | | |