

Con Edison, Inc.

September 12, 2013

Barclays Capital CEO  
Energy-Power  
Conference





## Forward-Looking Statements

This presentation includes certain forward-looking statements intended to qualify for safe-harbor provisions of the Federal securities laws. 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 might differ materially from those included in the forward-looking statements because of various factors including, but not limited to, those discussed in reports the company has filed with the Securities and Exchange Commission.

## Non-GAAP Financial Measure

This presentation contains a financial measure, earnings from ongoing operations, not determined in accordance with Generally Accepted Accounting Principles (GAAP). Earnings from ongoing operations should not be considered as an alternative to net income. Management uses this non-GAAP measure to facilitate the analysis of the company's ongoing performance and believes that this non-GAAP measure also is useful and meaningful to investors. A reconciliation of this non-GAAP measure to earnings determined in accordance with GAAP is included as a part of this presentation.

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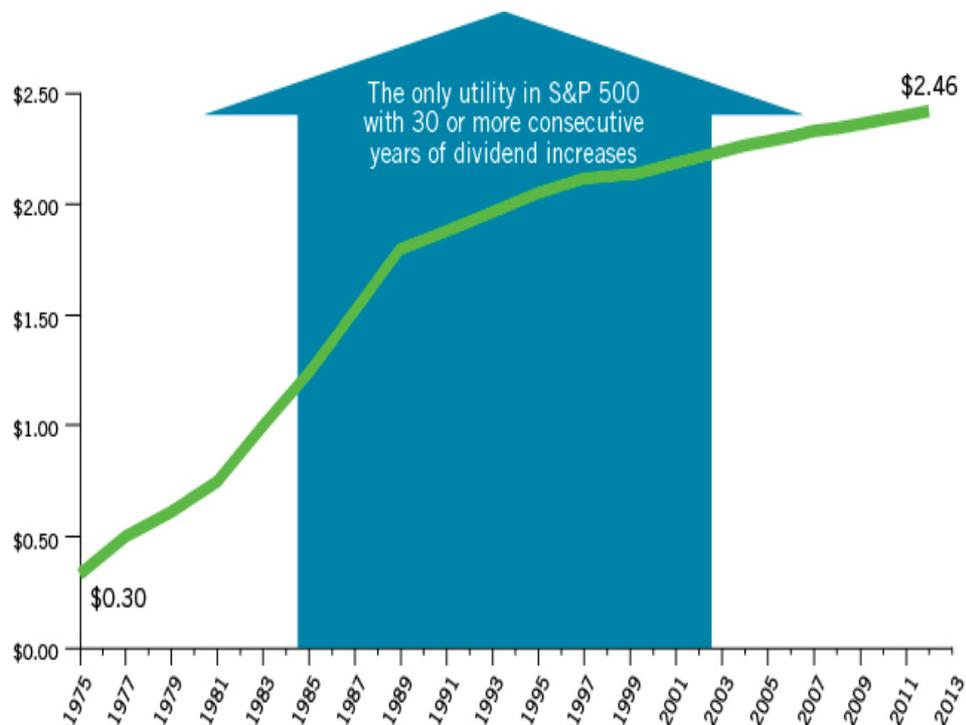
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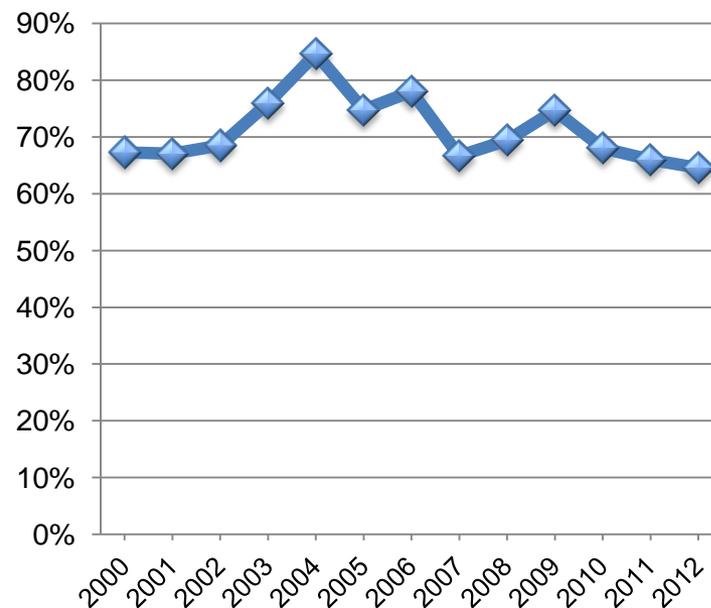
[www.conEdison.com](http://www.conEdison.com)

# A Compelling Dividend Record: 39 Consecutive Years of Dividend Increases

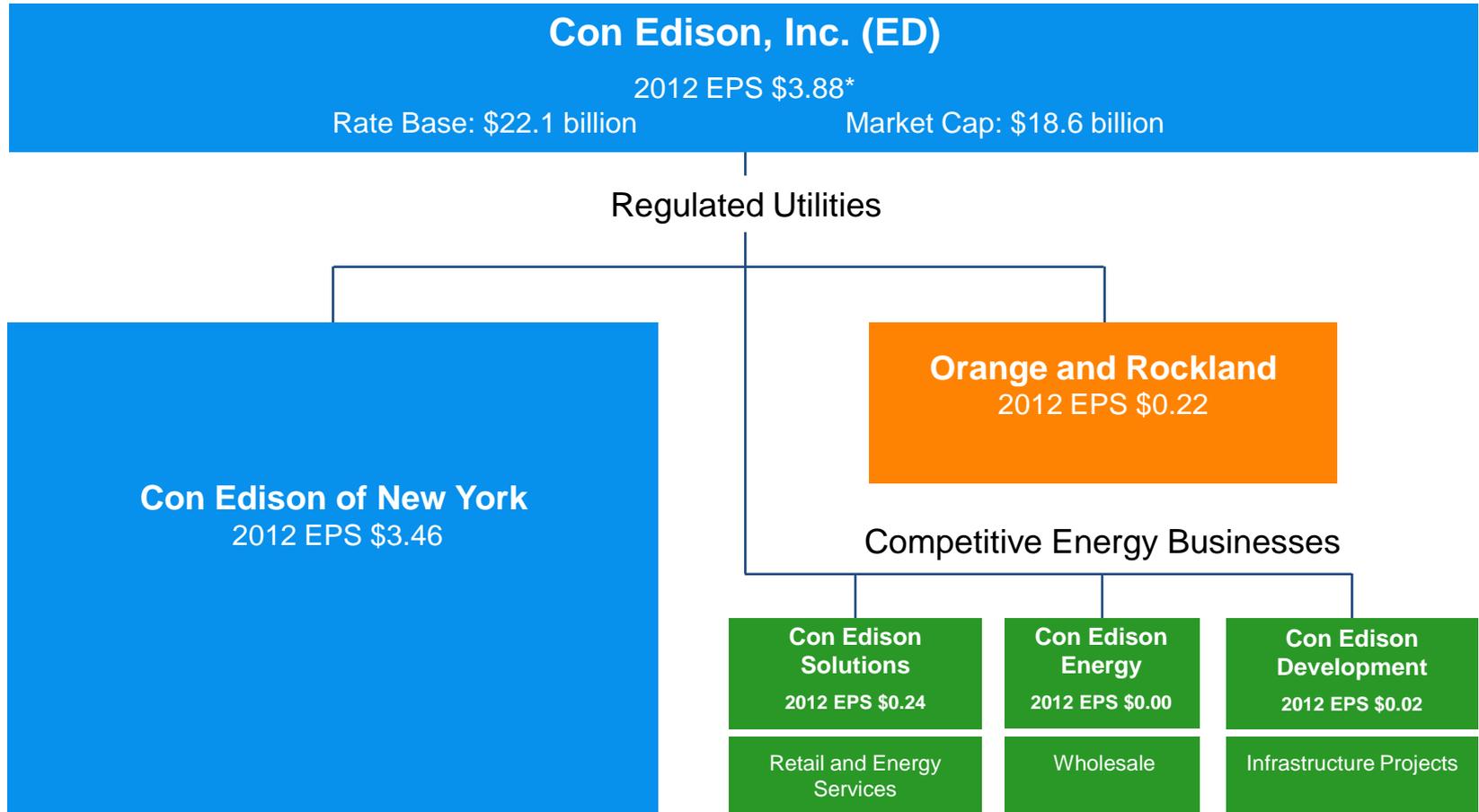
Annualized Dividend 1975 - 2013



Dividend Payout Ratio



# Regulated Transmission and Distribution Focused

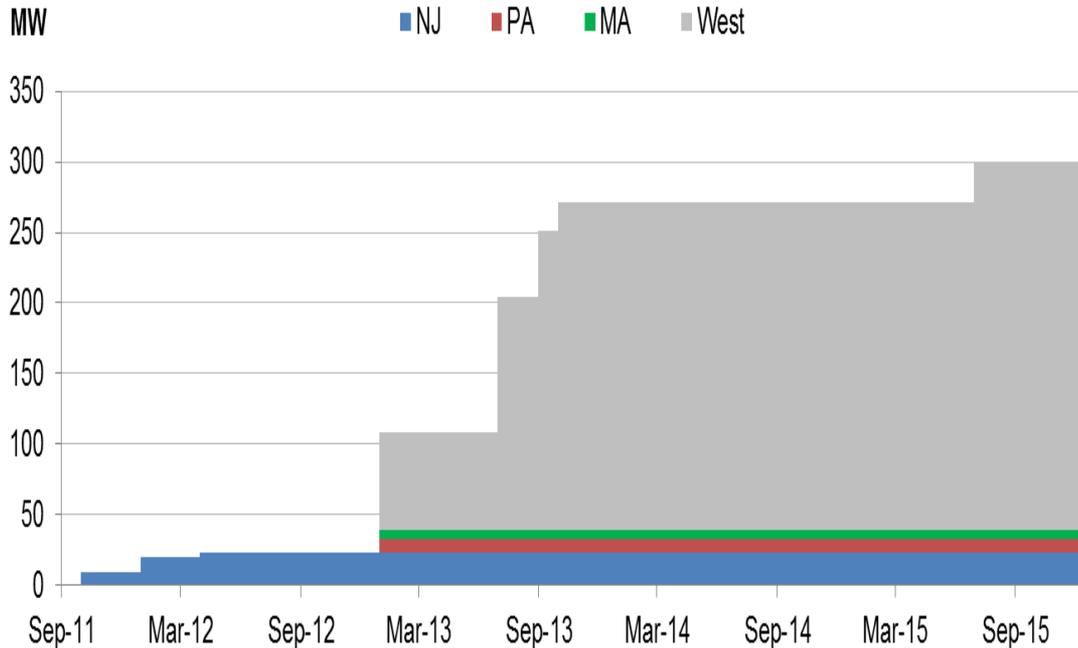


\*Total reflects parent company expenses and consolidation adjustments amounting to \$(0.06) per share. Earnings include after-tax net mark-to-market gains of \$0.13.

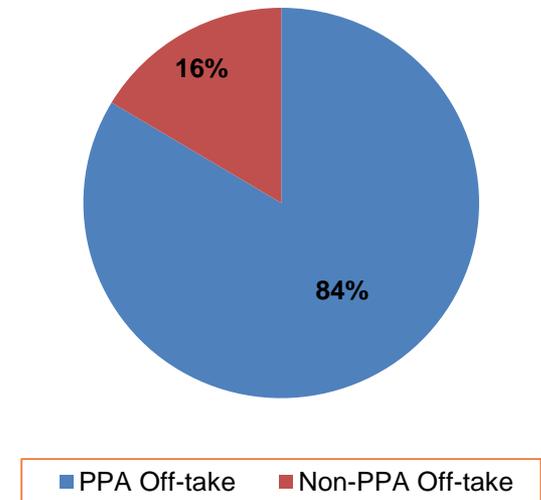
## Con Edison Development

# Solar Investment Portfolio by Geography and Off-taker

Current Solar Ownership (> 3MW) by Geography



Current Solar Ownership by Off-Take Type (% Based on MWs of Capacity)



**West includes projects in California, Nevada and Arizona.**

Chart excludes 12 MWs of projects smaller than 3 MW, which are located in MA, NJ and RI.

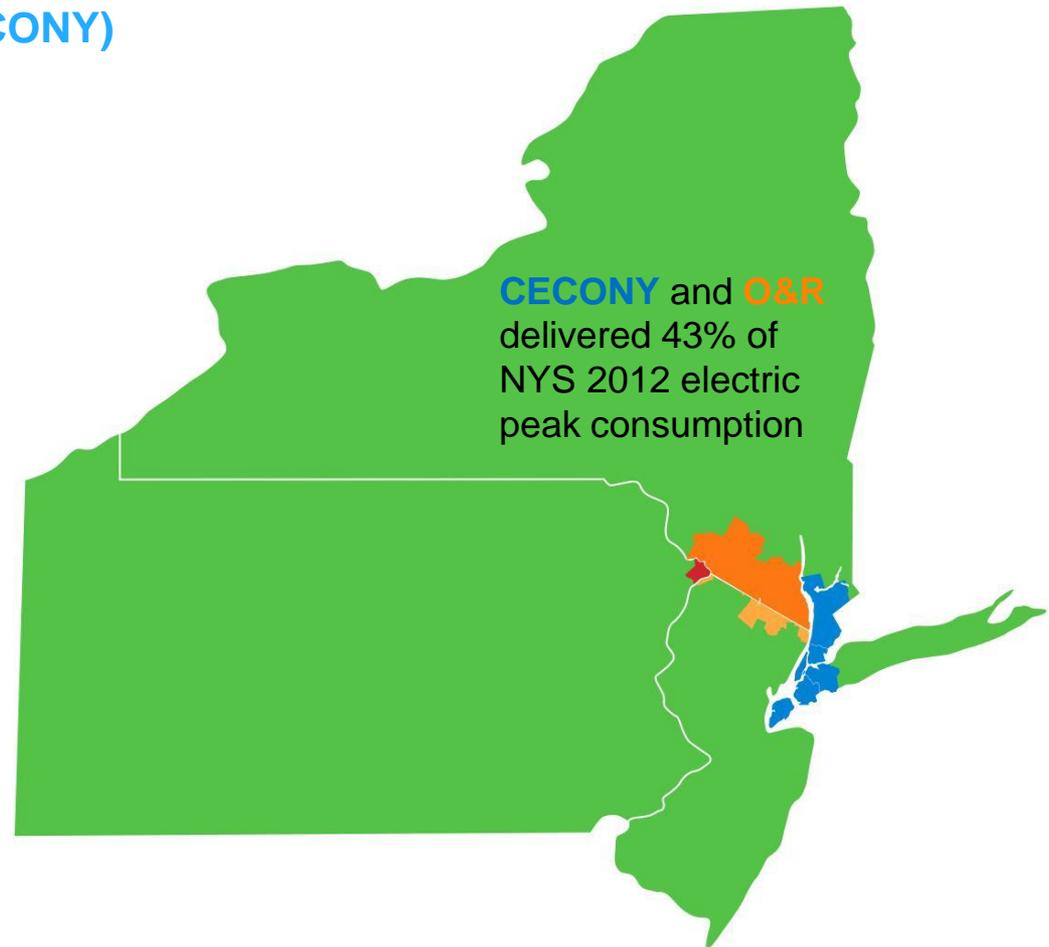
# Regulated Utilities are the Core of Con Edison, Inc.

## Con Edison of New York (CECONY)

- 3.3 million electric customers
- 1.1 million gas customers
- 1,717 steam customers
- 706 MW of regulated generation
- Delivered 40% of NYS 2012 electric peak consumption

## Orange and Rockland (O&R)

- 303,000 electric customers
- 131,000 gas customers
- Delivered 3.4% of NYS 2012 electric peak consumption



# Composition of Rate Base

(as of June 30, 2013)

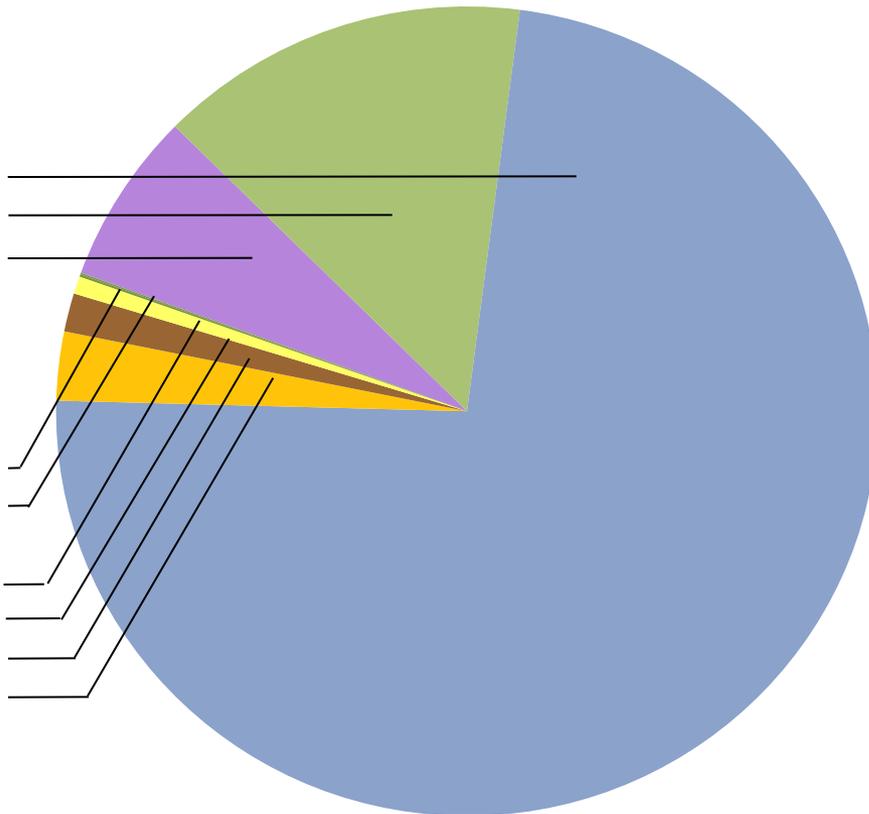
## Rate Base\* (\$ millions)

### Con Edison of New York

Electric	(NY)	\$ 16,328	
Gas	(NY)	\$ 3,300	
Steam	(NY)	\$ 1,515	
<b>Total CECONY</b>		<b>\$ 21,143</b>	

### Orange and Rockland

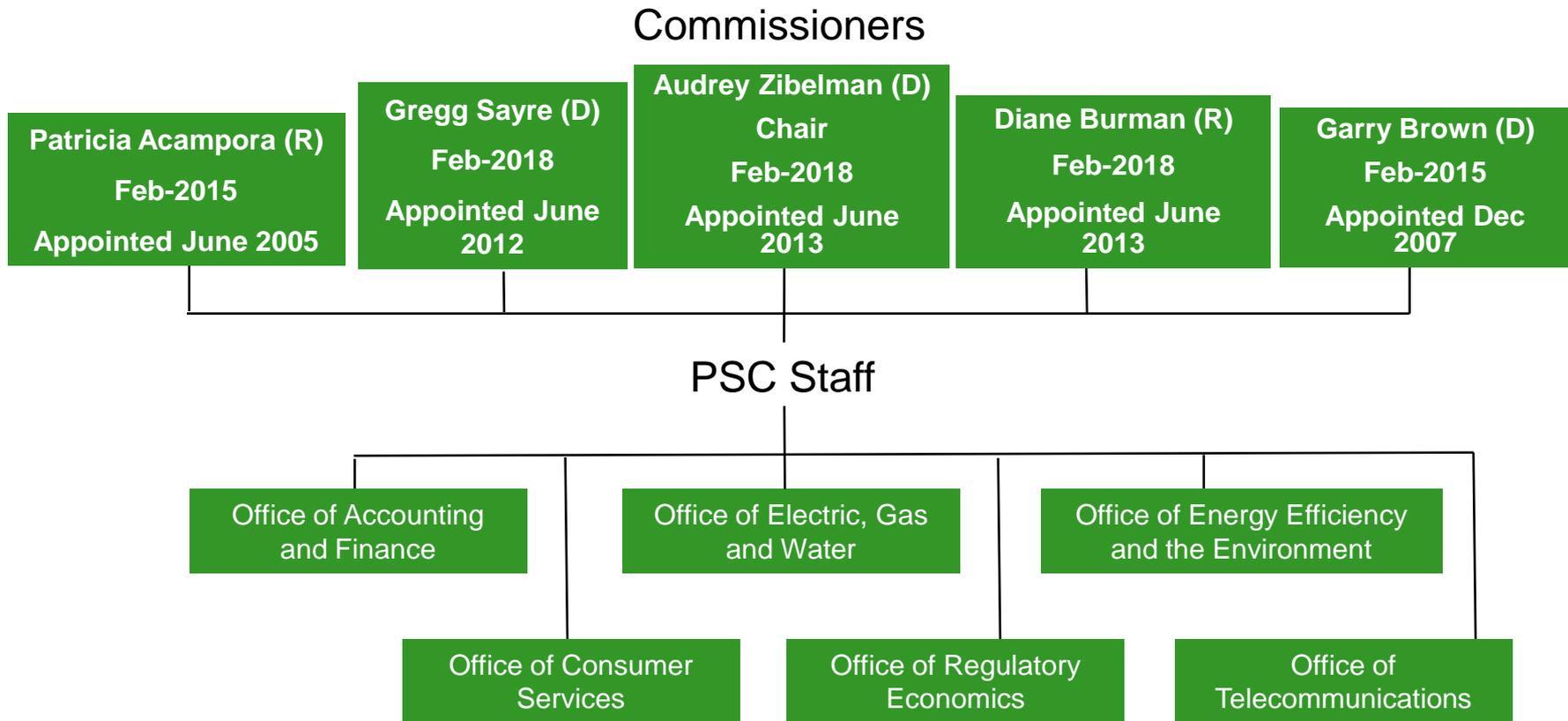
Pike Gas	(PA)	\$ 2	
Pike Electric	(PA)	\$ 13	
Rockland Electric	(NJ)		
(distribution)		\$ 158	
(transmission)		\$ 20	
O&R Gas	(NY)	\$ 335	
O&R Electric	(NY)	\$ 629	
<b>Total O&amp;R</b>		<b>\$ 1,157</b>	



**Total Rate Base \$22,300**

\* Average rate base for 12 months ending 6/30/2013

# New York Public Service Commission (NY PSC)



- Annual budget: \$80 million; Staffing: 460 employees
- Regulates: Electric (7 companies), Gas (10), Water (300), Telecom (5), Cable (30)



## Features of New York Regulation

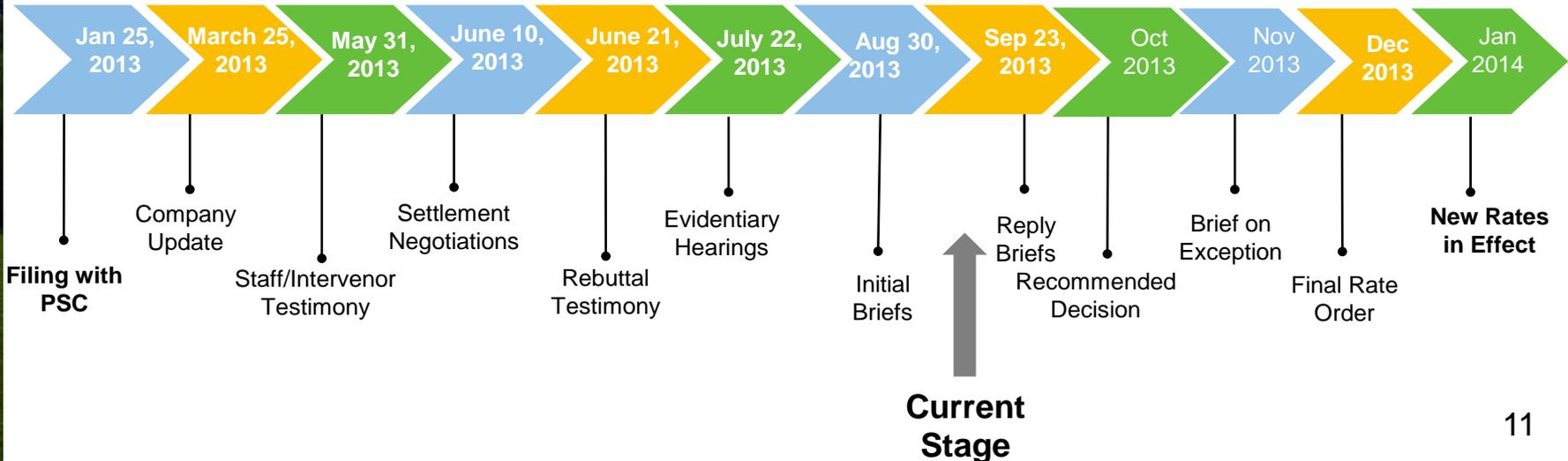
- Forward-looking test year for expenses and rate base
- True-ups for major expenses:
  - Fuel and power cost recovery (most)
  - Pensions and Other Post-employment Benefits
  - Property taxes (partial)
  - Environmental clean-up costs
  - Interest on long-term borrowing
- Revenue decoupling
- Performance penalties
- Formulaic approach to setting ROE's

## Key Provisions of 2013 Electric, Steam and Gas Rate Filing

- Proposing programs intended to reduce service outages from major storms, as well as improve the storm recovery process
  - plans for \$1 billion of storm hardening capital expenditures through 2016 (electric: \$800 million; gas: \$100 million; steam \$100 million)
  - surcharge mechanism for future hardening programs.
- Proposing additional operating and capital programs, including programs to address new cyber security standards
- Proposing to recover deferred storm charges over three years
- Requesting the implementation of a storm reserve for the gas and steam systems
- Continuing the current provisions for true up of costs of pension and OPEBs, long-term debt, storms (electric), the impact of new laws, and environmental site investigation and remediation
- Continuing the revenue decoupling mechanism for electric and gas services
- Proposing implementation of weather normalization of revenues for steam

# 2013 Electric, Gas and Steam Rate Filings (13-E-0030, 13-G-0031, 13-S-0032)

- Filed on January 25, 2013
- Historic test year: Twelve months ended June 30, 2012
- Forward test year: January 1, 2014 – December 31, 2014
- New rates in effect January 1, 2014
- Timeline for rate setting process:



## Con Edison Resilience Collaborative

**The Collaborative, which was proposed by the PSC Staff, was initiated to provide input on resiliency projects in the current Con Edison budget, and to develop long-term resiliency initiatives for 2014 and beyond.**

### **Four Working Groups established:**

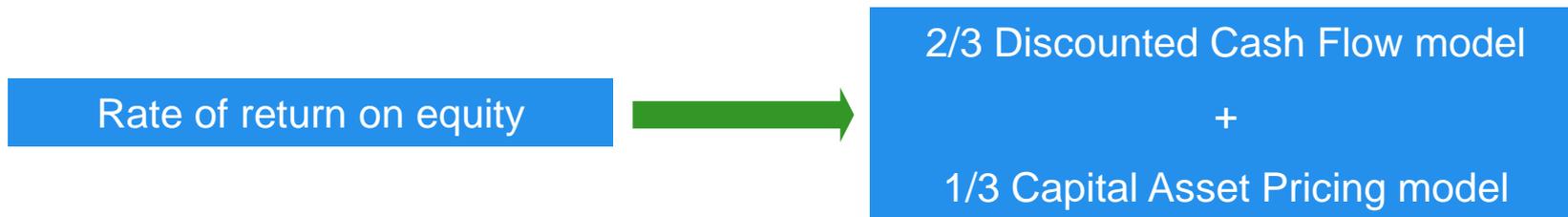
- Working Group 1 – Design Standards and 2014 Projects
- Working Group 2 – Alternative Resilience Strategies
- Working Group 3 – Natural Gas Issues – Methane Emissions
- Working Group 4 – Risk Assessment and Cost/Benefit Analysis

Con Edison should file a report on the Collaborative with the Commission by November 1, 2013.

# NYSPSC's Formulaic Approach to ROE

## Recent Rate Decisions in New York (2010-2013)

Date	Company	ROE	Term
Mar-2010	CECONY Electric	10.15%	3 years
Jun-2010	Central Hudson	10.00%	3 years
Oct-2010	CECONY Gas / Steam	9.60%	3 years
Oct-2010	Energy East (RGE /NYSEG)	10.00%	40 months
Jan-2011	Niagara Mohawk Electric	9.30%	2 years
Jun-2011	O&R Electric	9.20%	1 year
Apr-2012	Corning Gas	9.50%	3 years
Jun-2012	O&R Electric	R Y1-9.40% R Y2-9.50% R Y3-9.60%	1 <sup>st</sup> year 2 <sup>nd</sup> year 3 <sup>rd</sup> year
Apr-2013	Niagara Mohawk Electric and Gas	9.30%	3 years
Jun-2013	Brooklyn Union Gas (KEDNY)	9.40%	2 years



# Comparison of NYSPSC Staff Filings and CECONY's Rebuttal

(\$ millions)

RY (Jan '14 – Dec '14)	Electric		Gas		Steam	
	CECONY	Staff	CECONY	Staff	CECONY	Staff
Infrastructure	\$185	\$145	\$53	\$26	(\$13)	\$(5)
Pension and healthcare	75	51	24	19	10	8
Depreciation rates	75	(42)	(5)	(32)	12	9
Operating Expense	96	45	21	3	(8)	(12)
Income, Property and Other Taxes	45	14	(2)	5	1	3
Cost of Capital	(21)	(269)	13	(35)	5	(16)
Customer Credit (net)	28	(17)	(24)	(25)	(8)	(20)
Higher Revenues	(57)	(107)	(54)	(86)	13	6
All Other	(1)	(1)	(1)	(1)	(1)	(1)
<b>Total Rate Increase/(Decrease)</b>	<b>\$425</b>	<b>(\$181)</b>	<b>\$25</b>	<b>(\$126)</b>	<b>\$11</b>	<b>(\$28)</b>
Rate base	\$17,580	\$17,318	\$3,532	\$3,400	\$1,453	\$1,531
ROE	10.1%	8.7%	10.1%	8.7%	10.1%	8.7%
Equity ratio	50.1%	48.0%	50.1%	48.0%	50.1%	48.0%

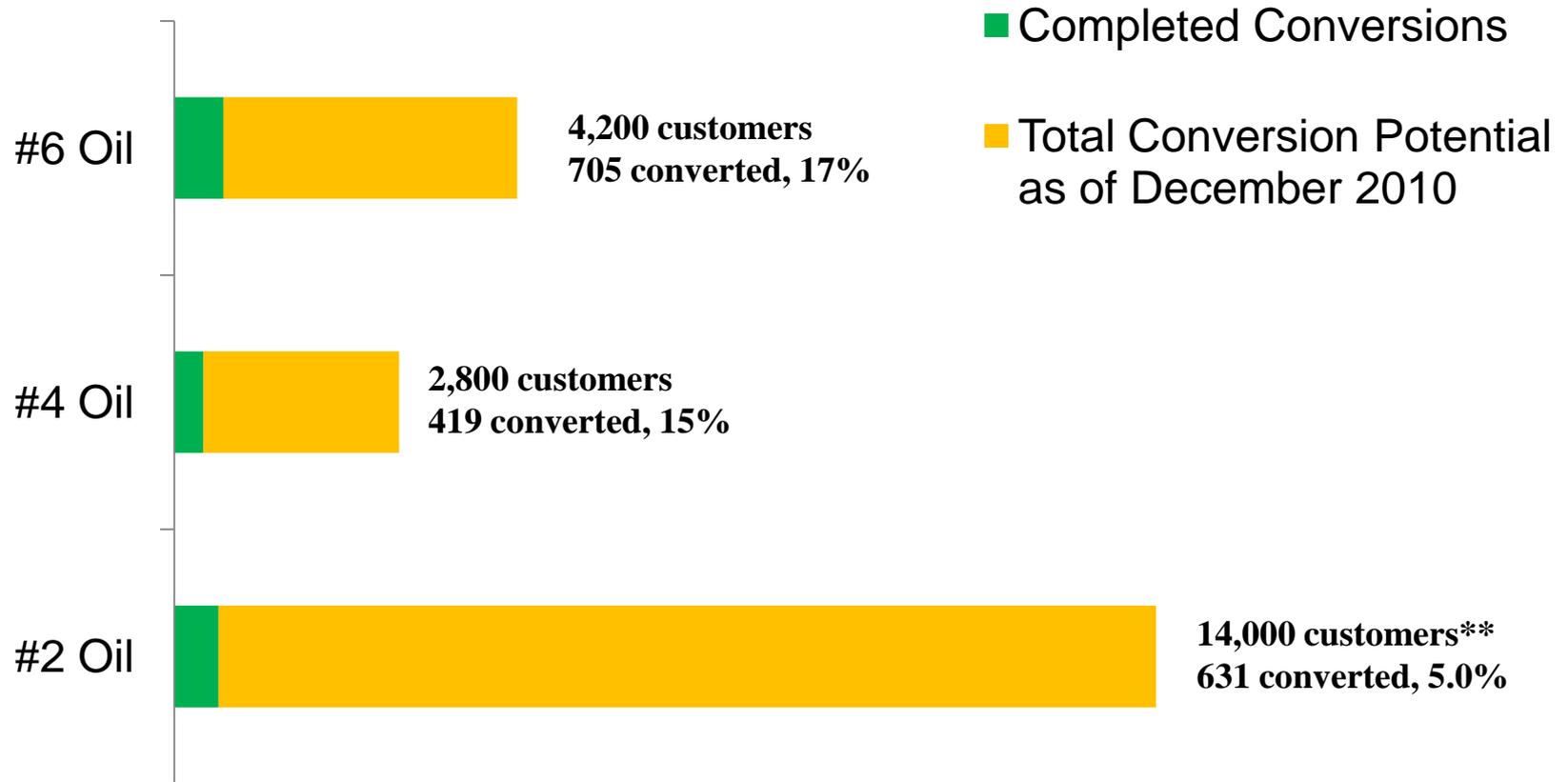
Note: CECONY rebuttal filing as of June; NYSPSC Staff filing as of May

## 5-Year Annualized Growth Rates in Peak Usage

	5-Year Historical 2002-2007 (Pre-Recession)	Current 5-Year Forecast
<b>CECONY</b>		
Electric	1.8%	1.3%
Gas	1.0%	3.8%
Steam	(0.8)%	(0.6)%
<b>O&amp;R</b>		
Electric	2.6%	0.9%
Gas	(0.8)%	0.7%

# Market for Multi-Family\* and Commercial Oil-to-Gas Conversions by Oil Type

January 2011 to July 2013

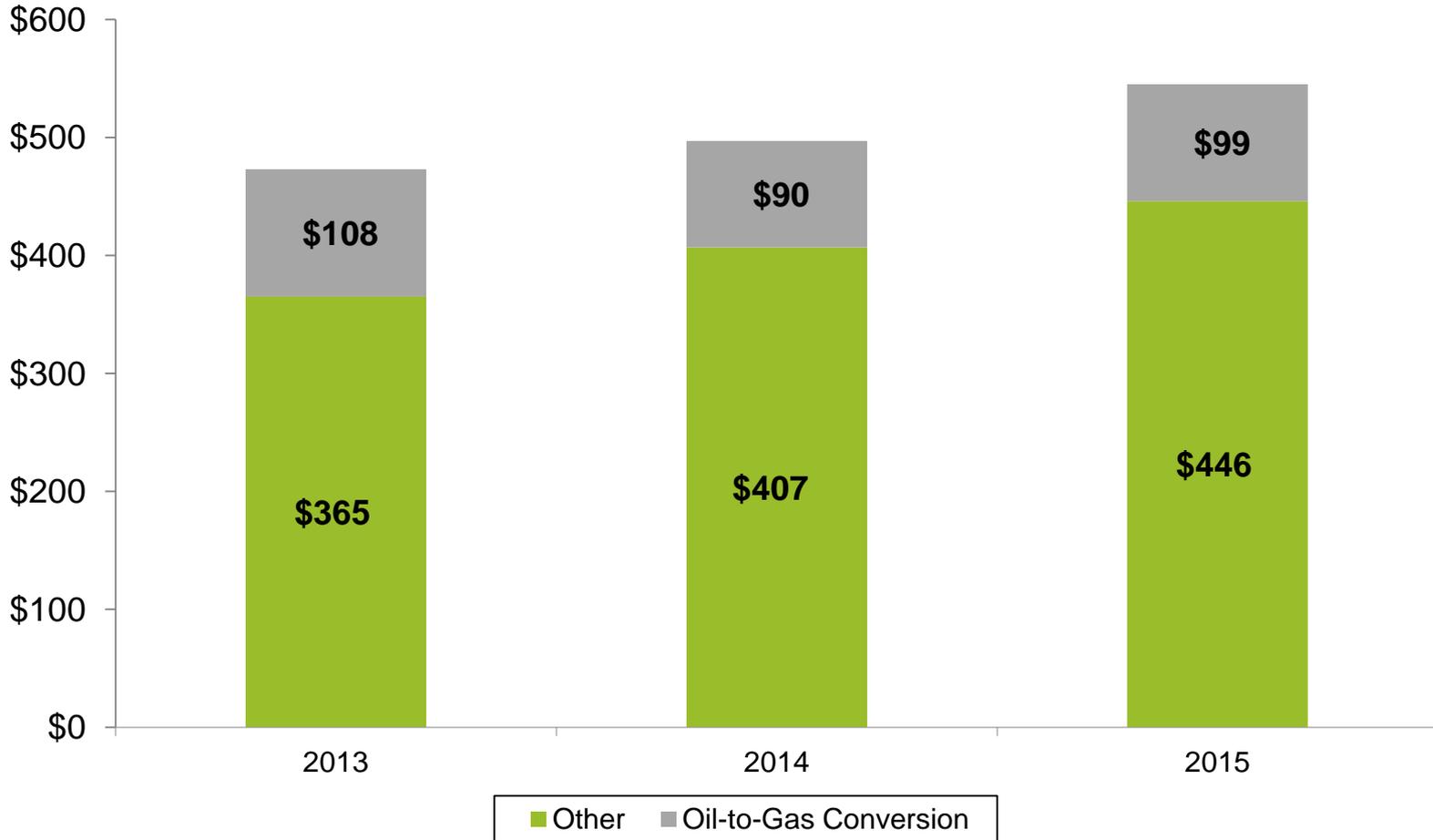


\* Multi-family buildings include 5 or more families

\*\* Conversions of #2 oil burners rated 350,000 BTUs or higher

# Gas Infrastructure Investment Forecast

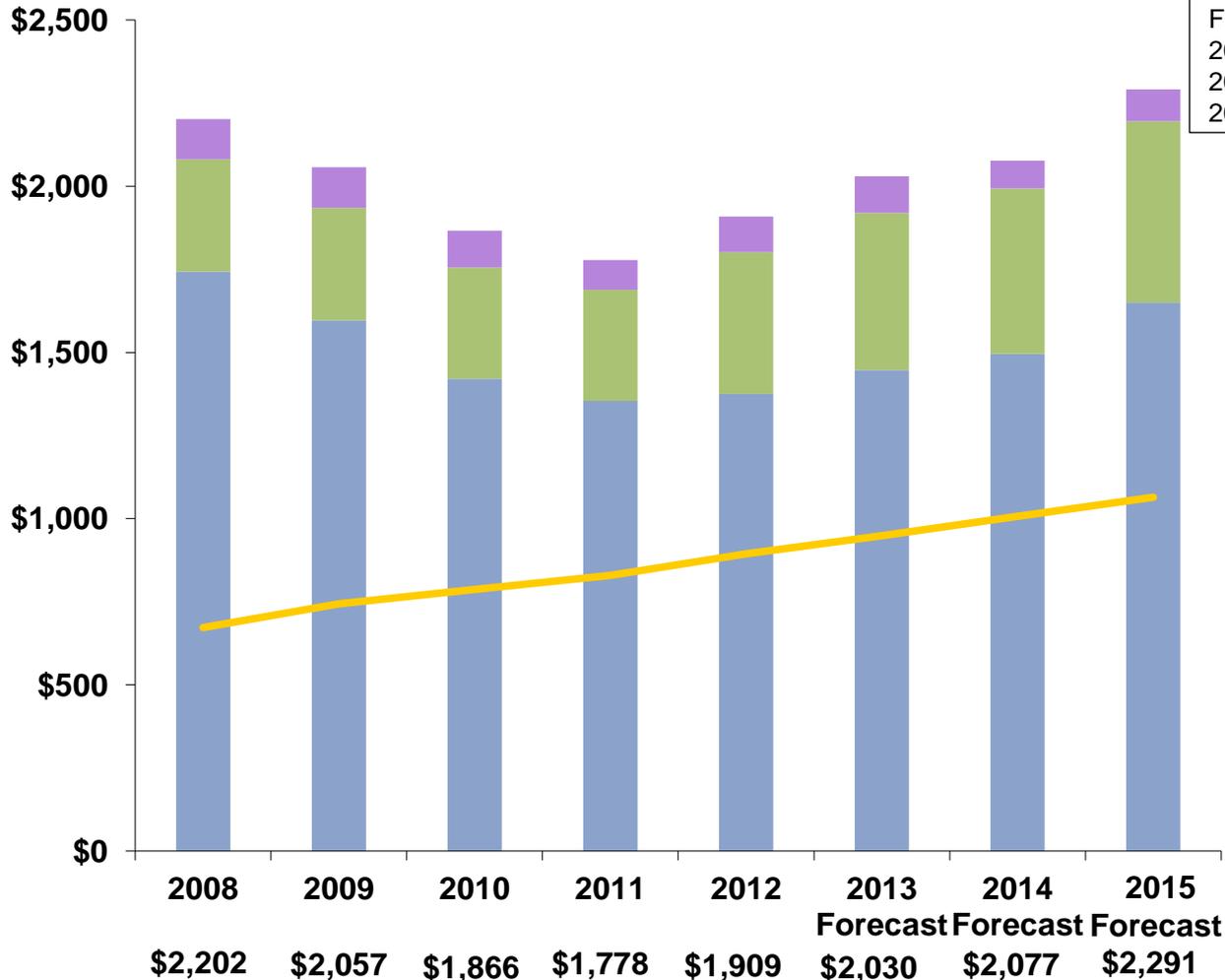
(\$ millions)



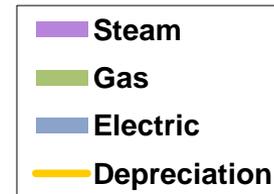
# Con Edison of New York

## Infrastructure Investment

(\$ millions)

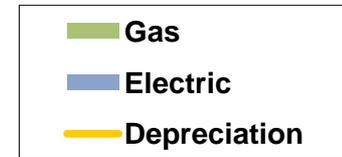
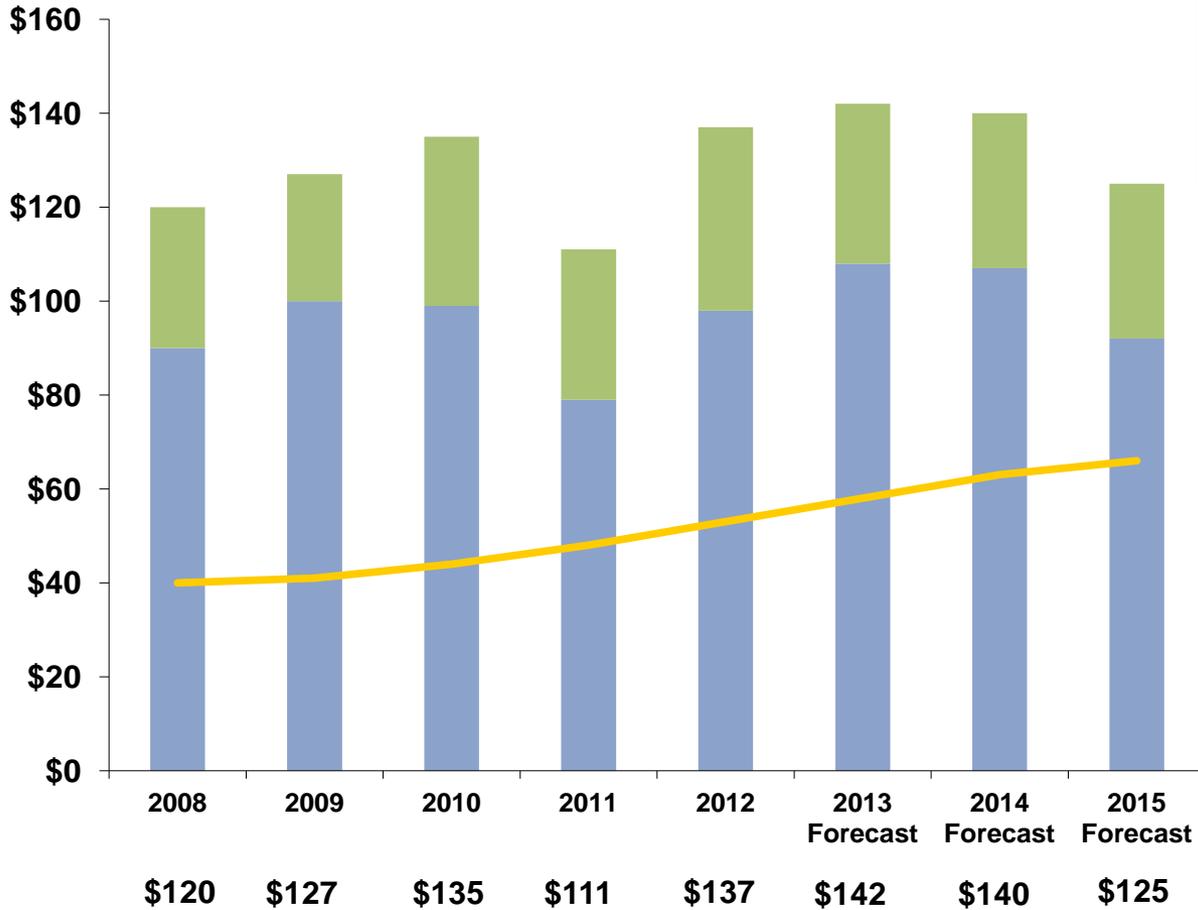


	Electric	Gas	Steam	Depreciation
Actual				
2008	1,743	338	121	672
2009	1,596	339	122	744
2010	1,421	334	111	787
2011	1,354	335	89	829
2012	1,375	426	108	894
Forecast				
2013	1,447	473	110	949
2014	1,496	497	84	1,007
2015	1,650	545	96	1,064



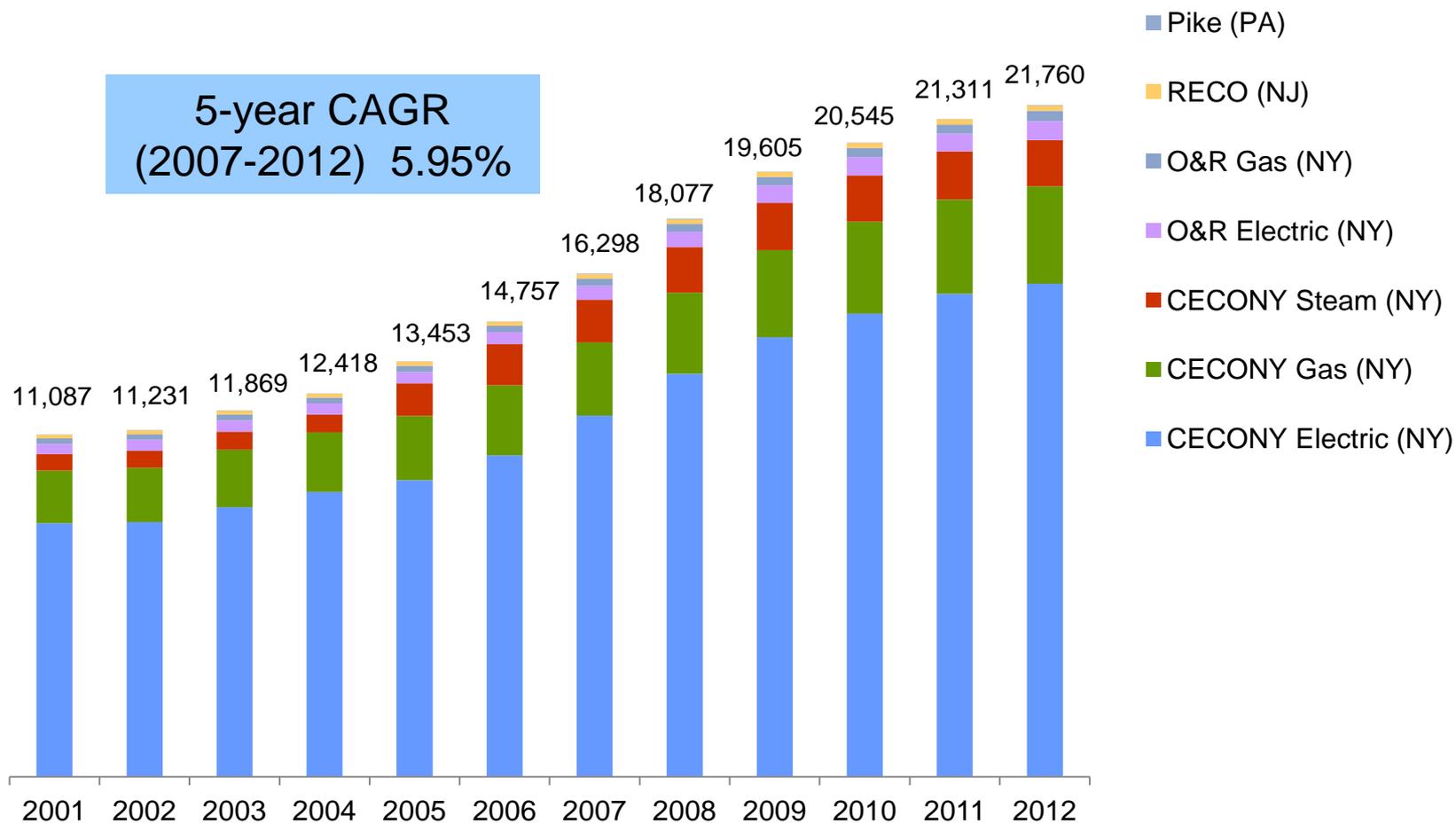
# Orange and Rockland Infrastructure Investment (\$ millions)

	Electric	Gas	Depreciation
<b>Actual</b>			
2008	88	32	40
2009	85	42	42
2010	99	36	44
2011	79	32	48
2012	98	39	53
<b>Forecast</b>			
2013	108	34	58
2014	107	33	63
2015	92	33	66



# Consolidated Edison, Inc. Rate Base Growth

(\$ millions)





# **NY Public Service Commission Response to NY Energy Highway Blueprint: New & Upgraded AC Transmission**

- **Proceeding to examine proposals for AC transmission upgrades and new transmission lines to address congestion on the transmission system between Utica and NYC (12-T-0502)**
  - 16 transmission projects proposed by various parties
  - NY Transco filed a statement of intent proposing to build five projects valued at \$1.3 billion. Expected in-service time is between 2016 and 2019
  - The PSC will initiate a single Article VII process to consider the proposed projects. Application materials for the projects need to be submitted by October 1, 2013

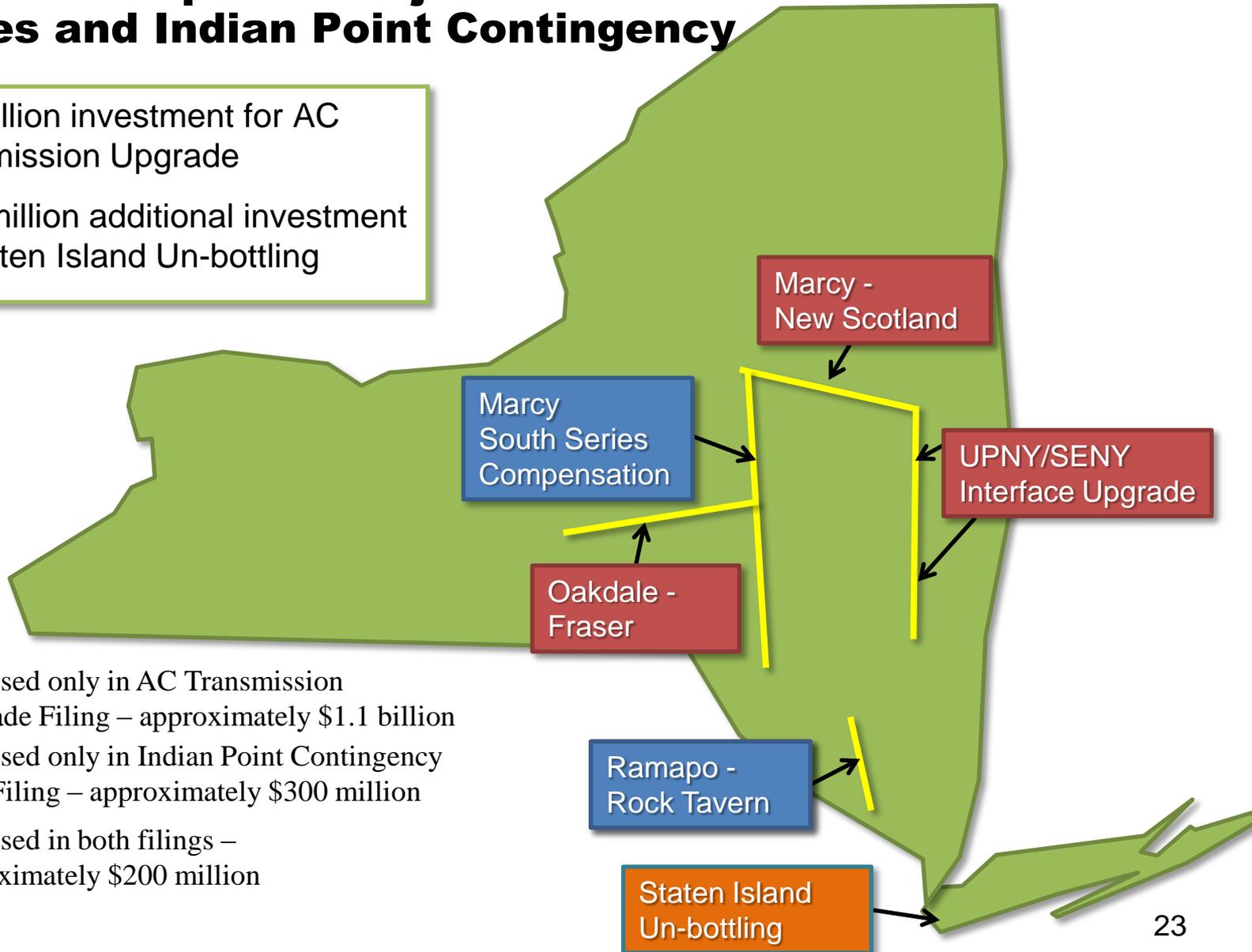


# NY Public Service Commission Response to NY Energy Highway Blueprint: Indian Point Contingency

- **Proceeding soliciting Indian Point Contingency Plan (12-E-0503)**
  - Filed by ConEd and NYPA on February 1, 2013
  - The plan contemplates two parallel solution paths: a) Transmission Owner Transmission Solutions (TOTS) - three transmission projects (NY Transco projects) and b) an RFP process initiated by NYPA to consider generation and/or transmission alternatives proposed by private firms
  - In March, the PSC approved the RFP process; NYPA announced the RFP in early April
  - In April, the PSC authorized the TOTS proposal to move forward with a cap of \$10 million by September 2013 – primarily for engineering design and licensing
  - The PSC is expected to act on a portfolio of projects in September 2013

# NY Transco Proposed Projects for AC Transmission Upgrades and Indian Point Contingency

- \$1.3 billion investment for AC Transmission Upgrade
- \$300 million additional investment for Staten Island Un-bottling



- Proposed only in AC Transmission Upgrade Filing – approximately \$1.1 billion
- Proposed only in Indian Point Contingency Plan Filing – approximately \$300 million
- Proposed in both filings – approximately \$200 million



## Consolidated Edison, Inc. Investment Thesis

- The largest of the few publicly-traded, T&D-focused utility companies
  - Limited commodity exposure
- Reduced regulatory lag
  - Forward-looking test years
  - Timely recovery of most fuel and commodity costs
  - Revenue decoupling mechanism in NY (electric and gas)
  - Adjustment mechanisms for several major uncontrollable expenses (e.g. pension)
- Significant dividend record
  - 39 consecutive years of dividend increases; 3<sup>rd</sup> longest in electric utility industry
  - 4.4% yield is 3<sup>rd</sup> highest among S&P 500 Dividend Aristocrats
- Ability to invest for customer benefit
  - Majority of investment is replacement and upgrade of existing assets
  - Growth opportunity through increased natural-gas conversions
  - Targeted energy efficiency and demand side management
  - Strong, stable balance sheet and conservatively managed liquidity