CONSOLIDATED EDISON CO OF NEW YORK INC
Form 10-Q
November 07, 2008
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FORM 10-Q

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended SEPTEMBER 30, 2008

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 x No ¨
Con Edison of New York	Yes x 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 x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

Con Edison of New York
Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer x 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 x
Con Edison of New York	Yes ¨ No x

As of October 31, 2008, Con Edison had outstanding 273,629,636 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
COSO	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, 2008
Fitch	Fitch Ratings
Form 10-K	The Companies combined Annual Report on Form 10-K for the year ended December 31, 2007
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
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, 2008
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, 2008
VaR	Value-at-Risk
VIE	Variable interest entity

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Consolidated Edison, Inc.

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

	September 30, 2008	*December 31, 2007*
	(Millions of Dollars)	
ASSETS		
UTILITY PLANT, AT ORIGINAL COST		
Electric	$ 17,001	$ 15,979
Gas	3,614	3,403
Steam	1,811	1,755
General	1,761	1,732
TOTAL	24,187	22,869
Less: Accumulated depreciation	5,007	4,784
Net	19,180	18,085
Construction work in progress	1,086	1,028
NET UTILITY PLANT	20,266	19,113
NON-UTILITY PLANT		
Non-utility property, less accumulated depreciation of $40 and $36 in 2008 and 2007, respectively	19	18
Non-utility property held for sale		778
Construction work in progress	1	5
NET PLANT	20,286	19,914
CURRENT ASSETS		
Cash and temporary cash investments	68	210
Restricted cash	1	1
Accounts receivable customers, less allowance for uncollectible accounts of $56 and $47 in 2008 and 2007, respectively	1,010	970
Accrued unbilled revenue	122	149
Other receivables, less allowance for uncollectible accounts of $6 in 2008 and 2007	421	288
Fuel oil, at average cost	58	44
Gas in storage, at average cost	373	215
Materials and supplies, at average cost	147	146
Prepayments	809	119
Fair value of derivative assets	127	98
Recoverable energy costs	88	213
Deferred derivative losses	118	45
Current assets held for sale		40
Other current assets	10	12
TOTAL CURRENT ASSETS	3,352	2,550
INVESTMENTS	374	378
DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS		
Goodwill	411	408
Intangible assets, less accumulated amortization of $1 in 2008 and 2007	5	2
Regulatory assets	4,478	4,511
Noncurrent assets held for sale		88
Other deferred charges and noncurrent assets	416	411
TOTAL DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS	5,310	5,420
TOTAL ASSETS	$ 29,322	$ 28,262

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

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Consolidated Edison, Inc.

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

	September 30, 2008	*December 31, 2007*
	(Millions of Dollars)	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common shareholders equity (See Statement of Common Shareholders Equity)	$ 9,723	$ 9,076
Preferred stock of subsidiary	213	213
Long-term debt	8,849	7,611
TOTAL CAPITALIZATION	18,785	16,900
MINORITY INTERESTS		43
NONCURRENT LIABILITIES		
Obligations under capital leases	18	22
Provision for injuries and damages	169	161
Pensions and retiree benefits	873	938
Superfund and other environmental costs	274	327
Uncertain income taxes	143	155
Asset retirement obligations	123	110
Fair value of derivative liabilities	45	15
Noncurrent liabilities held for sale		61
Other noncurrent liabilities	90	95
TOTAL NONCURRENT LIABILITIES	1,735	1,884
CURRENT LIABILITIES		
Long-term debt due within one year	282	809
Notes payable	602	840
Accounts payable	1,032	1,187
Customer deposits	262	249
Accrued taxes	113	26
Accrued interest	168	149
Accrued wages	82	82
Fair value of derivative liabilities	100	76
Deferred derivative gains	33	10
Deferred income taxes - recoverable energy costs	36	86
Current liabilities held for sale		28
Other current liabilities	304	309
TOTAL CURRENT LIABILITIES	3,014	3,851
DEFERRED CREDITS AND REGULATORY LIABILITIES		
Deferred income taxes and investment tax credits	4,972	4,465
Regulatory liabilities	778	1,097
Other deferred credits	38	22
TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES	5,788	5,584
TOTAL CAPITALIZATION AND LIABILITIES	$ 29,322	$ 28,262

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

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Consolidated Edison, Inc.

CONSOLIDATED INCOME STATEMENT

(UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
	(Millions of Dollars/Except Share Data)			
OPERATING REVENUES				
Electric	$ 2,922	$ 2,477	$ 6,752	$ 6,160
Gas	273	234	1,545	1,505
Steam	111	102	529	525
Non-utility	552	766	1,758	1,703
TOTAL OPERATING REVENUES	3,858	3,579	10,584	9,893
OPERATING EXPENSES				
Purchased power	2,016	1,735	4,670	4,107
Fuel	179	136	503	491
Gas purchased for resale	132	113	871	877
Other operations and maintenance	590	544	1,699	1,532
Depreciation and amortization	183	163	531	481
Taxes, other than income taxes	356	343	1,033	988
Income taxes	92	126	429	355
TOTAL OPERATING EXPENSES	3,548	3,160	9,736	8,831
Gain on sale of generation projects	1		261	
OPERATING INCOME	311	419	1,109	1,062
OTHER INCOME (DEDUCTIONS)				
Investment and other income	10	21	79	56
Allowance for equity funds used during construction	2	2	6	5
Preferred stock dividend requirements of subsidiary	(3)	(3)	(9)	(9)
Other deductions	(3)	(2)	(13)	(20)
Income taxes	4	2	(17)	13
TOTAL OTHER INCOME (DEDUCTIONS)	10	20	46	45
INTEREST EXPENSE				
Interest on long-term debt	135	116	379	351
Other interest	6	15	22	44
Allowance for borrowed funds used during construction	(2)	(2)	(8)	(7)
NET INTEREST EXPENSE	139	129	393	388
INCOME FROM CONTINUING OPERATIONS	182	310	762	719
INCOME FROM DISCONTINUED OPERATIONS				
Gain on sale of generation projects, net of tax expense of $0 and $174 in 2008			270	
Income from discontinued operations, net of tax expense of $0 and $3 in 2008, and $1 and $1 in 2007, respectively		2	4	3
TOTAL INCOME FROM DISCONTINUED OPERATIONS		2	274	3
NET INCOME	$ 182	$ 312	$ 1,036	$ 722
EARNINGS PER COMMON SHARE - BASIC				
Continuing operations	$ 0.66	$ 1.14	$ 2.79	$ 2.72
Discontinued operations		0.01	1.01	0.01
Net income	$ 0.66	$ 1.15	$ 3.80	$ 2.73
EARNINGS PER COMMON SHARE - DILUTED				
Continuing operations	$ 0.66	$ 1.14	$ 2.79	$ 2.71
Discontinued operations		0.01	1.00	0.01
Net income	$ 0.66	$ 1.15	$ 3.79	$ 2.72
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	$ 0.585	$ 0.580	$ 1.755	$ 1.740
AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC (IN MILLIONS)	273.2	271.0	272.7	264.6

AVERAGE NUMBER OF SHARES OUTSTANDING - DILUTED (IN MILLIONS)	273.8	272.0	273.3	265.8

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

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Consolidated Edison, Inc.

Consolidated Statement of Comprehensive Income

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
	(Millions of Dollars)			
Net income	$ 182	$ 312	$ 1,036	$ 722
Other comprehensive income/(loss), net of taxes				
Pension plan liability adjustments, net of $1 and $2 in 2008 and $1 and $3 taxes in 2007, respectively	1	1	3	4
Unrealized gains/(losses) on derivatives qualified as cash flow hedges, net of $(1) in 2008 and $3 taxes in 2007, respectively			(1)	4
Less: Reclassification adjustment for unrealized losses included in regulatory assets, net of $(5) taxes in 2008			(8)	
Less: Reclassification adjustment for gains/(losses) included in net income, net of $1 and $0 in 2008 and $(7) and $(21) taxes in 2007, respectively	1	(11)		(31)
Total other comprehensive income, net of taxes		12	10	39
Comprehensive income	$ 182	$ 324	$ 1,046	$ 761

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		*Additional Paid-*		*Treasury Stock*			*Accumulated*	
							Capital	*Other*	
			In	*Retained*			*Stock*	*Comprehensive*	
	Shares	*Amount*	*Capital*	*Earnings*	*Shares*	*Amount*	*Expense*	*Loss*	*Total*
	(Millions of Dollars/Except Share Data)								
Balance as of December 31, 2006	257,456,303	$ 28	$ 3,314	$ 5,804	23,210,700	$ (1,001)	$ (58)	$ (83)	$ 8,004
Net income				256					256
Common stock dividends				(150)					(150)
Issuance of common shares dividend reinvestment and employee stock plans	1,327,669		61						61
Other comprehensive loss								36	36
Balance as of March 31, 2007	258,783,972	$ 28	$ 3,375	$ 5,910	23,210,700	$ (1,001)	$ (58)	$ (47)	$ 8,207
Net income				154					154
Common stock dividends				(156)					(156)
Issuance of common shares public offering	11,000,000	1	559				(2)		558
Issuance of common shares dividend reinvestment and employee stock plans	1,089,068		52						52
Other comprehensive income								(9)	(9)
Balance as of June 30, 2007	270,873,040	$ 29	$ 3,986	$ 5,908	23,210,700	$ (1,001)	$ (60)	$ (56)	$ 8,806
Net income				312					312
Common stock dividends				(158)					(158)
Issuance of common shares dividend reinvestment and employee stock plans	375,262		18						18
Other comprehensive income								12	12
Balance as of September 30, 2007	271,248,302	$ 29	$ 4,004	$ 6,062	23,210,700	$ (1,001)	$ (60)	$ (44)	$ 8,990
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				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				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
Net income				182					182
Common stock dividends				(160)					(160)
	532,679		21						21

Issuance of common shares dividend reinvestment and employee stock plans									
BALANCE AS OF SEPTEMBER 30, 2008	273,527,454	$ 29	$ 4,103	$ 6,685	23,210,700	$ (1,001)	$ (60)	$ (33)	$ 9,723

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

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Consolidated Edison, Inc.

Consolidated Statement of Cash Flows

(Unaudited)

	For the Nine Months Ended September 30,	
	2008	2007
	(Millions of Dollars)	
Operating activities		
Net Income	$ 1,036	$ 722
Principal non-cash charges/(credits) to income		
Depreciation and amortization	531	501
Deferred income taxes	337	285
Rate case amortization and accruals	(135)	(236)
Net transmission and distribution reconciliation	(48)	(138)
Common equity component of allowance for funds used during construction	(6)	(5)
Prepaid pension costs (net of capitalized amounts)		121
Net derivative losses		(67)
Pre-tax gain on sale of generation projects	(704)	
Other non-cash items (net)	30	58
Changes in assets and liabilities		
Accounts receivable customers, less allowance for uncollectibles	(40)	(114)
Materials and supplies, including fuel oil and gas in storage	(173)	2
Other receivables and other current assets	(104)	179
Prepayments	(690)	(189)
Recoverable energy costs	230	63
Accounts payable	(235)	(24)
Pensions and retiree benefits	(60)	(164)
Accrued taxes	87	19
Accrued interest	19	12
Deferred charges, noncurrent assets and other regulatory assets	(222)	(331)
Deferred credits and other regulatory liabilities	187	191
Other assets	145	(7)
Other liabilities	(135)	49
Net cash flows from operating activities	50	927
Investing activities		
Utility construction expenditures (excluding capitalized support costs of $- and $(47) in 2008 and 2007, respectively)	(1,602)	(1,357)
Cost of removal less salvage	(139)	(125)
Non-utility construction expenditures	2	(4)
Common equity component of allowance for funds used during construction	6	5
Increase in restricted cash		1
Proceeds from sale of generation projects	1,477	
Proceeds from sale of properties		30
Purchase of ownership interest in Hawkeye lease	(12)	
Purchase of ownership interest in Newington SCS	(20)	
Net cash flows used in investing activities	(288)	(1,450)
Financing activities		
Net proceeds from/(payments of) short-term debt	(238)	233
Retirement of long-term debt	(485)	(357)
Issuance of long-term debt	1,250	525
Issuance of common stock	37	660
Debt issuance costs	(10)	(5)
Common stock dividends	(458)	(435)
Net cash flows from financing activities	96	621
Cash and temporary cash investments:		

NET CHANGE FOR THE PERIOD		(142)		98
BALANCE AT BEGINNING OF PERIOD		210		94
BALANCE AT END OF PERIOD	$	68	$	192
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash paid during the period for:				
Interest	$	378	$	369
Income taxes	$	217	$	75

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)

	September 30, 2008	December 31, 2007
	(Millions of Dollars)	
Assets		
Utility plant, at original cost		
Electric	$ 15,997	$ 15,027
Gas	3,199	2,999
Steam	1,811	1,755
General	1,615	1,599
Total	22,622	21,380
Less: Accumulated depreciation	4,568	4,360
Net	18,054	17,020
Construction work in progress	1,044	973
Net utility plant	19,098	17,993
Non-utility property		
Non-utility property, less accumulated depreciation of $19 and $18 in 2008 and 2007, respectively	11	12
Net plant	19,109	18,005
Current assets		
Cash and temporary cash investments	39	121
Accounts receivable - customers, less allowance for uncollectible accounts of $52 and $43 in 2008 and 2007, respectively	843	832
Other receivables, less allowance for uncollectible accounts of $4 and $3 in 2008 and 2007, respectively	200	159
Accounts receivable from affiliated companies	80	96
Fuel oil, at average cost	58	44
Gas in storage, at average cost	295	170
Materials and supplies, at average cost	137	138
Prepayments	775	81
Fair value of derivative assets	75	66
Recoverable energy costs	83	190
Deferred derivative losses	115	44
Other current assets	4	5
Total current assets	2,704	1,946
Investments	108	111
Deferred charges, regulatory assets and noncurrent assets		
Regulatory assets	4,064	4,103
Other deferred charges and noncurrent assets	341	339
Total deferred charges, regulatory assets and noncurrent assets	4,405	4,442
Total assets	$ 26,326	$ 24,504

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)

	September 30, 2008	December 31, 2007
	(Millions of Dollars)	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common shareholder s equity (See Statement of Common Shareholder s Equity)	$ 8,991	$ 8,086
Preferred stock	213	213
Long-term debt	8,096	7,172
TOTAL CAPITALIZATION	17,300	15,471
NONCURRENT LIABILITIES		
Obligations under capital leases	18	22
Provision for injuries and damages	163	154
Pensions and retiree benefits	597	638
Superfund and other environmental costs	219	271
Uncertain income taxes	131	142
Asset retirement obligations	123	110
Fair value of derivative liabilities	11	4
Other noncurrent liabilities	70	77
TOTAL NONCURRENT LIABILITIES	1,332	1,418
CURRENT LIABILITIES		
Long-term debt due within one year	275	280
Notes payable	381	555
Accounts payable	843	899
Accounts payable to affiliated companies	20	19
Customer deposits	247	234
Accrued taxes	33	21
Accrued taxes to affiliated companies	21	9
Accrued interest	147	134
Accrued wages	78	74
Fair value of derivative liabilities	58	20
Deferred derivative gains	26	5
Deferred income taxes recoverable energy costs	34	77
Other current liabilities	273	276
TOTAL CURRENT LIABILITIES	2,436	2,603
DEFERRED CREDITS AND REGULATORY LIABILITIES		
Deferred income taxes and investment tax credits	4,579	4,018
Regulatory liabilities	646	976
Other deferred credits	33	18
TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES	5,258	5,012
TOTAL CAPITALIZATION AND LIABILITIES	$ 26,326	$ 24,504

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)

	For the Three Months Ended September 30,		*For the Nine Months Ended September 30,*	
	2008	*2007*	*2008*	*2007*
	(Millions of Dollars)			
Operating revenues				
Electric	$ 2,670	$ 2,272	$ 6,162	$ 5,646
Gas	242	204	1,366	1,316
Steam	111	102	529	525
Total operating revenues	3,023	2,578	8,057	7,487
Operating expenses				
Purchased power	1,195	922	2,620	2,291
Fuel	178	125	501	460
Gas purchased for resale	110	88	752	738
Other operations and maintenance	508	463	1,458	1,326
Depreciation and amortization	172	150	497	442
Taxes, other than income taxes	341	326	986	941
Income taxes	145	108	298	305
Total operating expenses	2,649	2,182	7,112	6,503
Operating income	374	396	945	984
Other income (deductions)				
Investment and other income	4	6	18	30
Allowance for equity funds used during construction	2	2	5	6
Other deductions	(3)	(3)	(10)	(10)
Income taxes		1	(2)	1
Total other income (deductions)	3	6	11	27
Interest expense				
Interest on long-term debt	120	108	347	317
Other interest	6	9	16	32
Allowance for borrowed funds used during construction	(2)	(2)	(6)	(6)
Net interest expense	124	115	357	343
Net income	253	287	599	668
Preferred stock dividend requirements	3	3	9	9
Net income for common stock	$ 250	$ 284	$ 590	$ 659

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)

	For the Three Months Ended September 30,		*For the Nine Months Ended September 30,*	
	2008	*2007*	*2008*	*2007*
	(Millions of Dollars)			
Net income	$ 253	$ 287	$ 599	$ 668
Other comprehensive income, net of taxes				
Comprehensive income	$ 253	$ 287	$ 599	$ 668

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 SHAREHOLDER S EQUITY

(UNAUDITED)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Repurchased Con Edison Stock	Capital Stock Expense	Accumulated Other Comprehensive Loss	Total
	(Millions of Dollars/Except Share Data)							
BALANCE AS OF DECEMBER 31, 2006	235,488,094	$ 589	$ 2,252	$ 5,320	$ (962)	$ (58)	$ (9)	$ 7,132
Net income				239				239
Common stock dividend to parent				(131)				(131)
Cumulative preferred dividends				(3)				(3)
BALANCE AS OF MARCH 31, 2007	235,488,094	$ 589	$ 2,252	$ 5,425	$ (962)	$ (58)	$ (9)	$ 7,237
Net income				142				142
Common stock dividend to parent				(131)				(131)
Capital contribution by parent			518			(2)		516
Cumulative preferred dividends				(3)				(3)
BALANCE AS OF JUNE 30, 2007	235,488,094	$ 589	$ 2,770	$ 5,433	$ (962)	$ (60)	$ (9)	$ 7,761
Net income				287				287
Common stock dividend to parent				(142)				(142)
Capital contribution by parent			15					15
Cumulative preferred dividends				(3)				(3)
BALANCE AS OF SEPTEMBER 30, 2007	235,488,094	$ 589	$ 2,785	$ 5,575	$ (962)	$ (60)	$ (9)	$ 7,918
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
Net income				253				253
Common stock dividend to parent				(152)				(152)
Capital contribution by parent			702					702
Cumulative preferred dividends				(3)				(3)
BALANCE AS OF SEPTEMBER 30, 2008	235,488,094	$ 589	$ 3,663	$ 5,770	$ (962)	$ (60)	$ (9)	$ 8,991

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)

	For the Nine Months Ended September 30, 2008	2007
	(Millions of Dollars)	
OPERATING ACTIVITIES		
Net income	$ 599	$ 668
PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME		
Depreciation and amortization	497	442
Deferred income taxes	385	270
Rate case amortization and accruals	(135)	(236)
Net transmission and distribution reconciliation	(48)	(138)
Common equity component of allowance for funds used during construction	(5)	(6)
Prepaid pension costs (net of capitalized amounts)		77
Other non-cash items (net)	36	(50)
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable customers, less allowance for uncollectibles	(11)	(49)
Materials and supplies, including fuel oil and gas in storage	(138)	(20)
Other receivables and other current assets	(228)	177
Prepayments	(694)	(204)
Recoverable energy costs	201	71
Accounts payable	(55)	(28)
Pensions and retiree benefits	(53)	(124)
Accrued taxes	161	(39)
Accrued interest	13	7
Deferred charges, noncurrent assets and other regulatory assets	(191)	(288)
Deferred credits and other regulatory liabilities	181	188
Other assets		(1)
Other liabilities	(28)	48
NET CASH FLOWS FROM OPERATING ACTIVITIES	487	765
INVESTING ACTIVITIES		
Utility construction expenditures (excluding capitalized support costs of $- and $(47) in 2008 and 2007, respectively)	(1,532)	(1,297)
Cost of removal less salvage	(139)	(123)
Common equity component of allowance for funds used during construction	5	6
Proceeds from loan to affiliate	55	
Proceeds from sale of properties		30
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(1,611)	(1,384)
FINANCING ACTIVITIES		
Net payments of short-term debt	(174)	
Retirement of long-term debt	(280)	
Issuance of long-term debt	1,200	525
Debt issuance costs	(10)	(5)
Capital contribution by parent	751	531
Dividend to parent	(436)	(404)
Preferred stock dividends	(9)	(9)
NET CASH FLOWS FROM FINANCING ACTIVITIES	1,042	638

Cash and temporary cash investments:		
Net change for the period	(82)	19
Balance at beginning of period	121	47
Balance at end of period	$ 39	$ 66
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	$ 333	$ 304
Income taxes	$ (82)	$ 102

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, 2007 (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 periods ended March 31, 2008 (the First Quarter Form 10-Q) and June 30, 2008 (the Second Quarter Form 10-Q). Information in the notes to the consolidated financial statements in the Form 10-K, the First Quarter Form 10-Q and the Second 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. Certain prior period amounts have been reclassified to conform to the current period presentation. 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

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

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 N.

Note A - 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 nine months ended September 30, 2008 and 2007, Con Edison s basic and diluted EPS are calculated as follows:

	For the Three Months Ended September 30,		*For the Nine Months Ended September 30,*	
(Millions of Dollars, except per share amounts/Shares in Millions)	*2008*	*2007*	*2008*	*2007*
Income from continuing operations	$ 182	$ 310	$ 762	$ 719
Income from discontinued operations, net of tax		2	274	3
Net income	$ 182	$ 312	$ 1,036	$ 722
Weighted average common shares outstanding Basic	273.2	271.0	272.7	264.6
Add: Incremental shares attributable to effect of potentially dilutive securities	0.6	1.0	0.6	1.2
Adjusted weighted average common shares outstanding Diluted	273.8	272.0	273.3	265.8
EARNINGS PER COMMON SHARE BASIC				
Continuing operations	$ 0.66	$ 1.14	$ 2.79	$ 2.72
Discontinued operations		0.01	1.01	0.01
Net income	$ 0.66	$ 1.15	$ 3.80	$ 2.73
EARNINGS PER COMMON SHARE DILUTED				
Continuing operations	$ 0.66	$ 1.14	$ 2.79	$ 2.71
Discontinued operations		0.01	1.00	0.01
Net income	$ 0.66	$ 1.15	$ 3.79	$ 2.72

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 and Second Quarter Forms 10-Q.

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

Rate Agreements

Con Edison of New York - Electric

In May 2008, Con Edison of New York filed a proposal with the New York State Public Service Commission (PSC) for a three-year electric rate plan with level annual rate increases of $556.7 million effective April 2009, 2010 and 2011. The filing reflects a return on common equity of 10.0 percent and a common equity ratio of 48.0 percent. The company is requesting that expenses for pension and other post-retirement benefits, property taxes, municipal infrastructure support and environmental site investigation and remediation be reconciled to amounts reflected in rates and that increases, if any, in certain expenses above a four 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 reflects efforts by Con Edison of New York to mitigate the impact on its customers of rate increases, including its proposed targeted energy efficiency programs and its proposal to begin to accrue revenues in the month electric service is provided instead of when it bills customers for the service.

The filing also includes an alternative proposal for an electric rate increase of $654 million, effective April 2009, to recover increased property taxes ($200 million); additional operating costs and new and/or expanded operating programs ($165 million); carrying charges on additional infrastructure investments ($230 million); and an increased return on equity as compared to the return on equity reflected in current electric rates ($115 million). In September 2008, the company submitted to the PSC an update to the filing, primarily reflecting additional property taxes and pension expenses, as a result of which the company s proposed April 2009 rate increase is $819 million. In October 2008, the PSC staff submitted testimony supporting a rate increase of $346 million.

The filing reflects continuation of the revenue decoupling mechanism that eliminates the direct relationship between the company s level of delivery revenues and profits. It also reflects continuation of the provisions pursuant to which the company recovers its purchased power and fuel costs from customers.

Con Edison of New York - Steam

In September 2008, the PSC approved the June 2008 Joint Proposal among the company, the PSC staff and other parties with respect to the rates the company can charge its customers for steam service. The Joint Proposal covers the period from October 1, 2008 through September 30, 2010. The Joint Proposal provides for steam rate increases of $43.7 million effective October 1, 2008 and 2009.

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

The Joint Proposal reflects the following major items:

- an annual return on common equity of 9.3 percent;
- any actual earnings above a 10.1 percent return on equity (based on actual average common equity ratio, subject to a 50 percent maximum) are to be shared as follows: half will be deferred for the benefit of customers and the other half is to be retained by the company (with half of the company s share subject to offset to reduce any regulatory assets for under-collections of property taxes);
- deferral as a regulatory asset or regulatory liability, as the case may be, of the difference between (i) actual costs for pension and other post-retirement benefits, environmental remediation, property taxes, certain tax-exempt debt, municipal infrastructure support and certain other costs and (ii) amounts for those costs reflected in rates (90 percent of the difference in the case of property taxes and interference costs);
- 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 the actual capital expenditures related to steam production plant are less than amounts reflected in rates;
- potential negative earnings adjustments (revenue reductions) of approximately $0.95 million to $1 million annually if certain business development, customer service and safety performance targets are not met;
- amortization of certain regulatory assets and liabilities, the net effect of which will be a non-cash increase in steam revenues of $20.3 million over the two-year period covered by the Joint Proposal; and
- continuation of the rate provisions pursuant to which the company recovers its fuel and purchased steam costs from customers.

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

Regulatory Assets and Liabilities

Regulatory assets and liabilities at September 30, 2008 and December 31, 2007 were comprised of the following items:

	Con Edison		*Con Edison of New York*	
(Millions of Dollars)	*2008*	*2007*	*2008*	*2007*
Regulatory assets				
Unrecognized pension and other postretirement costs	$ 2,035	$ 2,106	$ 1,903	$ 1,956
Future federal income tax	1,237	1,112	1,180	1,057
Environmental remediation costs	387	378	323	312
World Trade Center restoration costs	145	154	145	154
Pension and other postretirement benefits deferrals	99	152	44	96
Revenue taxes	83	77	82	75
O&R transition bond charges	60	63		
Unbilled gas revenue	44	44	44	44
Workers compensation	38	41	38	41
Gas rate plan deferral	31	7	31	7
Net electric deferrals	27		27	
Electric property tax reconciliation	23		23	
Deferred derivative losses long-term	18	5	17	4
Other retirement program costs	14	16	14	16
Recoverable energy costs	10	50	10	50
Asbestos-related costs	10	10	10	10
Net T&D reconciliation		142		142
Electric rate increase accrual		14		14
Other	217	140	173	125
Regulatory assets	4,478	4,511	4,064	4,103
Deferred derivative losses current	118	45	115	44
Recoverable energy costs current	88	213	83	190
Total Regulatory Assets	$ 4,684	$ 4,769	$ 4,262	$ 4,337
Regulatory liabilities				
Allowance for cost of removal less salvage	$ 383	$ 422	$ 318	$ 362
Refundable energy costs	94	29	54	
Net electric deferrals	38	33	38	33
Gain on sale of First Avenue properties	36	124	36	124
Gas interruptible sales credits	16	10	16	10
Deferred derivative gains long-term	14	21	4	8
Gas excess earnings	9	10	9	10
EPA SO_2 allowance proceeds electric and steam	6	18	6	18
Property tax reconciliation	5	41	5	41
Prior year deferred tax amortization	2	51	2	51
NYS tax law changes	1	42		41
Interest on federal income tax refund		41		41
Transmission congestion contracts		40		40
Net steam deferrals		21		21
2004 electric, gas and steam one-time rate agreement charges		16		16
Gain on sale of W. 24th St. property		10		10
Other	174	168	158	150
Regulatory liabilities	778	1,097	646	976
Deferred derivative gains current	33	10	26	5

Total Regulatory Liabilities	$ 811	$ 1,107	$ 672	$ 981

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

Power Outage Proceedings

In July 2008, the PSC approved a Joint Proposal among Con Edison of New York, the PSC staff and other parties with respect to the July 2006 Queens outage. The PSC order provides that (i) the company will make available $17 million for the benefit of the communities affected by the outage, including customer bill credits, and will not recover from customers $40 million of capital costs incurred to replace and repair electric delivery facilities and $6 million of related carrying charges; and (ii) the company will be released from all prudence-related claims that were or could have been asserted in any PSC proceeding relating to the outage other than with respect to any damage to the Long Island City network, or incremental costs, that are neither known nor reasonably foreseeable.

In June 2008, the PSC concluded that Con Edison of New York is not liable for food spoilage claims in connection with the September 2006 outage in Westchester resulting from Tropical Storm Ernesto.

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 and Second Quarter Forms 10-Q.

At September 30, 2008, $5 million of the $126 million of Con Edison of New York s Series 2005A weekly-rate, tax-exempt debt (Series 2005A Debt), $49 million of the $55 million of O&R s weekly-rate, tax-exempt debt that is insured by Financial Guaranty Insurance Company (Series 1994A Debt), and $4 million of the $44 million of such debt insured by Ambac Assurance Company (Series 1995A Debt), had been tendered by bondholders and purchased with funds drawn under letters of credit maintained as liquidity facilities for the tax-exempt debt. Con Edison of New York s obligation to reimburse the bank for funds used to purchase the Series 2005A Debt that was tendered is included as long-term debt in the Companies consolidated balance sheets. O&R reimbursed the bank for the funds used to purchase its tendered bonds, together with interest thereon.

From October 1, 2008 through October 23, 2008, an additional $35 million of Series 2005A Debt and $21 million of Series 1995A Debt was tendered by bondholders and purchased with funds drawn under letters of credit maintained as liquidity facilities for the tax-exempt debt.

In August 2008, O&R issued $50 million of 6.15 percent, 10-year debentures. The net proceeds received from the issuance were used for general corporate purposes, including repayment of short-term debt.

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

Note D - Short-Term Borrowing and Credit Agreements

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 and Second Quarter Forms 10-Q.

At September 30, 2008, Con Edison had $602 million of commercial paper outstanding, $381 million of which was outstanding under Con Edison of New York s program. The weighted average interest rate at September 30, 2008 was 6.0 percent and 5.8 percent for Con Edison and Con Edison of New York, respectively. At September 30, 2007, Con Edison had $350 million of commercial paper outstanding, none of which was outstanding under Con Edison of New York s program. The weighted average interest rate at September 30, 2007 was 5.2 percent for Con Edison. Under the Companies credit agreement, which provides for a current maximum of $2.25 billion of credit (with the full amount available to Con Edison of New York and $1 billion available to Con Edison), Lehman Brothers Bank, FSB has a $100 million commitment. At September 30, 2008 and 2007, no loans were outstanding under the Companies credit agreements and $68 million and $79 million 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 and Second Quarter Forms 10-Q.

Net Periodic Benefit Cost

The components of the Companies net periodic benefit costs for the three and nine months ended September 30, 2008 and 2007 were as follows:

	For the Three Months Ended September 30,			
	Con Edison		*Con Edison of New York*	
(Millions of Dollars)	*2008*	*2007*	*2008*	*2007*
Service cost including administrative expenses	$ 35	$ 32	$ 33	$ 30
Interest cost on projected benefit obligation	128	122	123	114
Expected return on plan assets	(172)	(161)	(169)	(154)
Amortization of net actuarial loss	48	40	44	35
Amortization of prior service costs	2	3	1	2
NET PERIODIC BENEFIT COST	$ 41	$ 36	$ 32	$ 27
Amortization of regulatory asset*	1	1	1	1
TOTAL PERIODIC BENEFIT COST	$ 42	$ 37	$ 33	$ 28
Cost capitalized	(15)	(14)	(13)	(12)
Cost deferred	(8)	(26)	(7)	(24)
Cost charged/(credited) to operating expenses	$ 19	$ (3)	$ 13	$ (8)

* Relates to increases in Con Edison of New York s pension obligations of $33 million from a 1993 special retirement program and $45 million from a 1999 special retirement program.

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

	For the Nine Months Ended September 30,			
	Con Edison		Con Edison of New York	
(Millions of Dollars)	*2008*	*2007*	*2008*	*2007*
Service cost including administrative expenses	$ 104	$ 98	$ 97	$ 91
Interest cost on projected benefit obligation	386	368	364	344
Expected return on plan assets	(518)	(484)	(499)	(463)
Amortization of net actuarial loss	144	120	129	104
Amortization of prior service costs	6	8	5	7
NET PERIODIC BENEFIT COST	$ 122	$ 110	$ 96	$ 83
Amortization of regulatory asset*	3	3	3	3
TOTAL PERIODIC BENEFIT COST	$ 125	$ 113	$ 99	$ 86
Cost capitalized	(43)	(37)	(36)	(30)
Cost deferred	(33)	(75)	(35)	(69)
Cost charged/(credited) to operating expenses	$ 49	$ 1	$ 28	$ (13)

* Relates to increases in Con Edison of New York s pension obligations of $33 million from a 1993 special retirement program and $45 million from a 1999 special retirement program.

Expected Contributions

The estimated fair value of the Companies pension plan assets at October 31, 2008 was approximately 25 percent less than at December 31, 2007, reflecting the ongoing global financial turmoil. Any change from amounts reflected in rates for the Utilities accounting costs recognized under SFAS No. 87, Employers Accounting for Pensions, including changes resulting from the decline in the fair value of assets, are deferred pursuant to the New York Utilities current rate plans. See Note E to the financial statements in Item 8 of the Form 10-K. In September 2008, the Companies contributed $147 million to the pension plan (of which, $114 million was contributed by Con Edison of New York). The Companies do not expect to make any additional contributions to the pension plan in 2008. Absent a substantial increase in the fair value of the plan s assets, the Companies expect that, under current funding regulations, tax laws and PSC policies, the Companies contributions in future years to the pension plan may materially exceed the amounts contributed in 2008.

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

Note F - Other Postretirement Benefits

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

Net Periodic Benefit Cost

The components of the Companies net periodic postretirement benefit costs for the three and nine months ended September 30, 2008 and 2007 were as follows:

	For the Three Months Ended September 30,			
	Con Edison		*Con Edison of New York*	
(Millions of Dollars)	*2008*	*2007*	*2008*	*2007*
Service cost	$ 5	$ 4	$ 3	$ 4
Interest cost on accumulated other postretirement benefit obligation	24	24	21	21
Expected return on plan assets	(22)	(21)	(18)	(19)
Amortization of net actuarial loss	17	17	15	15
Amortization of prior service cost	(3)	(4)	(4)	(4)
Amortization of transition obligation	1	1	1	1
NET PERIODIC POSTRETIREMENT BENEFIT COST	$ 22	$ 21	$ 18	$ 18
Cost capitalized	(8)	(7)	(7)	(6)
Cost deferred		(7)	(1)	(7)
Cost charged to operating expenses	$ 14	$ 7	$ 10	$ 5

	For the Nine Months Ended September 30,			
	Con Edison		*Con Edison of New York*	
(Millions of Dollars)	*2008*	*2007*	*2008*	*2007*
Service cost	$ 15	$ 13	$ 11	$ 11
Interest cost on accumulated other postretirement benefit obligation	71	70	63	62
Expected return on plan assets	(65)	(61)	(57)	(56)
Amortization of net actuarial loss	51	50	44	44
Amortization of prior service cost	(9)	(11)	(11)	(11)
Amortization of transition obligation	3	3	3	3
NET PERIODIC POSTRETIREMENT BENEFIT COST	$ 66	$ 64	$ 53	$ 53
Cost capitalized	(23)	(22)	(19)	(18)
Cost deferred	(11)	(27)	(10)	(25)
Cost charged to operating expenses	$ 32	$ 15	$ 24	$ 10

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

Note G - 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 environmental 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 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. 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 September 30, 2008 and December 31, 2007 were as follows:

(Millions of Dollars)	*Con Edison*		*Con Edison of New York*	
	2008	*2007*	*2008*	*2007*
Accrued Liabilities:				
Manufactured gas plant sites	$ 227	$ 267	$ 172	$ 212
Other Superfund Sites	47	60	47	59
Total	$ 274	$ 327	$ 219	$ 271
Regulatory assets	$ 387	$ 378	$ 323	$ 312

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

Most of the accrued Superfund Site liability relates to sites that have been investigated, in whole or in part. As investigations progress on these and other sites, the Utilities expect that additional liability will 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.

Environmental remediation payments and insurance recoveries received related to Superfund Sites for the three and nine months ended September 30, 2008 and 2007 were as follows:

	For the Three Months Ended September 30,			
	Con Edison		*Con Edison of New York*	
(Millions of Dollars)	*2008*	*2007*	*2008*	*2007*
Remediation payments	$ 24	$ 16	$ 24	$ 13
Insurance recoveries received				

	For the Nine Months Ended September 30,			
	Con Edison		*Con Edison of New York*	
(Millions of Dollars)	*2008*	*2007*	*2008*	*2007*
Remediation payments	$ 77	$ 33	$ 76	$ 29
Insurance recoveries received		1		1

In 2006, Con Edison of New York 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 $1.1 billion. In 2007, 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 $115 million. These estimates were based on the assumption that there is contamination at the sites that have not yet been investigated and additional assumptions about these and the other sites regarding the extent of contamination and the type and extent of 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

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

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 2006, Con Edison of New York 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, Con Edison of New York 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 September 30, 2008 and December 31, 2007 were as follows:

	Con Edison		*Con Edison of New York*	
(Millions of Dollars)	*2008*	*2007*	*2008*	*2007*
Accrued liability asbestos suits	$ 10	$ 10	$ 10	$ 10
Regulatory assets asbestos suits	$ 10	$ 10	$ 10	$ 10
Accrued liability workers compensation	$ 114	$ 116	$ 109	$ 111
Regulatory assets workers compensation	$ 38	$ 41	$ 38	$ 41

Note H - Other Material Contingencies

Manhattan Steam Main Rupture

In July 2007, a Con Edison of New York 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. As of September 30, 2008, with respect to the incident, the company incurred estimated operating costs of $35 million for property damage, clean up and other response costs, recorded $21 million in actual and expected insurance recoveries and invested $12 million in capital, retirement and other costs. Over 70 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 notified its insurers of the incident and believes that the policies currently in force 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.

In August 2008, Con Edison of New York entered into a Joint Proposal with the PSC staff and the New York State Consumer Protection Board with respect to the PSC s ongoing proceeding relating to

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the steam main rupture. (See Regulatory Matters Con Edison of New York Steam in Note B to the financial statements in Item 8 of the Form 10-K.) Pursuant to the Joint Proposal, which is subject to PSC approval, among other things, the company (i) will not recover from customers the operating, capital and retirement costs it incurred as a result of the steam main rupture; (ii) will, in general, effectively be limited in its recovery from customers of premiums for its excess liability insurance policies for each of the policy years beginning April 2008 through April 2011 to amounts designed to prevent recovery of any premium increase resulting from the steam main rupture; and (iii) will be released from all prudence-related claims that were or could have been asserted in any PSC proceeding relating to the steam main rupture other than with respect to any damage to company facilities, or incremental costs, that are neither known nor reasonably foreseeable. In August 2008, the company entered into a second agreement with the PSC staff, subject to the approval by the PSC of the Joint Proposal, pursuant to which in lieu of a penalty action for violations, if any, of the Public Service Law or the PSC s regulations or orders as a result of the steam main rupture, the company accrued a $4 million regulatory liability to be used for future steam customer benefit.

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 transaction). 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 Statement of Financial Accounting Standards (SFAS) No. 13, Accounting 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 immaterial at September 30, 2008 and $9 million at December 31, 2007 and is comprised of a $235 million gross investment less $239 million of deferred tax liabilities at September 30, 2008 and $235 million gross investment less $226 million of deferred tax liabilities at December 31, 2007.

On audit of Con Edison s tax return for 1997, the Internal Revenue Service (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

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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, post trial briefs have been filed and oral argument took place on August 13, 2008. A decision is possible later this year.

Two cases involving LILO and sale in/lease out transactions have been decided in other courts, each of which was decided in favor of the government and one of which has been affirmed on appeal. *See*, *BB&T Corp. v. United States*, 523 F.3d 461 (4th Cir. 2008), and *AWG Leasing Trust v. United States*, 1:07-CV-857 (N.D. Ohio May 28, 2008). The court before which Con Edison stands, the Court of Federal Claims, has not previously rendered a decision with respect to such transactions and is not bound by these cases. Con Edison believes its tax deductions are proper and that its transaction is distinguishable on a number of grounds. For example, the two cases recently decided involved investments by banks in industrial assets, Swedish wood pulp mill equipment and a German waste-to-energy disposal facility respectively. In contrast, the facts surrounding Con Edison s investment are quite different. Its investment was made in the context of the deregulation of the electric energy industry in New York. It involved an acquisition by Con Edison Development of a leasehold interest in an electric generating power plant in the Netherlands. The asset is consistent with Con Edison Development s plan at the time to invest in a variety of international infrastructure projects. Moreover, in both *BB&T* and *AWG* the United States, as defendant, successfully argued that the counterparties in those cases were certain to exercise their early purchase options and, therefore, that those transactions did not qualify as leases. In contrast, Con Edison produced evidence that it is unclear whether the counterparty will exercise its early purchase option.

In a third LILO case, a jury verdict was rendered, partially favorable to the taxpayer and partially favorable to the government. *See*, *Fifth Third Bancorp & Subsidiaries v. United States*, 1:05-CV-350 (S.D. Ohio April 18, 2008). Post-verdict motions are pending in that case and a decision has not been rendered.

The IRS has completed the pre-filing Compliance Assurance Process for the 2007 tax year and the company and the IRS did not reach agreement on the treatment of the LILO transactions within the 2007 tax return, a net tax deduction of $41 million. In connection with its audit of Con Edison s federal income tax return for the tax year 2006, the IRS disallowed $43 million of net tax deductions taken with respect to both of the LILO transactions for the tax year. Con Edison filed an appeal of this audit level disallowance with the Appeals Office of the IRS, where consideration of this matter is pending. In connection with its audit of Con Edison s federal income tax returns for the tax years 1998 through 2005, the IRS indicated that it intends to disallow $332 million of net tax deductions taken

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Notes to the Financial Statements (Unaudited) continued

with respect to both of the LILO transactions for the tax years. If and when these audit level disallowances become appealable, Con Edison intends to file appeals of the disallowances with the Appeals Office of the IRS.

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 September 30, 2008, in the aggregate, was $184 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 $74 million at September 30, 2008.

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) No. FASB Statement (FAS) 13-2, Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction, which became effective for fiscal years beginning after December 15, 2006. This FSP requires the expected timing of income tax cash flows generated by Con Edison s LILO transactions 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.

Uncertain Tax Positions

Reference is made to Uncertain Tax Positions in Note L to the financial statements included in Item 8 of the Form 10-K.

In July 2008, the IRS entered into a closing agreement with Con Edison covering the Companies use of the simplified service cost method (SSCM) to determine the extent to which construction-related costs could be deducted in 2002 through 2004. The closing agreement does not cover 2005, the last year for which SSCM is an uncertain tax position. The Companies do not expect the required repayment, with interest, to the IRS of their SSCM tax benefits for 2002 through 2005 to exceed the $160 million ($147 million of which is attributable to Con Edison of New York) the Companies paid to the IRS in June 2007 as a deposit for the repayment.

Other Contingencies

See Power Outage Proceedings in Note B.

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Guarantees

Con Edison and its subsidiaries enter into various agreements providing financial or performance assurance primarily to third parties on behalf of their subsidiaries. In addition, a Con Edison Development subsidiary has issued a guarantee on behalf of an entity in which it has an equity interest. At September 30, 2008 and December 31, 2007, the maximum amounts guaranteed by Con Edison totaled $1.4 billion in both periods.

A summary, by type and term, of Con Edison s total guarantees at September 30, 2008 is as follows:

Guarantee Type	*0 3 years*	*4 10 years*	*> 10 years*	*Total*
		(Millions of Dollars)		
Commodity transactions	$ 857	$ 45	$ 230	$ 1,132
Affordable housing program		15		15
Intra-company guarantees	39		1	40
Other guarantees	218	34		252
TOTAL	$ 1,114	$ 94	$ 231	$ 1,439

For a description of guarantee types, see Note H to the financial statements in Item 8 of the Form 10-K.

Note I - Stock-Based Compensation

For a description of stock-based compensation, including stock options, restricted stock units (RSUs) and stock purchase plan, reference is made to Note M to the financial statements in Item 8 of the Form 10-K.

In accordance with SFAS No. 123(R), Share-Based Payment, the Companies have recognized the cost of stock-based compensation as an expense using a fair value measurement method. The following table summarizes stock-based compensation expense recognized by the Companies in the three and nine months ended September 30, 2008 and 2007:

	For the Three Months Ended September 30,			
	Con Edison		*Con Edison of New York*	
(Millions of Dollars)	*2008*	*2007*	*2008*	*2007*
Stock options	$	$ 1	$	$ 1
Restricted stock units	1			
Performance-based restricted stock	7	1	6	1
Non-officer director deferred stock compensation	1		1	
Total	$ 9	$ 2	$ 7	$ 2

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	For the Nine Months Ended September 30,			
	Con Edison		Con Edison of New York	
(Millions of Dollars)	*2008*	*2007*	*2008*	*2007*
Stock options	$ 1	$ 2	$ 1	$ 1
Restricted stock units	1	1		1
Performance-based restricted stock	7	3	6	3
Non-officer director deferred stock compensation	1		1	
Total	$ 10	$ 6	$ 8	$ 5

Stock Options

A summary of changes in the status of stock options during the three and nine months ended September 30, 2008 and 2007 is as follows:

	Con Edison		Con Edison of New York	
	Shares	*Weighted Average Exercise Price*	*Shares*	*Weighted Average Exercise Price*
Outstanding at 12/31/06	8,617,601	$ 42.773	7,346,601	$ 42.842
Granted				
Exercised	(975,100)	41.630	(907,050)	41.634
Forfeited	(1,001)	42.169	(1,001)	42.169
Outstanding at 3/31/07	7,641,500	$ 42.919	6,438,550	$ 43.013
Granted				
Exercised	(668,350)	42.803	(587,500)	42.829
Forfeited	(19,350)	42.483	(7,500)	41.870
Outstanding at 6/30/07	6,953,800	$ 42.931	5,843,550	$ 43.033
Granted				
Exercised	(8,100)	39.997	(7,450)	39.639
Forfeited	(26,450)	42.457	(10,250)	41.891
Outstanding at 9/30/07	6,919,250	$ 42.934	5,825,850	$ 43.037
Outstanding at 12/31/07	6,596,850	$ 43.072	5,531,850	$ 43.187
Granted				
Exercised	(26,500)	39.658	(22,000)	39.242
Forfeited	(75,550)	43.028	(73,050)	43.032
Outstanding at 3/31/08	6,494,800	$ 43.087	5,436,800	$ 43.205
Granted				
Exercised	(5,000)	36.988	(5,000)	36.988
Forfeited	(36,600)	43.648	(17,000)	43.602
Outstanding at 6/30/08	6,453,200	$ 43.088	5,414,800	$ 43.209
Granted				
Exercised	(236,400)	39.417	(208,500)	40.060
Forfeited	(4,700)	43.022	(7,000)	45.437
Outstanding at 9/30/08	6,212,100	$ 43.228	5,199,300	$ 43.333

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

The change in the fair value of all outstanding options from their grant dates to September 30, 2008 and 2007 (aggregate intrinsic value) for Con Edison was $(2) million and $23 million, respectively. The change in the fair value of all outstanding options from their grant dates to September 30, 2008 and 2007 (aggregate intrinsic value) for Con Edison of New York was $(2) million and $19 million, respectively. The aggregate intrinsic value of options exercised in the periods ended September 30, 2008 and 2007 was $1.3 million and $0.05 million, respectively, and the cash received by Con Edison for payment of the exercise price was $10.5 million and $0.3 million, respectively. The weighted average remaining contractual life of options outstanding is four years as of September 30, 2008.

The following table summarizes stock options outstanding at September 30, 2008 for each plan year for the Companies:

		Con Edison			*Con Edison of New York*		
Plan Year	*Remaining Contractual Life*	*Options Outstanding*	*Weighted Average Exercise Price*	*Options Exercisable*	*Options Outstanding*	*Weighted Average Exercise Price*	*Options Exercisable*
2006	8	1,617,800	$ 45.180		1,392,700	$ 45.196	
2005	7	1,230,200	42.755	1,230,200	1,006,750	42.729	1,006,750
2004	6	922,200	43.766	922,200	739,350	43.761	739,350
2003	5	638,900	39.756	638,900	470,400	39.719	470,400
2002	4	848,550	42.510	848,550	712,550	42.510	712,550
2001	3	311,300	37.750	311,300	265,800	37.750	265,800
2000	2	101,650	32.500	101,650	87,650	32.500	87,650
1999	1	541,500	47.940	541,500	524,100	47.940	524,100
Total		6,212,100	$ 43.228	4,594,300	5,199,300	$ 43.333	3,806,600

There were no new awards granted in 2008 and 2007. The total expense to be recognized in future periods for unvested stock options outstanding as of September 30, 2008 is $0.3 million for Con Edison and Con Edison of New York.

Restricted Stock Units

At September 30, 2008 and 2007, there were 113,555 and 114,855 units outstanding, respectively, for Con Edison employees, of which 76,455 and 62,855 units were outstanding, respectively, for Con Edison of New York. The weighted average fair value as of the grant date of the outstanding units other than Performance RSUs or awards under the directors deferred compensation plan for September 30, 2008 and 2007 was $41.10 and $42.86 per unit, respectively, for Con Edison. The weighted average fair value as of the grant date of the outstanding units for September 30, 2008 and 2007 was $43.86 and $45.87 per unit, respectively, for Con Edison of New York. The total expense to be recognized by the Companies in future periods for unvested awards outstanding as of September 30, 2008 for Con Edison and Con Edison of New York was $1.3 million.

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A summary of changes in the status of the Performance RSUs Total Shareholder Return (TSR) portion during the three and nine months ended September 30, 2008 and 2007 is as follows:

	Con Edison		*Con Edison of New York*	
	Units	*Weighted Average Fair Value**	*Units*	*Weighted Average Fair Value**
Non-vested at 12/31/06	126,425	$ 13.992	94,025	$ 14.420
Granted	113,600	45.730	81,848	45.730
Vested and Exercised	(31,400)		(21,475)	
Forfeited				
Non-vested at 3/31/07	208,625	$ 36.108	154,398	$ 35.709
Granted	33,280	48.060	30,805	48.060
Vested and Exercised				
Forfeited				
Non-vested at 6/30/07	241,905	$ 20.152	185,203	$ 20.155
Granted				
Vested and Exercised				
Forfeited	(4,723)		(4,723)	
Non-vested at 9/30/07	237,182	$ 22.677	180,480	$ 22.726
Non-vested at 12/31/07	195,980	$ 33.398	146,033	$ 33.048
Granted	159,950	36.270	115,758	36.270
Vested and Exercised	(5)	31.370		
Forfeited	(5,270)		(200)	
Non-vested at 3/31/08	350,655	$ 21.178	261,591	$ 20.918
Granted	38,375	25.980	35,515	25.980
Vested and Exercised				
Forfeited	(4,839)		(2,814)	
Non-vested at 6/30/08	384,191	$ 15.269	294,292	$ 15.177
Granted				
Vested and Exercised				
Forfeited	(8,123)		(3,671)	
Non-vested at 9/30/08	376,068	$ 47.455	290,621	$ 47.301

* Fair value is determined using the Monte Carlo simulation.

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A summary of changes in the status of the Performance RSUs Executive Incentive Plan (EIP) portion during the three and nine months ended September 30, 2008 and 2007 is as follows:

	Con Edison		*Con Edison of New York*	
	Units	*Weighted Average Price*	*Units*	*Weighted Average Price*
Non-vested at 12/31/06	126,425	$ 48.070	94,025	$ 48.070
Granted	113,600	47.815	81,848	47.807
Vested and Exercised	(31,400)	47.530	(21,475)	47.530
Forfeited				
Non-vested at 3/31/07	208,625	$ 51.060	154,398	$ 51.060
Granted	33,280	51.060	30,805	51.060
Vested and Exercised				
Forfeited				
Non-vested at 6/30/07	241,905	$ 45.120	185,203	$ 45.120
Granted				
Vested and Exercised				
Forfeited	(4,723)		(4,723)	
Non-vested at 9/30/07	237,182	$ 46.300	180,480	$ 46.300
Non-vested at 12/31/07	195,980	$ 48.850	146,033	$ 48.850
Granted	159,950	46.440	115,758	46.440
Vested and Exercised	(20)	43.570		
Forfeited	(5,255)		(200)	
Non-vested at 3/31/08	350,655	$ 39.700	261,591	$ 39.700
Granted	38,375	39.700	35,515	39.700
Vested and Exercised				
Forfeited	(4,839)		(2,814)	
Non-vested at 6/30/08	384,191	$ 39.090	294,292	$ 39.090
Granted				
Vested and Exercised				
Forfeited	(8,123)		(3,671)	
Non-vested at 9/30/08	376,068	$ 42.960	290,621	$ 42.960

The total expense to be recognized by Con Edison in future periods for unvested Performance RSUs outstanding as of September 30, 2008 is $20 million, including $15 million for Con Edison of New York.

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Stock Purchase Plan

In the three months ended September 30, 2008 and 2007, 197,330 shares and 164,152 shares were purchased under the Stock Purchase Plan at a weighted average price of $39.90 and $46.43 per share, respectively. In the nine months ended September 30, 2008 and 2007, 555,727 shares and 468,964 shares were purchased under the Stock Purchase Plan at a weighted average price of $42.52 and $48.13 per share, respectively.

Note J - 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 September 30,							
	Operating Revenues		*Inter-segment revenues*		*Depreciation and amortization*		*Operating Income*	
(Millions of Dollars)	*2008*	*2007*	*2008*	*2007*	*2008*	*2007*	*2008*	*2007*
Con Edison of New York								
Electric	$ 2,670	$ 2,272	$ 3	$ 3	$ 133	$ 113	$ 369	$ 395
Gas	242	204	2	1	23	22	8	4
Steam	111	102	18	18	16	15	(3)	(3)
Consolidation adjustments			(23)	(22)				
Total Con Edison of New York	$ 3,023	$						