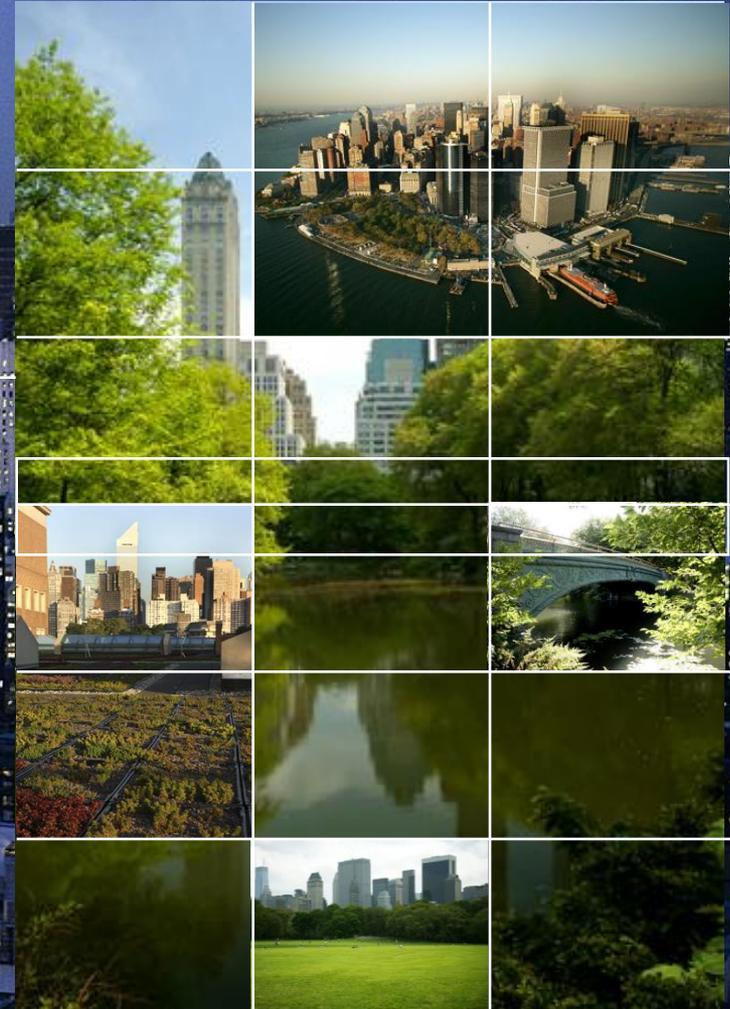


# Con Edison, Inc.

May 17-18, 2015

2015 American Gas Association  
Financial Forum





## 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, adjusted earnings (which the Company formerly referred to as earnings from ongoing operations), not determined in accordance with Generally Accepted Accounting Principles (GAAP). Adjusted earnings should not be considered as an alternative to net income. Management uses this non-GAAP measure to facilitate the analysis of the company's operating 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 in this presentation.

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



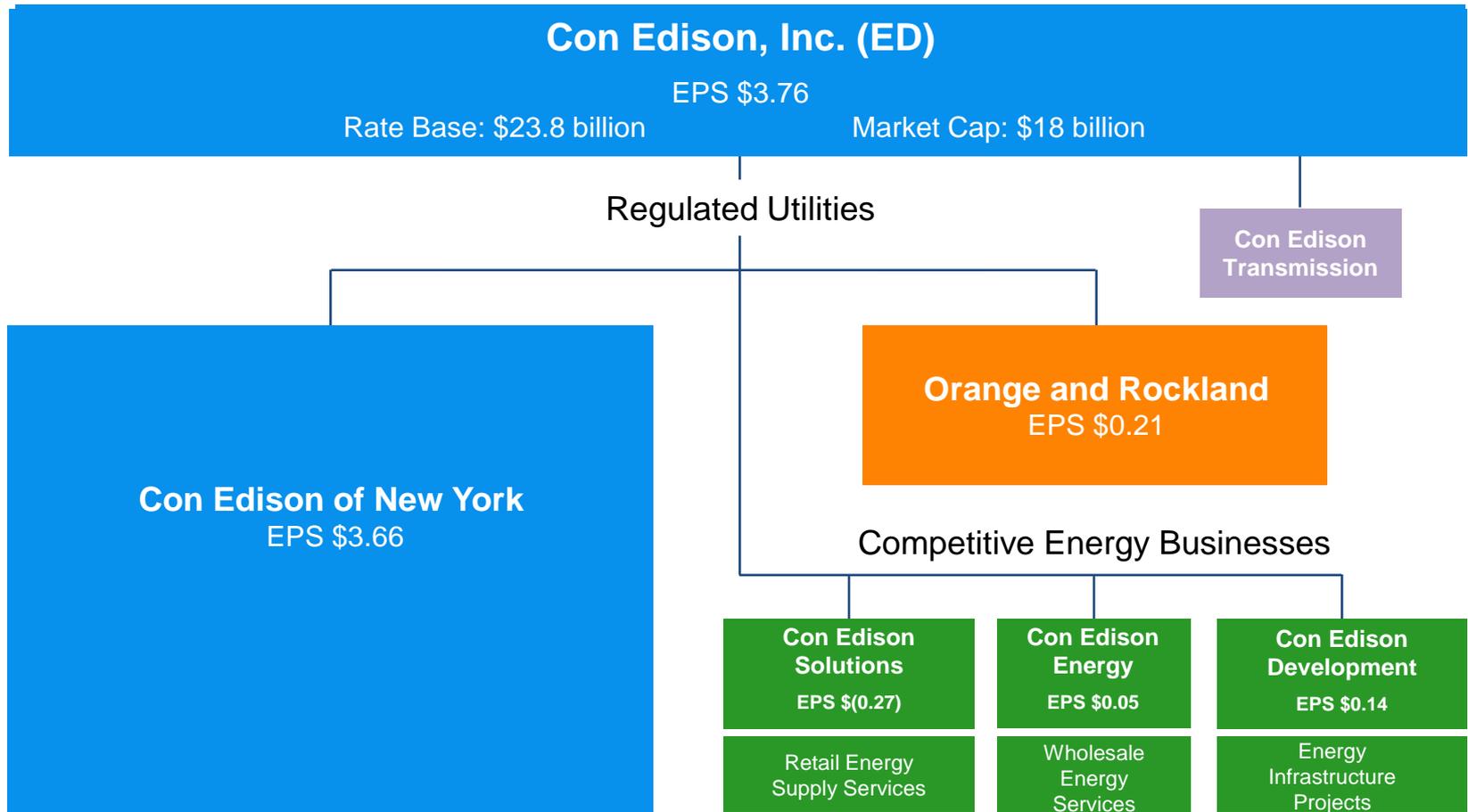
# Business Environment

## We Power New York, One Of The Most Dynamic Regions of the World

- **Vibrant local economy continues to gain momentum**
- **Job growth in the region is outpacing the nation**
- **Growing industries include: Technology, Health, Education, Hospitality, Tourism, and Business Services**
- **Tourism at a record level**
- **Residential building permits on the rise**
- **Energy landscape is changing; Con Edison is at the forefront of the transformation**
- **New technologies are redefining the way we live**

# Regulated Transmission and Distribution Focused

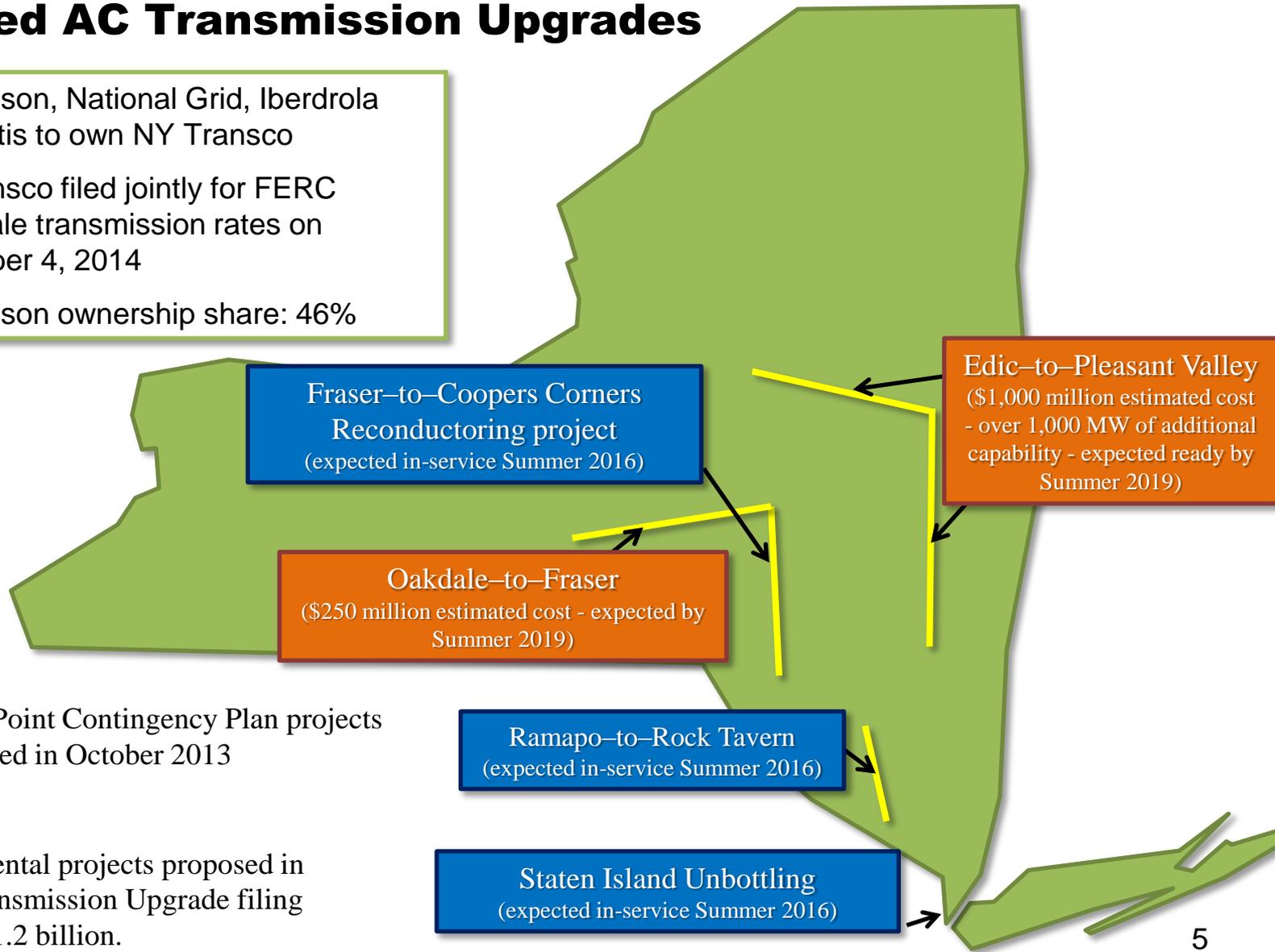
(EPS – Twelve Months Ended March 31, 2015)



\*Adjusted earnings, which exclude the mark-to-market effects of Con Edison Energy and Con Edison Solutions were \$5 million for 1Q 2015.

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

- Con Edison, National Grid, Iberdrola and Fortis to own NY Transco
- NY Transco filed jointly for FERC wholesale transmission rates on December 4, 2014
- Con Edison ownership share: 46%



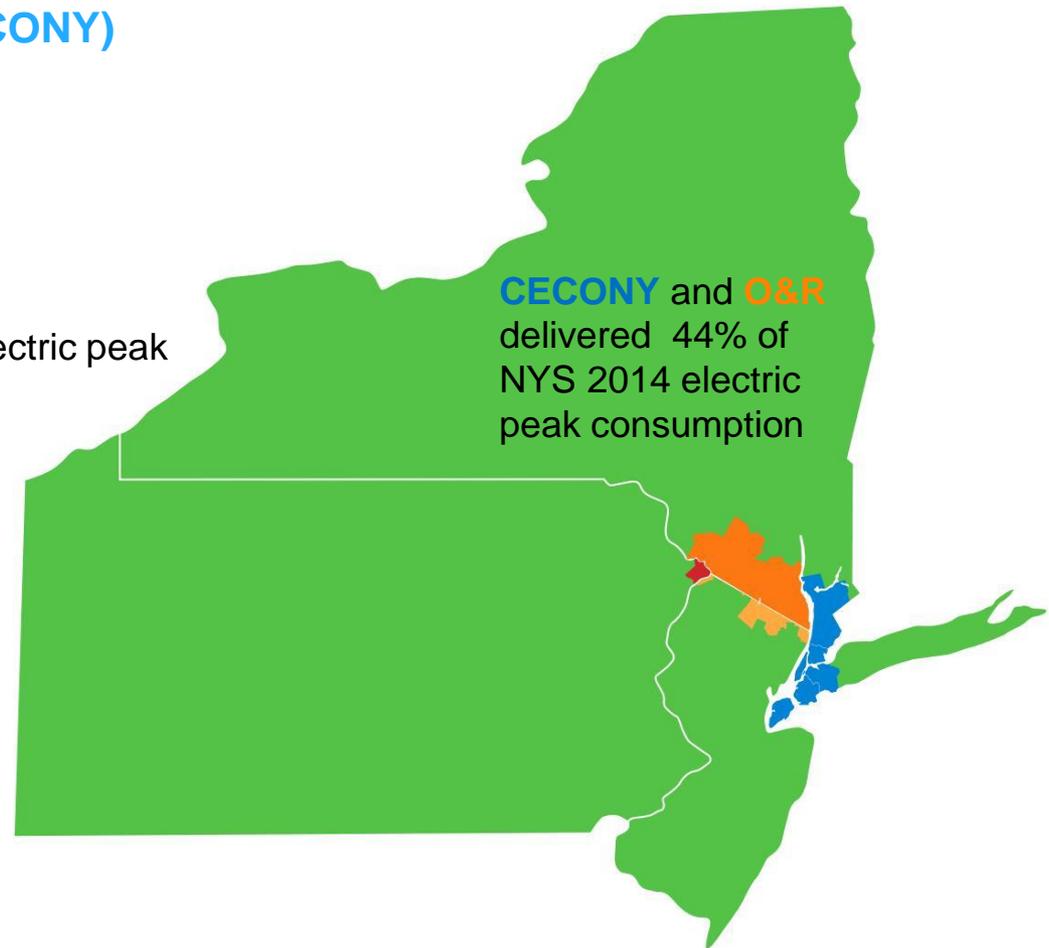
# Regulated Utilities are the Core of Con Edison, Inc.

## Con Edison of New York (CECONY)

- 3.4 million electric customers
- 1.1 million gas customers
- 1,700 steam customers
- 700 MW of regulated generation
- Delivered 40.8% of NYS 2014 electric peak

## Orange and Rockland (O&R)

- 0.3 million electric customers
- 0.1 million gas customers
- Delivered 3.2% of NYS 2014 electric peak



# Five-Year Growth Rates in Normalized Peak Usage

	Historic 2002-2007 (Pre-Recession)	Historic 2008-2013 (Recession*)	2015-2019 Five-Year Forecast
<b>CECONY (%)</b>			
Electric	1.8	(1.1)	0.9
Gas	1.0	1.6	2.8
Steam	(0.8)	(2.3)	(0.8)
<b>O&amp;R (%)</b>			
Electric	2.6	(0.6)	0.9
Gas	(0.8)	(0.6)	0.6

\* Officially the recession began on Dec. 2007 and ended on June 2009

# 1Q15 Earnings Per Share

## First Quarter Earnings Were Higher Than the Period Last Year. . .

- Due to growth from oil-to-gas conversions
- Lower O&M expenses at CECONY

### Earnings per Share

**1Q15**                      **1Q14**

GAAP basis (basic)	\$1.26	\$1.23
LILO transactions (a)	-	(0.02)
Net mark-to-market effects of the CEBs (b)	(0.01)	(0.04)
Adjusted earnings – non-GAAP	\$1.25	\$1.17

2015 adjusted earnings per share forecast provided May 7, 2015

\$3.90-\$4.05

(a) In March 2014, adjustments were made to taxes and accrued interest relating to Con Edison Development's LILO transactions which were terminated in 2013, resulting in an after-tax benefit to earnings of \$7 million (after taxes of \$4 million).

(b) After taxes of \$3 million and \$9 million for the three months ended March 31, 2015 and 2014, respectively.

# 1Q15 vs 1Q14 Earnings Per Share

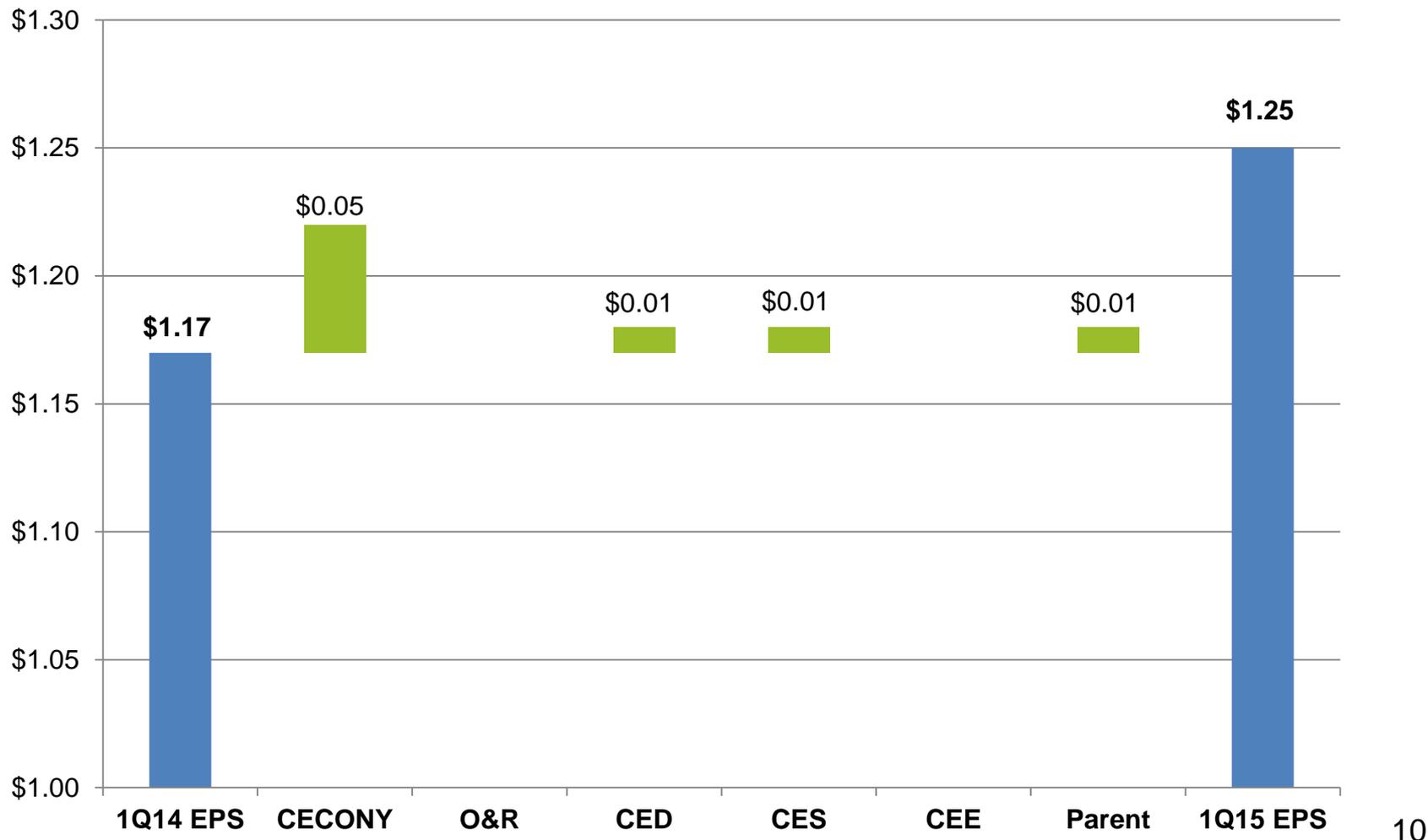
ED's 1Q15 Adjusted EPS of \$1.25 compares to \$1.17 in 1Q14

3 months ending March 31, 2015	CECONY	O&R	Con Edison Development	Con Edison Energy	Con Edison Solutions	Parent	Total
Reported EPS – GAAP basis	\$1.19	\$0.07	\$0.01	\$0.01	\$(0.02)	\$-	\$1.26
Mark-to-Market losses/(gains)	-	-	-	0.01	(0.02)	-	(0.01)
Adjusted earnings	\$1.19	\$0.07	\$0.01	\$0.02	\$(0.04)	\$-	\$1.25

3 months ending March 31, 2014	CECONY	O&R	Con Edison Development	Con Edison Energy	Con Edison Solutions	Parent	Total
Reported EPS – GAAP basis	\$1.14	\$0.07	\$0.02	\$0.02	\$(0.01)	\$(0.01)	\$1.23
Mark-to-Market losses/(gains)	-	-	-	-	(0.04)	-	(0.04)
Lease In/Lease Out transactions	-	-	(0.02)	-	-	-	(0.02)
Adjusted earnings	\$1.14	\$0.07	\$-	\$0.02	\$(0.05)	\$(0.01)	\$1.17

# Improvement in 1Q15 EPS Over 1Q14 EPS

ED's adjusted 1Q15 EPS of \$1.25 compares to \$1.17 in 1Q14



# Rates of Return and Equity Ratio

(for twelve months ended March 31, 2015)

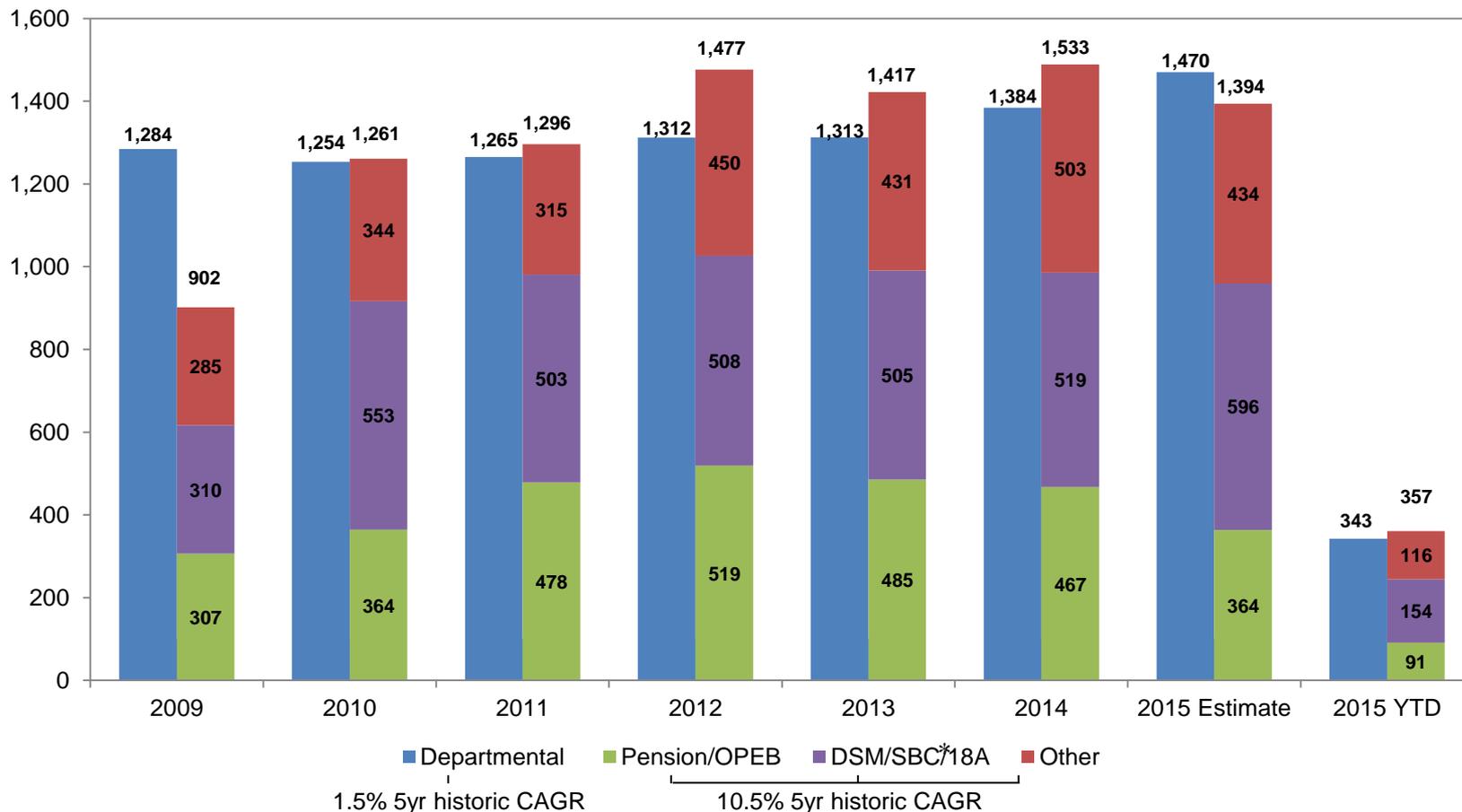
	Regulated Basis		SEC Basis
	Allowed	Actual	
<b>CECONY</b>			
Electric	9.2%	9.4%	
Gas	9.3%	7.7%	
Steam	9.3%	12.4%	
Overall - CECONY	9.2%*	9.3%	9.7%
<i>CECONY Equity Ratio**</i>	48.0%	50.3%	
<b>O&amp;R</b>			
Electric	9.6%	10.7	
Gas	NA	5.0%	
RECO	9.8%	8.9%	
Overall – O&R	9.8%*	8.8%	9.9%
<i>O&amp;R Equity Ratio</i>	48.0%	51.2%	

\* Weighted by rate base and for O&R, reflects the last allowed return for gas of 10.4%.

\*\* Average for trailing twelve months.

# Departmental and Other Expenses

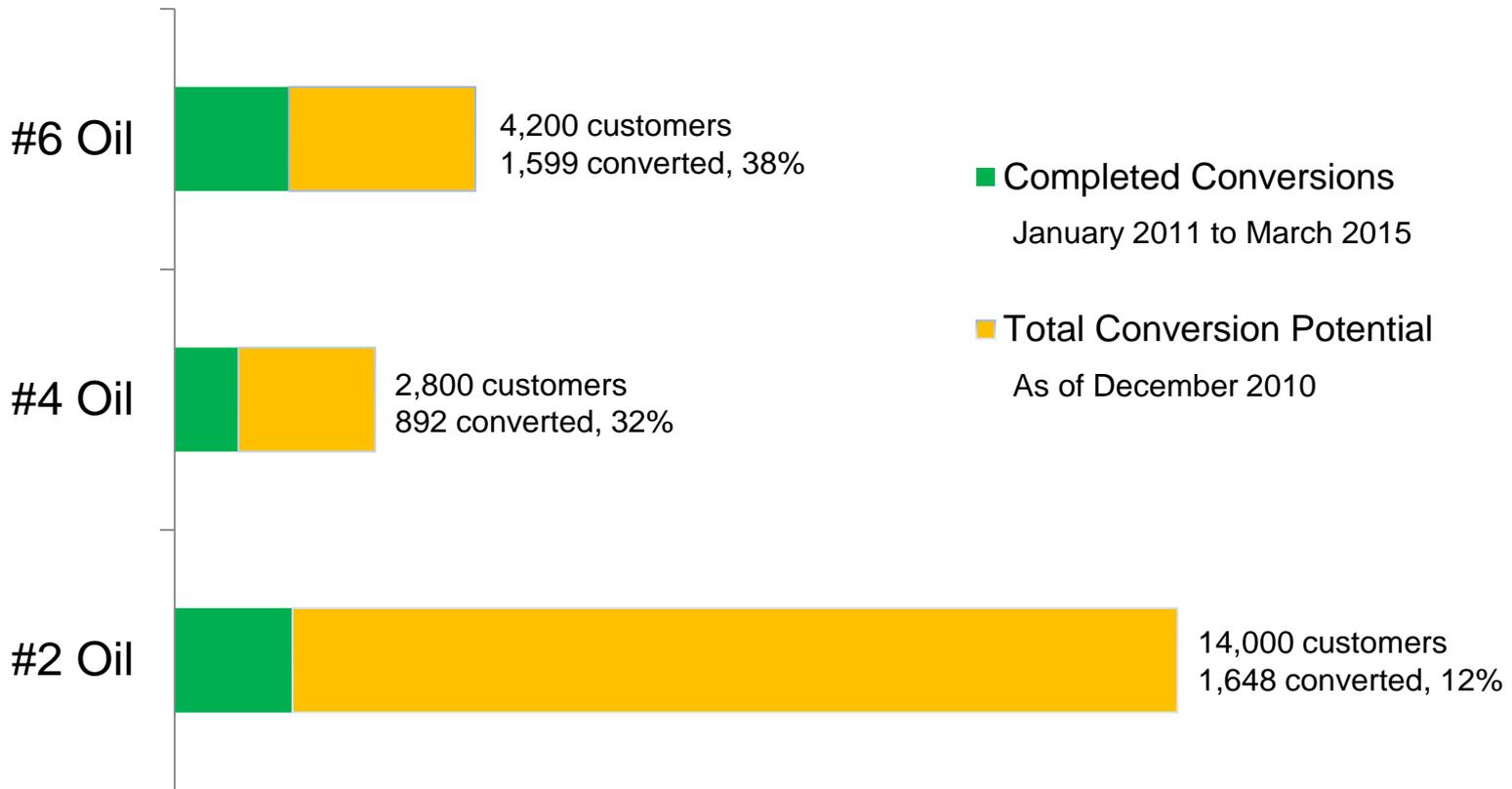
March 31, 2015 (\$ millions)



\* Includes Demand Side Management, System Benefit Charges and 18A assessment.

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

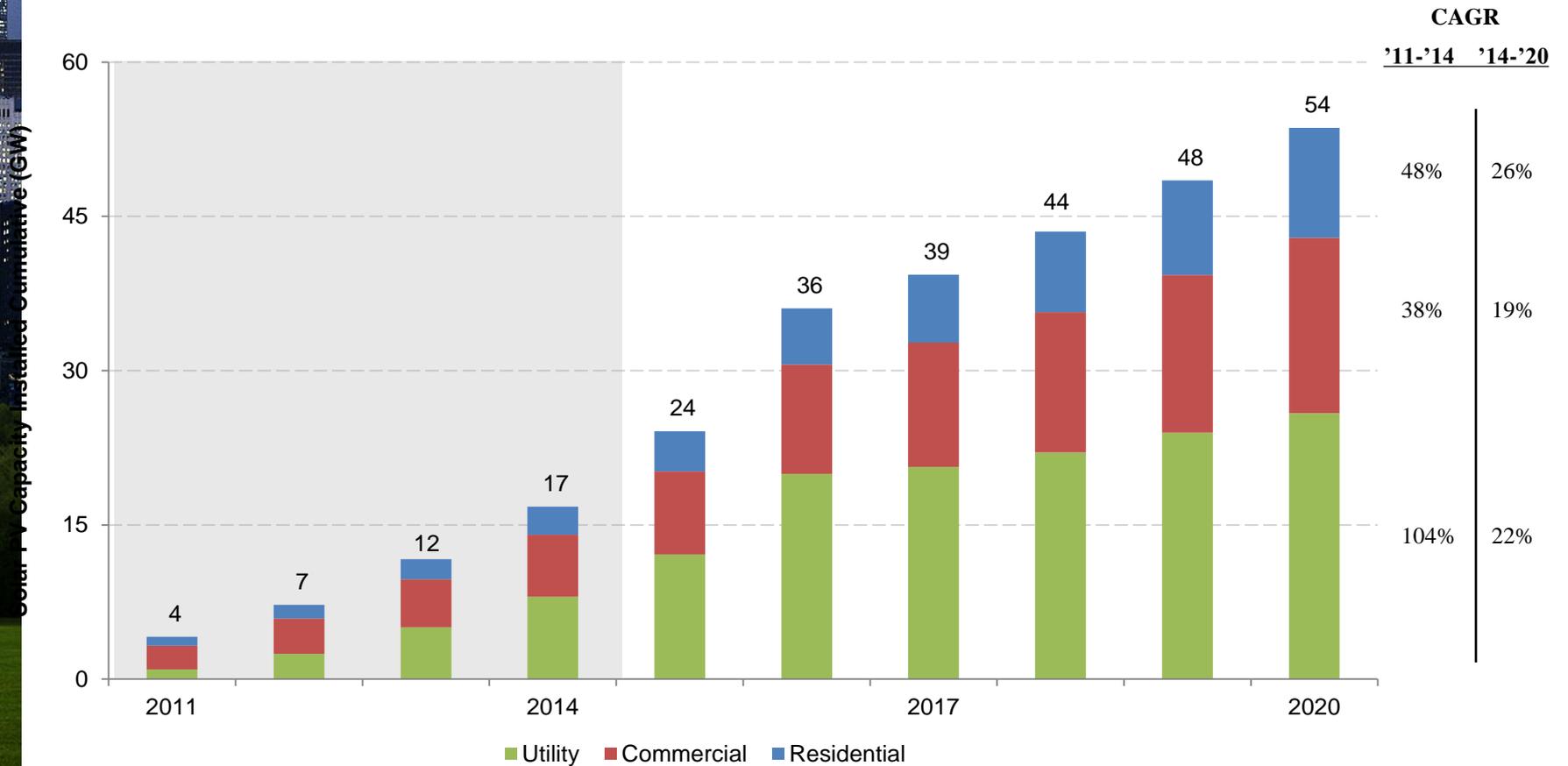
March 31, 2015



Note: Multi-family buildings include 5 or more families. Figures for #2 oil include burners rated 350,000 BTUs or higher.

# US Solar (Photovoltaic) Market

Residential solar segment is forecasted to grow the fastest.

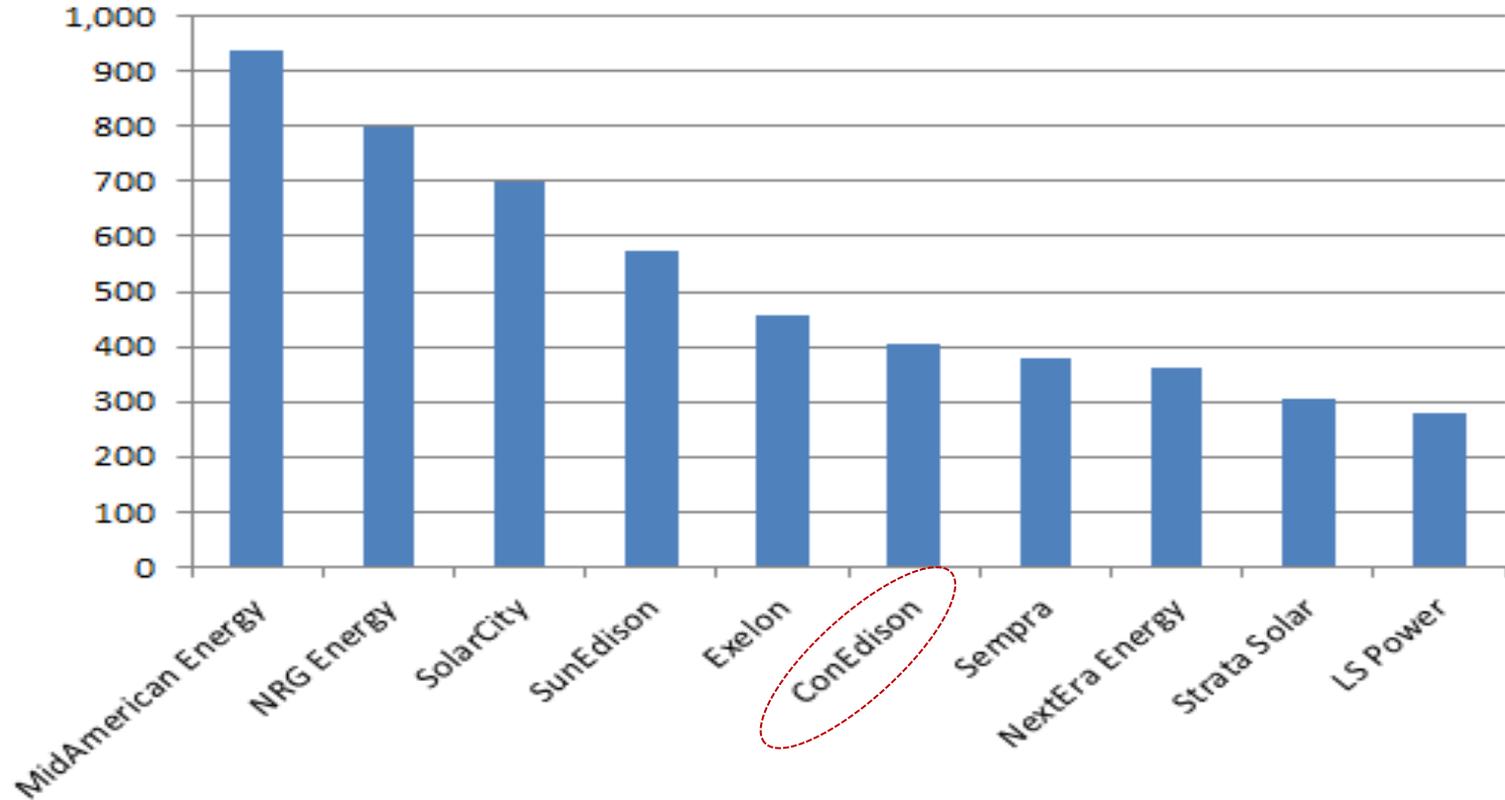


Source: IHS CERA 2015

# Con Edison Development Solar Photovoltaic (PV) Ownership Ranking

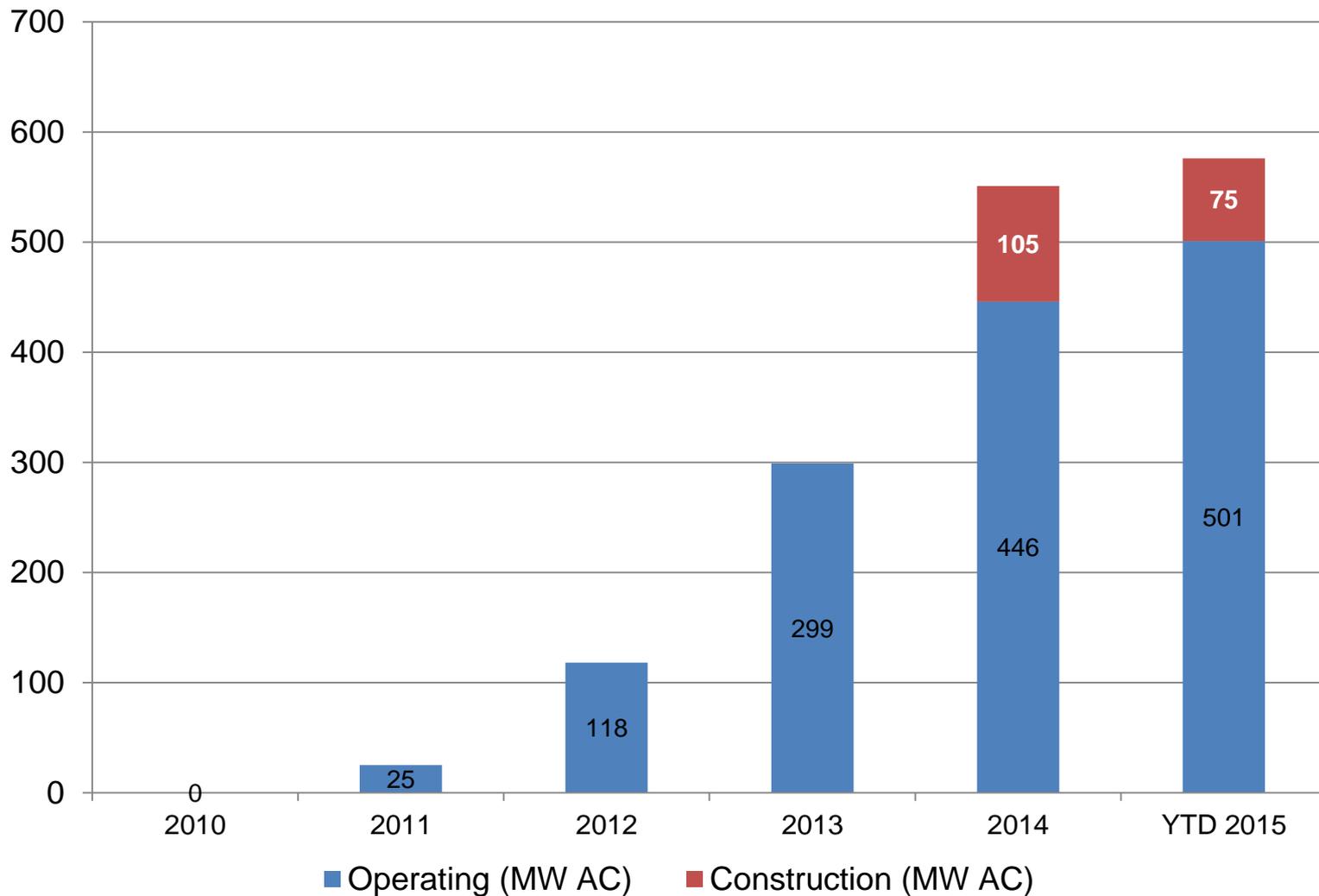
Con Edison ranked #6 in North America

Megawatts



Source: IHS EER (as of year-end 2014)

# Con Edison Development Annual Renewable Portfolio Build Out





## Reforming the Energy Vision (REV) Objectives

- Empower customers to manage energy use and electricity bill
- Encourage innovation by third parties to create new market-based products and services
- Enable Distributed Energy Resources to manage load and optimize the system
- Reduce carbon emissions and increase resource diversity
- Maintain the reliability of the grid

## Where We are in the REV Process

PSC Track 1 Order issued in February 2015 addresses business scope for utilities and 3rd parties:

- Utilities will serve as the Distributed System Platform
- Utilities can own distributed energy resources only in limited circumstances
- Utilities will file an annual Distributed System Implementation Plan
- Energy efficiency programs to be included in utility rates
- Demonstration projects to test new business models



## Issues to be Decided in the REV Track 1 Process

- What are the core technical requirements and market functions of the Distributed System Platform?
- Is Advanced Metering Infrastructure considered a foundational investment to enable REV?
- How can the bill be used as a customer engagement tool?
- What are the rules for data and design of the “digital marketplace?”
- Can utilities own grid-scale renewables?



## **REV Next Steps**

### **Key Rate and Regulatory Concepts in Track 2**

Track 2 Straw Proposal expected in July 2015

- Regulatory treatment of platform investments
- The role of fee-based revenues
- Performance-based incentives
- Longer-term rate plans
- Rate design

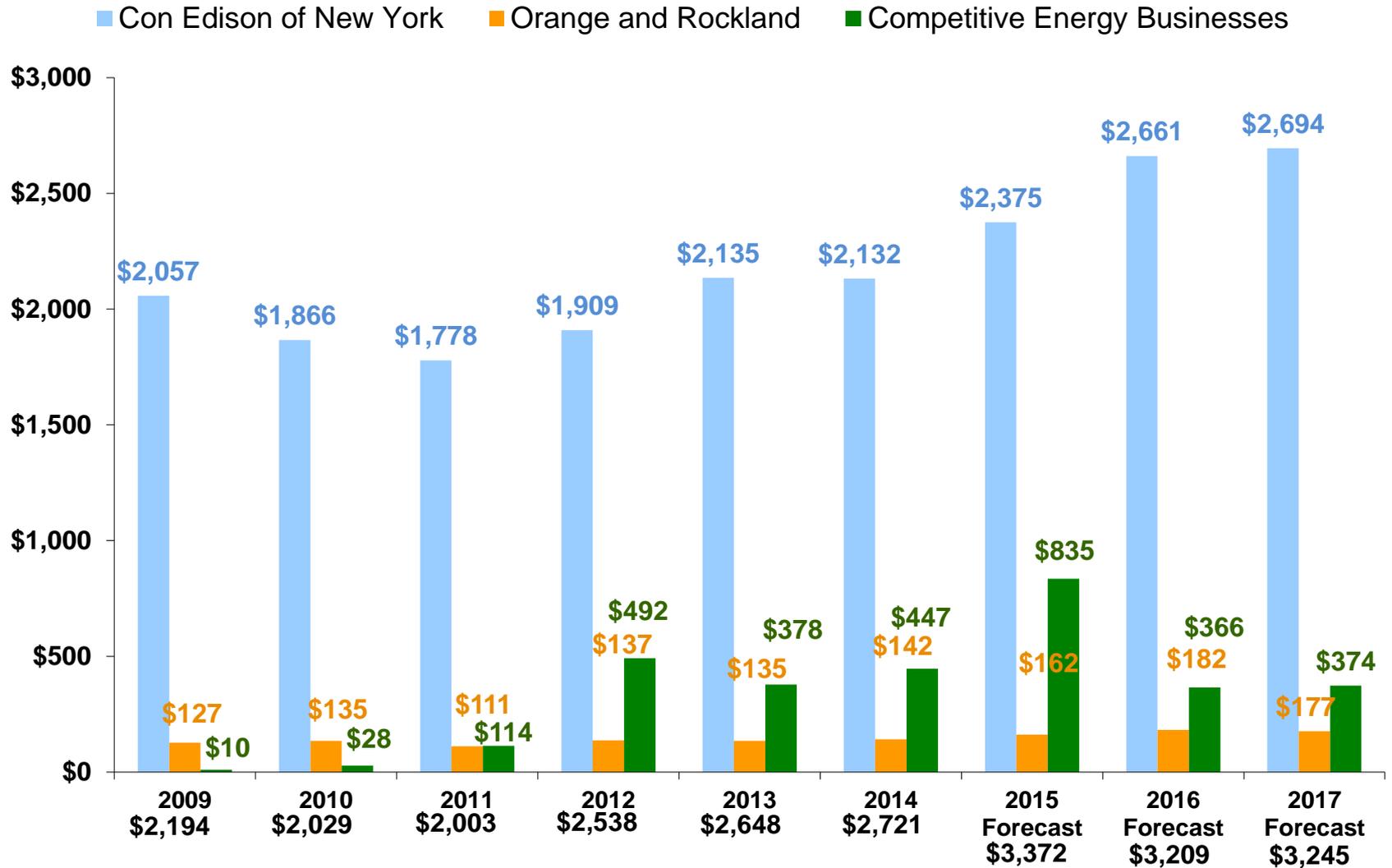
# An Initial Demonstration Brooklyn-Queens Demand Management (BQDM)



- \$200 million investment to defer a \$1.2 billion substation configuration using portfolio of alternative investments
  - Deferral of about 5 years
  - 41 MW customer and 11 MW utility solutions
- Make utility more indifferent to traditional or alternative, non-traditional investment
  - Allowed capitalizing of investment ROE incentive adder
  - Challenges to develop portfolio of assets to meet a 12-hour peak
- RFI Process to solicit proposals from third parties
  - 78 responses to request for information

# Capital Expenditures

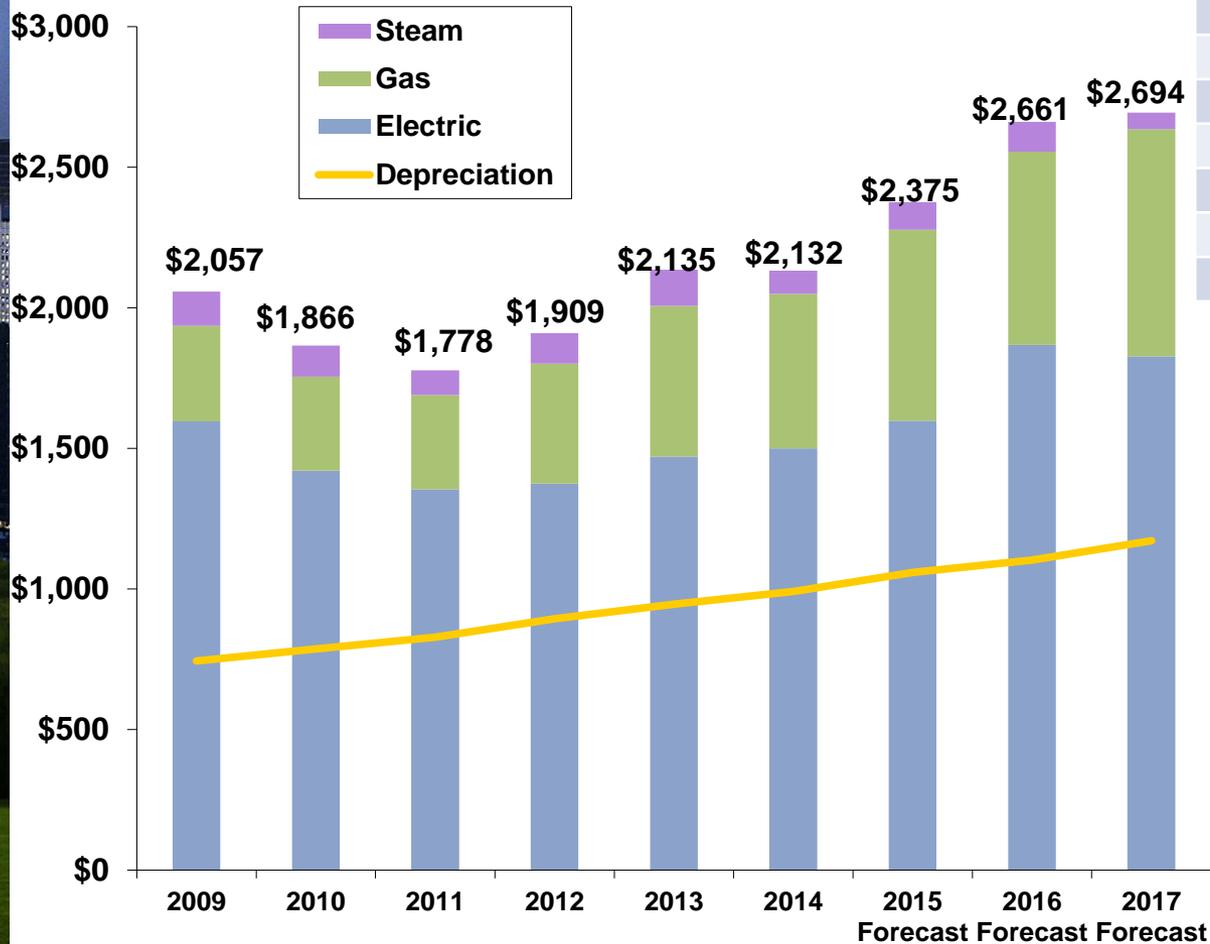
(\$ millions)



Source of forecasts: 2014 10-K, 1Q 2015 10-Q

# Con Edison of New York Infrastructure Investment

(\$ millions)



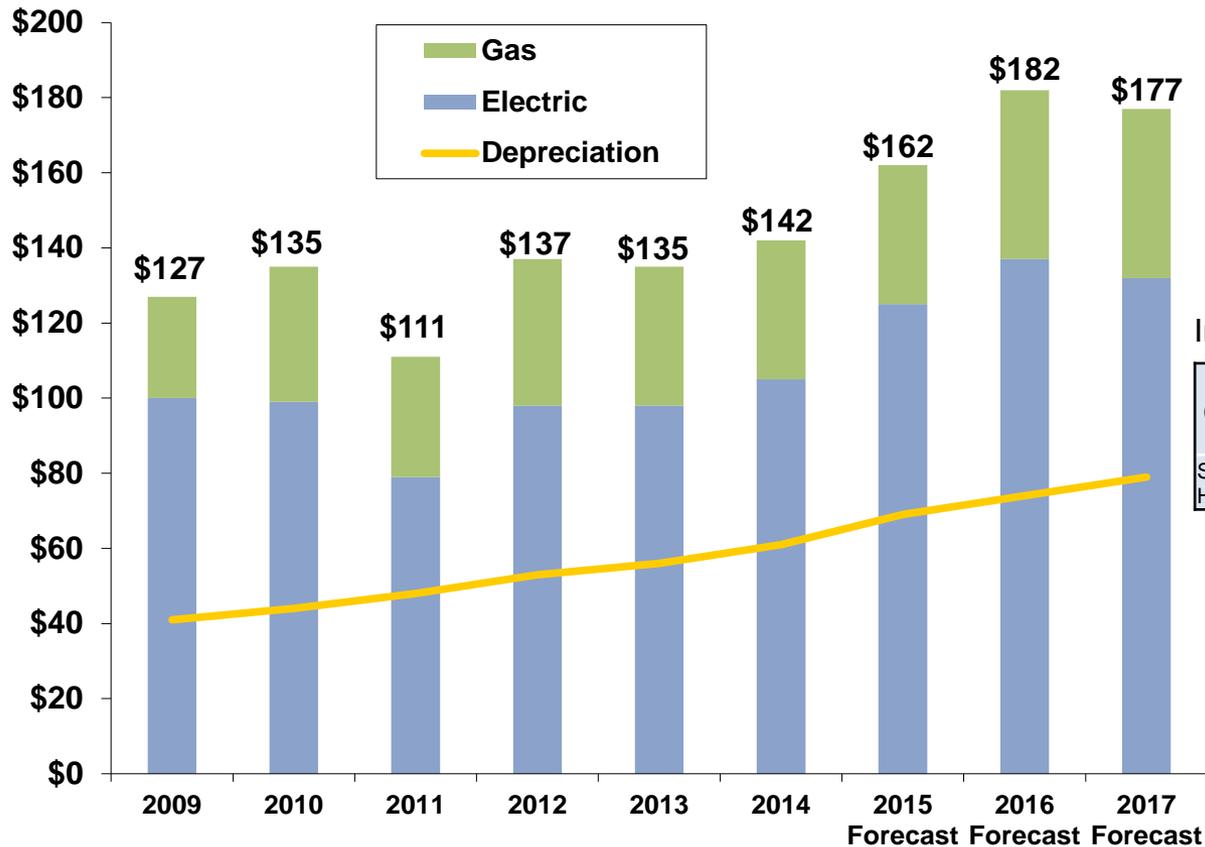
	Electric	Gas	Steam	Depreciation
Actual				
2009	1596	339	122	744
2010	1421	334	111	787
2011	1354	335	89	829
2012	1375	426	108	894
2013	1471	536	128	946
2014	1500	549	83	991
Forecast				
2015	1598	679	98	1059
2016	1868	687	106	1103
2017	1827	808	59	1172

Includes:

(\$ millions)	2014 Actual	2015 Forecast	2016 Forecast	2017 Forecast
Storm Hardening	\$ 170	\$ 358	\$ 412	\$127

Source of capex forecasts: 2014 10-K

# Orange and Rockland Infrastructure Investment (\$ millions)



	Electric	Gas	Depreciation
Actual			
2009	85	42	42
2010	99	36	44
2011	79	32	48
2012	98	39	53
2013	98	37	56
2014	105	37	61
Forecast			
2015	125	37	69
2016	137	45	74
2017	132	45	79

Includes:

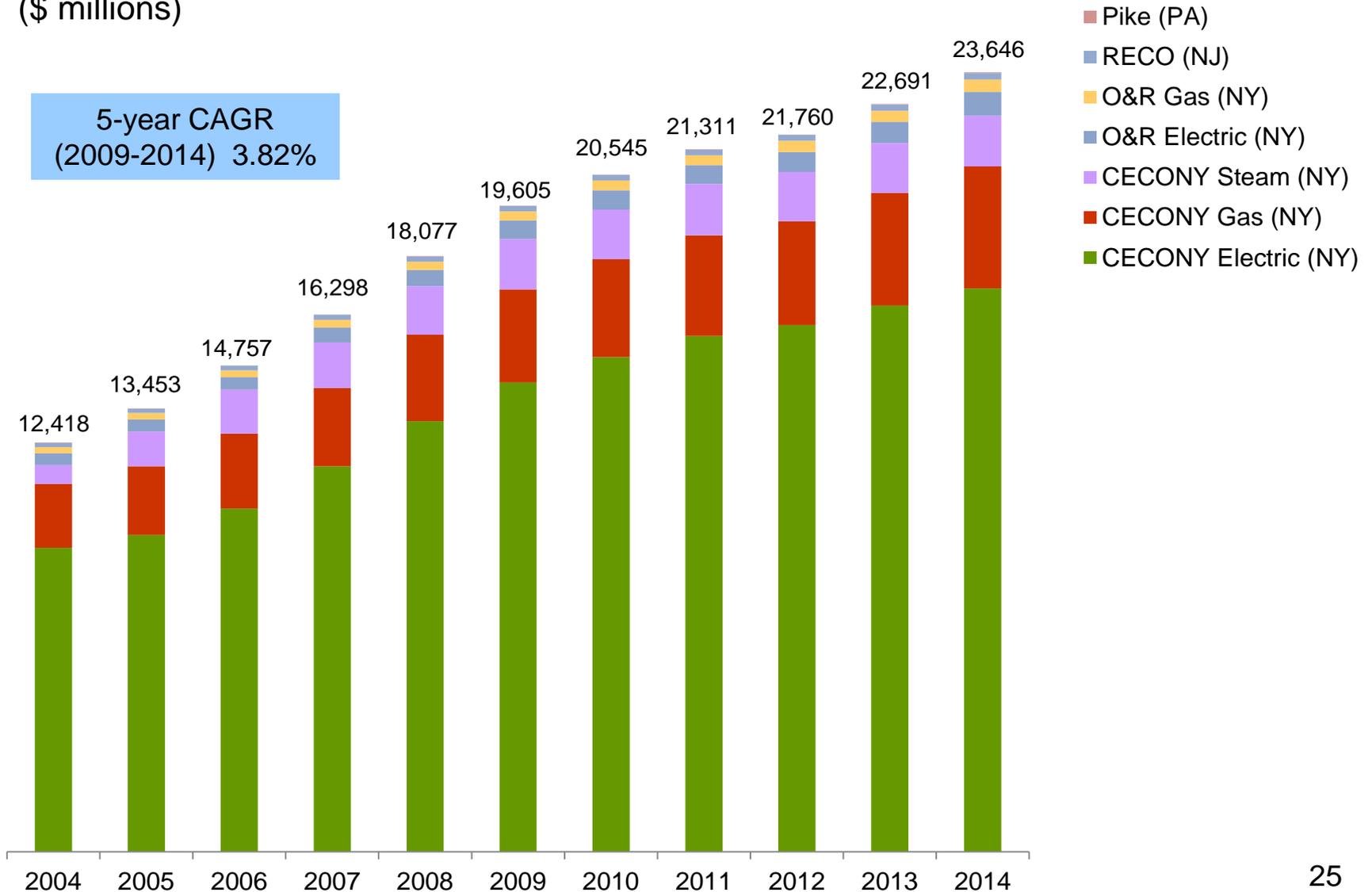
(\$ millions)	2014 Actual	2015 Forecast	2016 Forecast	2017 Forecast
Storm Hardening	\$17	\$20	\$12	\$13

Source of capex forecasts: 2014 10-K

# Consolidated Edison, Inc. Rate Base Growth

(\$ millions)

5-year CAGR  
(2009-2014) 3.82%



# Composition of Rate Base

(as of March 31, 2015)

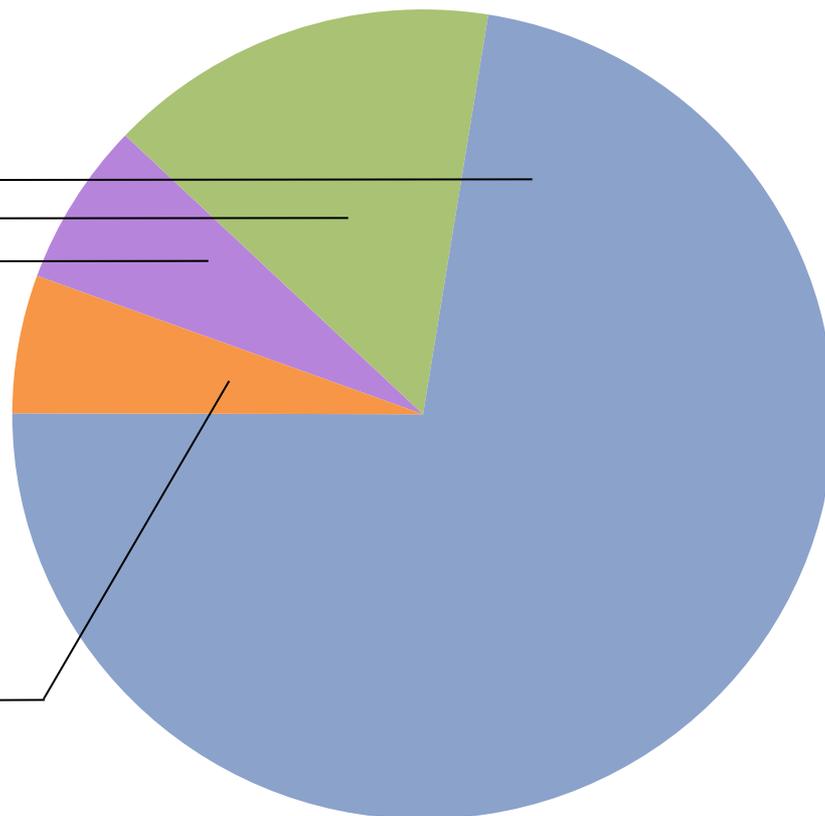
## Rate Base\* (\$ millions)

### Con Edison of New York

Electric	(NY)	\$ 17,231
Gas	(NY)	\$ 3,749
Steam	(NY)	\$ 1,531
<b>Total CECONY</b>		<b>\$ 22,511</b>

### Orange and Rockland

Pike Gas	(PA)	\$ 2
Pike Electric	(PA)	\$ 15
Rockland Electric	(NJ)	
(distribution)		\$ 179
(transmission)		\$ 20
O&R Gas	(NY)	\$ 372
O&R Electric	(NY)	\$ 739
<b>Total O&amp;R</b>		<b>\$ 1,330</b>



**Total Rate Base \$23,841**

\* Average rate base for 12 months ending 3/31/2015.

# 2015 Financing

- Issue between \$1,000 million and \$1,500 million of long-term debt, including maturities
- No equity issuance other than through the company's stock plans

## Schedule of Debt Maturities

(\$ millions)	2015	2016	2017	2018	2019
Con Edison, Inc. – parent company	\$ 2	\$ 2	\$ 2	\$ 2	\$ 3
Con Edison of New York	350	650	-	1,200	475
Orange and Rockland	143	79	4	58	62
Competitive energy businesses	65	-	-	-	-
<b>Total</b>	<b>\$ 560</b>	<b>\$ 731</b>	<b>\$ 6</b>	<b>\$ 1,260</b>	<b>\$ 540</b>

### 2015

- CECONY \$350 million debenture maturing in December, 5.375%
- O&R \$40 million debenture matured in April, 5.3%
- O&R \$55 million debenture maturing in August, 2.5%
- O&R \$44 million debenture maturing in August, variable rate

### 2016

- CECONY \$400 million debenture maturing in September, 5.5%
- CECONY \$250 million debenture maturing in December, 5.3%
- O&R \$75 million debenture maturing in October, 5.45%

# Capital Structure — March 31, 2015

(\$ millions)

## Con Edison, Inc. A3 / BBB+ / BBB+

Debt	\$12,190	49%
Equity	12,770	51
<b>Total</b>	<b>\$24,960</b>	<b>100%</b>

## Con Edison of New York A2 / A- / A-

Debt	\$11,214	50%
Equity	11,198	50
<b>Total</b>	<b>\$22,412</b>	<b>100%</b>

## Orange and Rockland A3 / A- / A-

Debt	\$599	50%
Equity	600	50
<b>Total</b>	<b>\$1,199</b>	<b>100%</b>

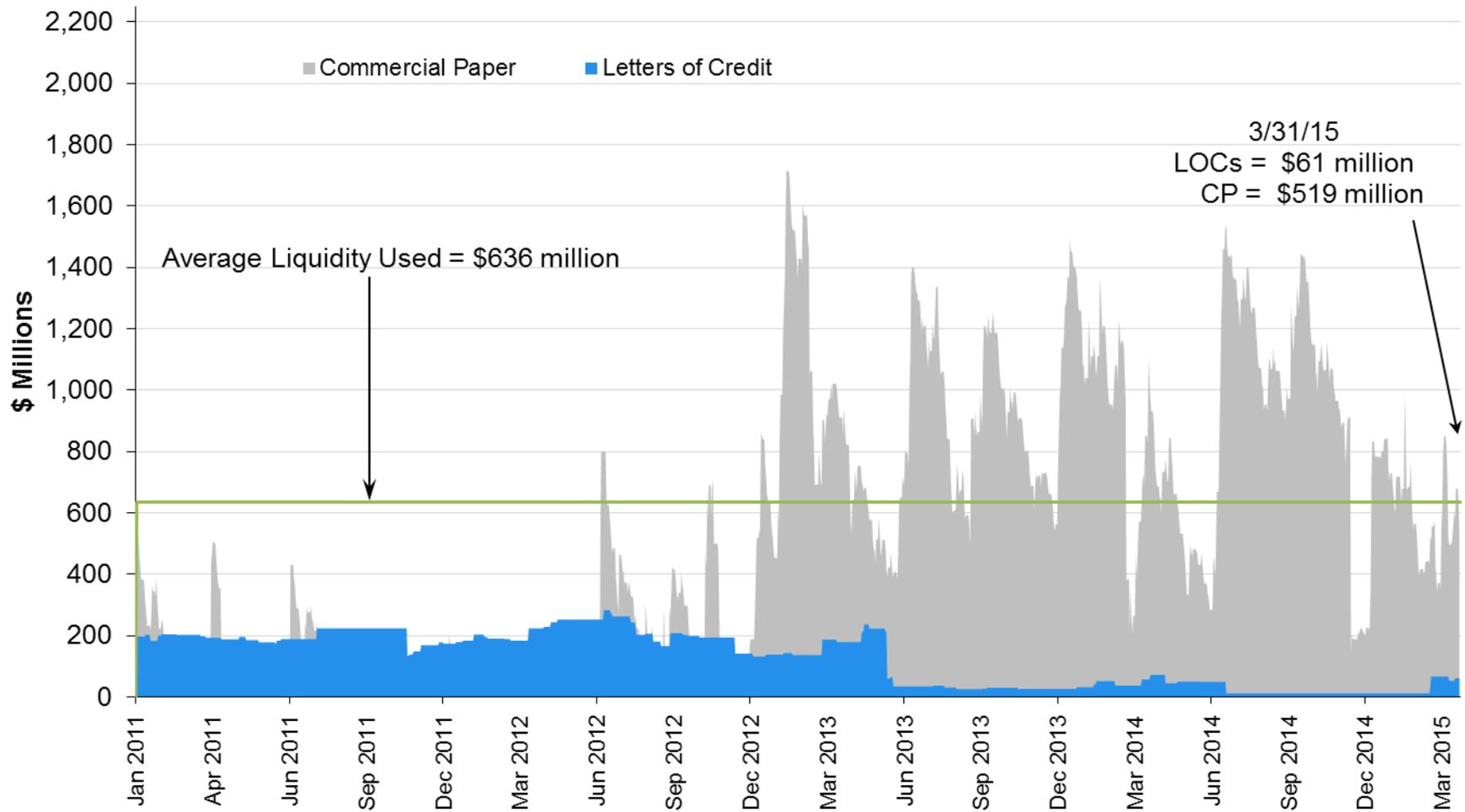
## Competitive and Parent

Debt	\$377	28%
Equity	972	72
<b>Total</b>	<b>\$1,349</b>	<b>100%</b>

Amounts shown exclude notes payable and include the current portion of long-term debt; Senior unsecured credit ratings shown in order of Moody's / S&P / Fitch; each rating has a stable outlook.

# Liquidity Adequacy

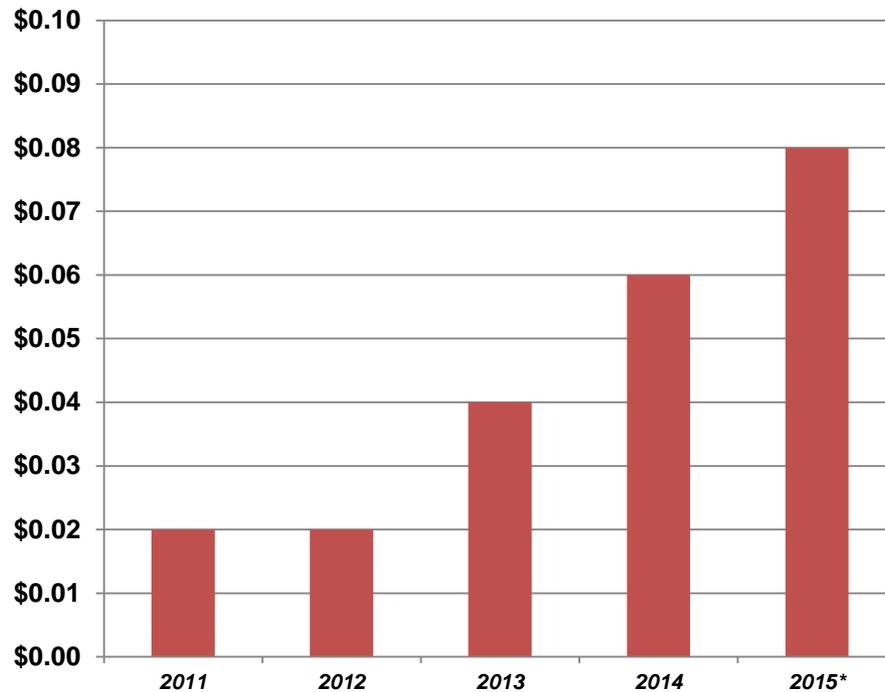
\$2,250 million CEI Consolidated revolving credit facility



# A Compelling Dividend Record

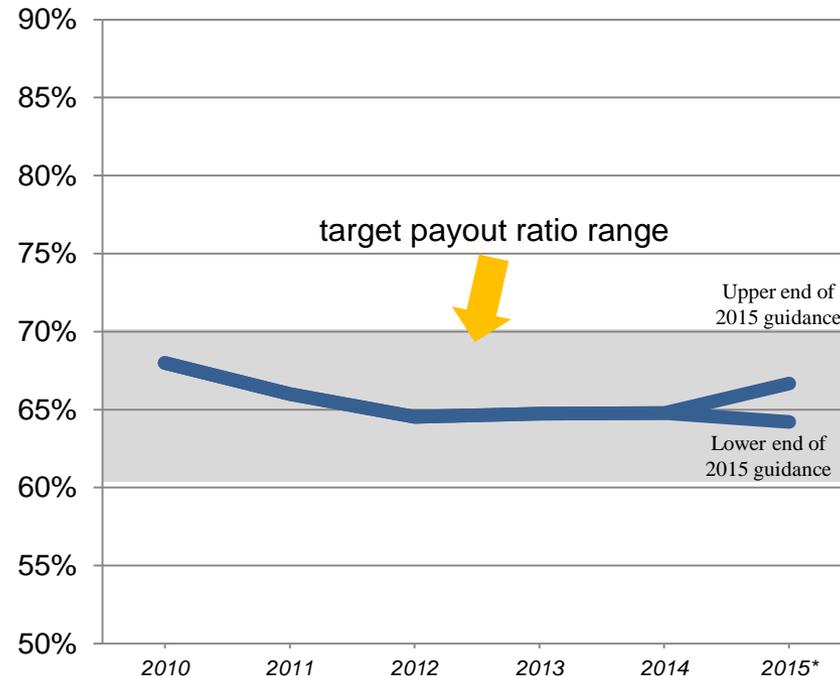
**41 Consecutive Years of Dividend Increases**  
**Indicated dividend for 2015 = \$2.60**

**Dividend Increases 2010 – 2015**



\* On January 15, 2015 Con Edison declared a quarterly dividend of 65 cents a share, for an annualized rate of \$2.60.

**Dividend Payout Ratio 2010 – 2015**



\* On May 7, 2015, Con Edison provided updated adjusted earnings guidance of \$3.90 to \$4.05 per share. Previous forecast was in the range of \$3.80 to \$4.00.

# 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
  - 41 consecutive years of dividend increases; 3<sup>rd</sup> longest in electric utility industry
  - 4.2 % yield is the 3<sup>rd</sup> highest among S&P 500 Dividend Aristocrats
  - The dividend payout ratio was 65% in 2014
- 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



# APPENDIX

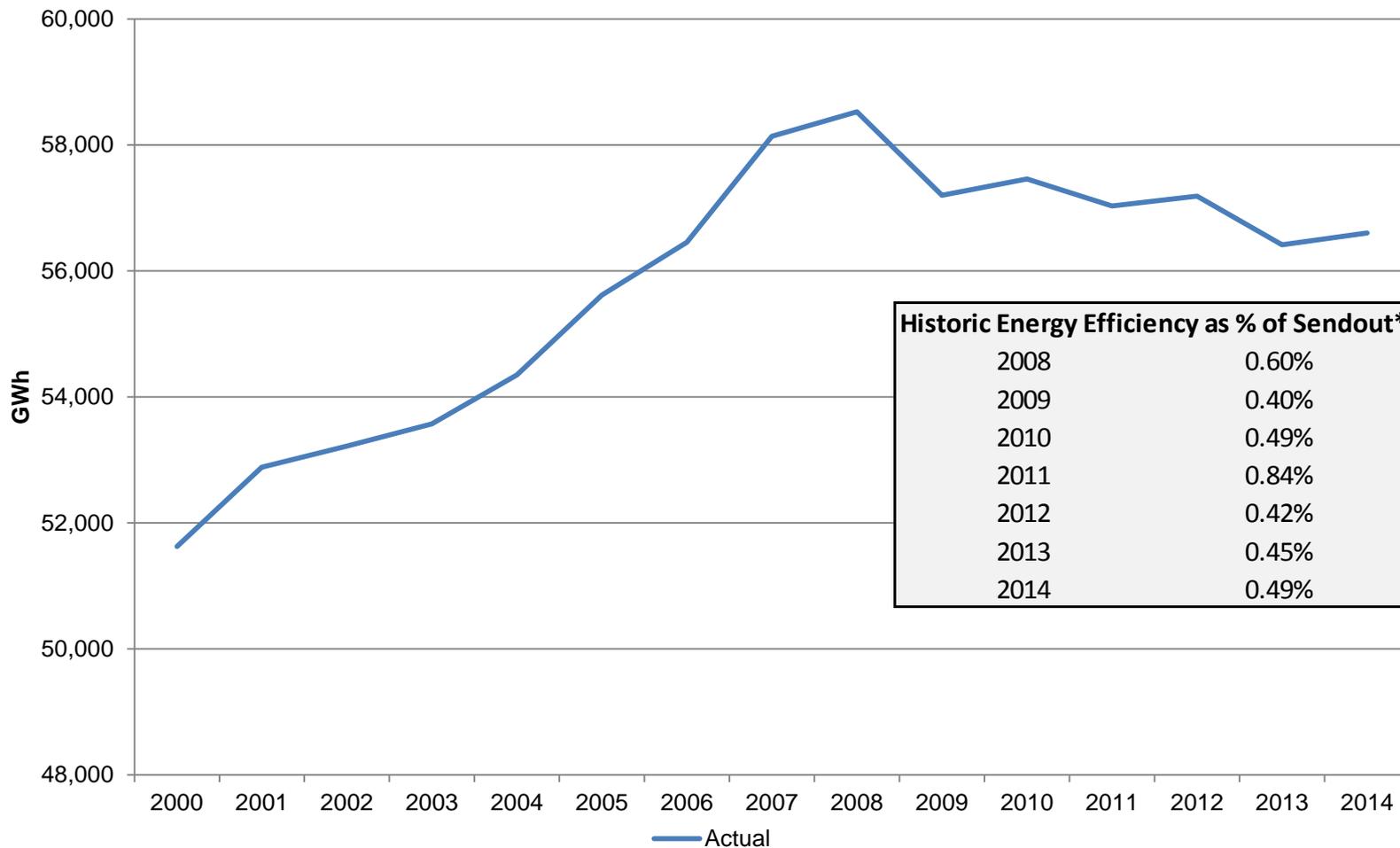
# Reconciliation of 2014 and 2013 Earnings Per Share

12 months ending Dec. 31, 2014	CECONY	O&R	Con Edison Development	Con Edison Energy	Con Edison Solutions	Parent	Total
Reported EPS – GAAP basis	\$3.61	\$0.20	\$0.15	\$0.06	(\$0.26)	(\$0.03)	\$3.73
Gain on sale of solar energy projects	-	-	(\$0.09)	-	-	-	(0.09)
Mark-to-Market losses/(gains)	-	-	-	(0.01)	0.26	-	0.25
Lease In/Lease Out transactions	-	-	-	-	-	-	-
Ongoing operations	\$3.61	\$0.20	\$0.06	\$0.05	-	(\$0.03)	\$3.89

12 months ending Dec 31, 2013	CECONY	O&R	Con Edison Development	Con Edison Energy	Con Edison Solutions	Parent	Total
Reported EPS – GAAP basis	\$3.48	\$0.22	(\$0.23)	\$0.01	\$0.13	-	\$3.62
Mark-to-Market losses/(gains)	-	-	-	-	(0.14)	-	(0.14)
Lease In/Lease Out transactions	-	-	\$0.32	-	-	-	\$0.32
Ongoing operations	\$3.48	\$0.22	\$0.09	\$0.02	(\$0.01)	-	\$3.80

# Energy Efficiency Impacts Historic Electric Volumes

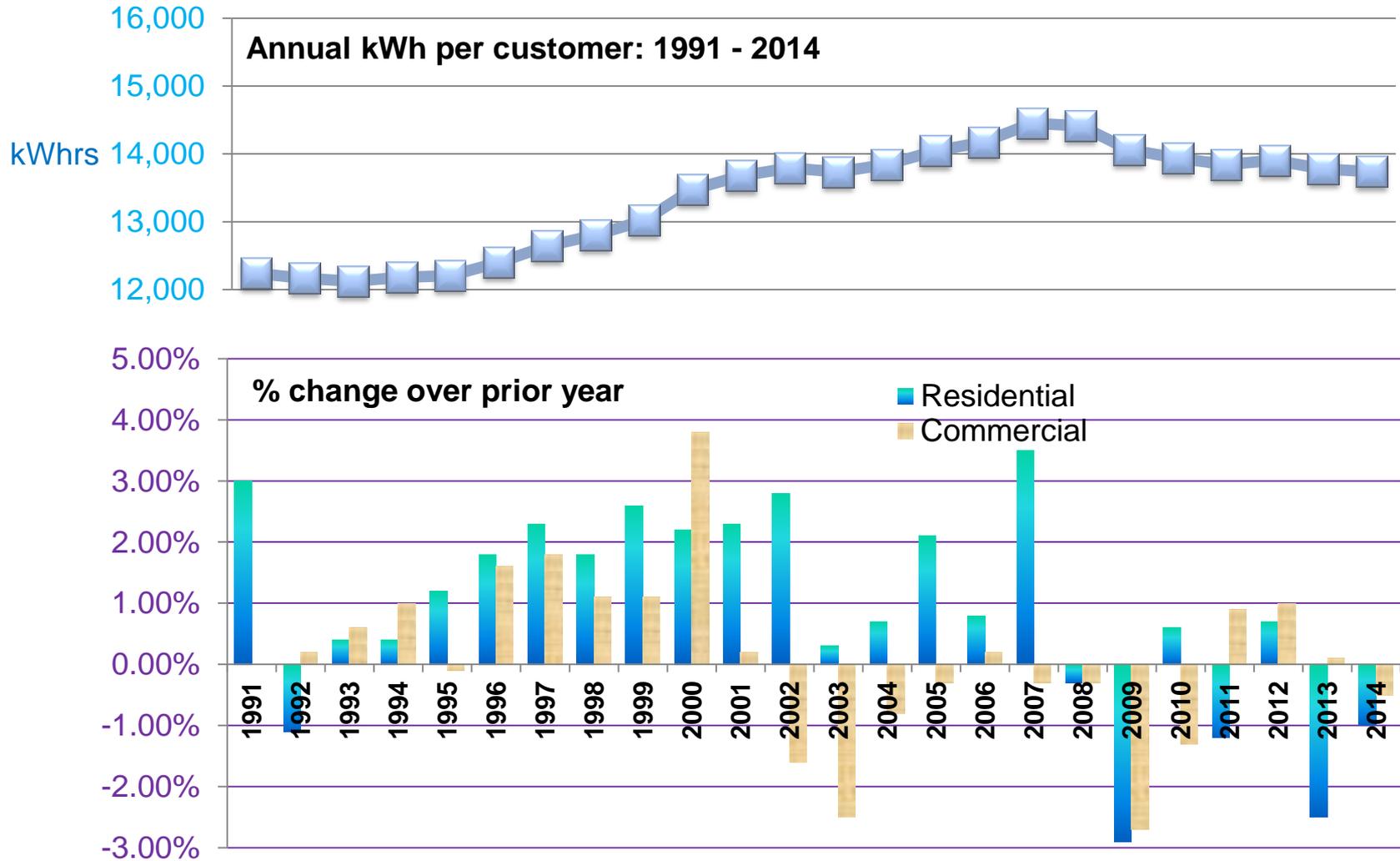
(Weather Normalized)



\* Includes CECONY and NYSERDA EEPS, NYSERDA SBC, and NYPA projects.

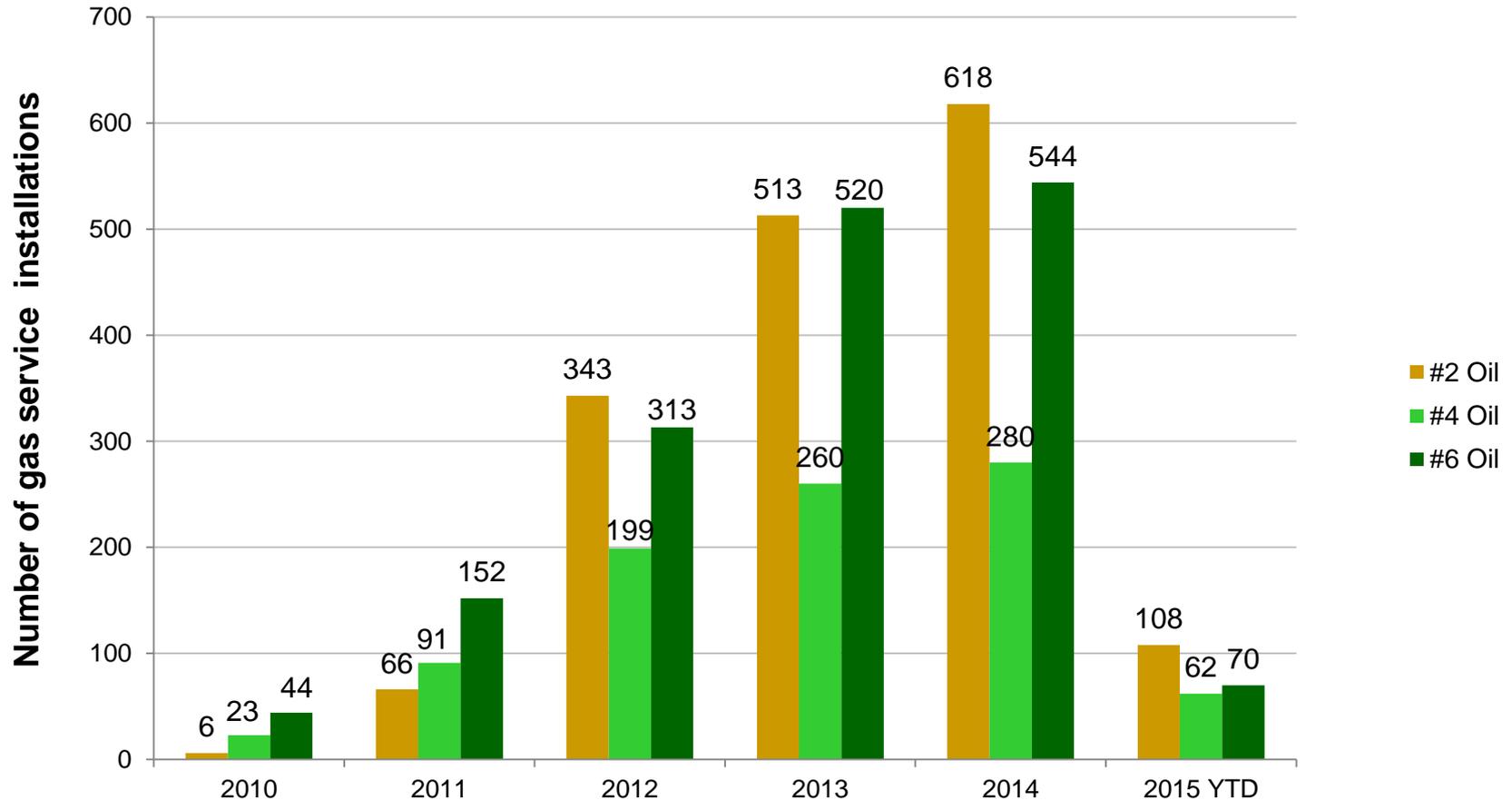
Source: Consolidated Edison Company of New York, NYISO.

# Average Normalized Electricity Use per Customer



# Annual Multi-Family and Commercial Oil-to-Gas Conversions by Oil Type

## 2015 YTD through March 31<sup>st</sup>

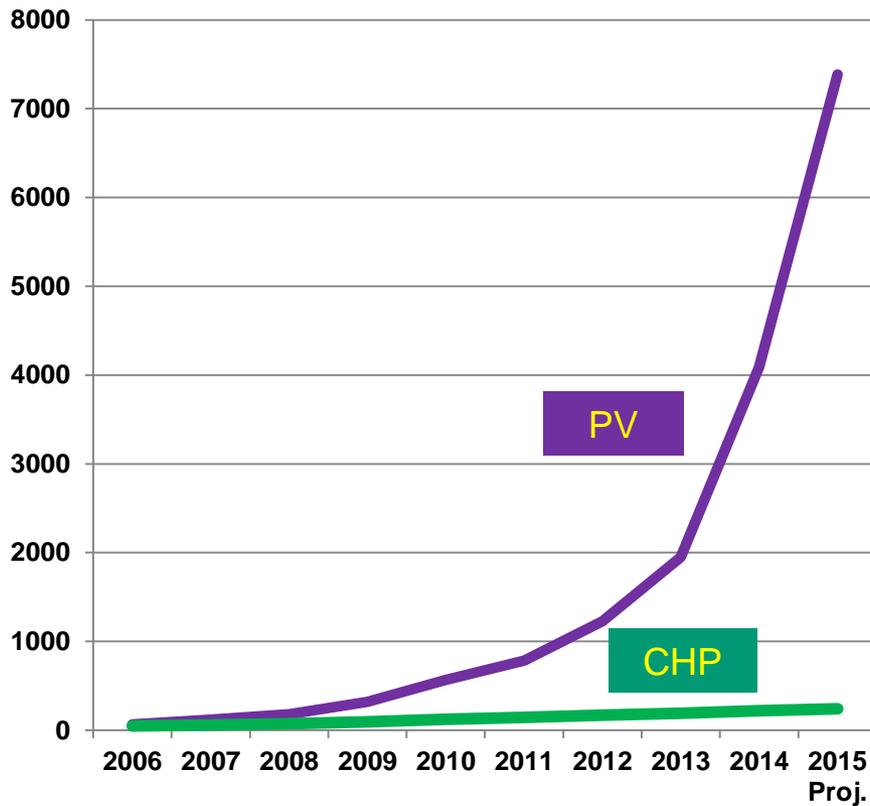


Note: Multi-family buildings include 5 or more families. Figures for #2 oil include burners rated 350,000 BTUs or higher.

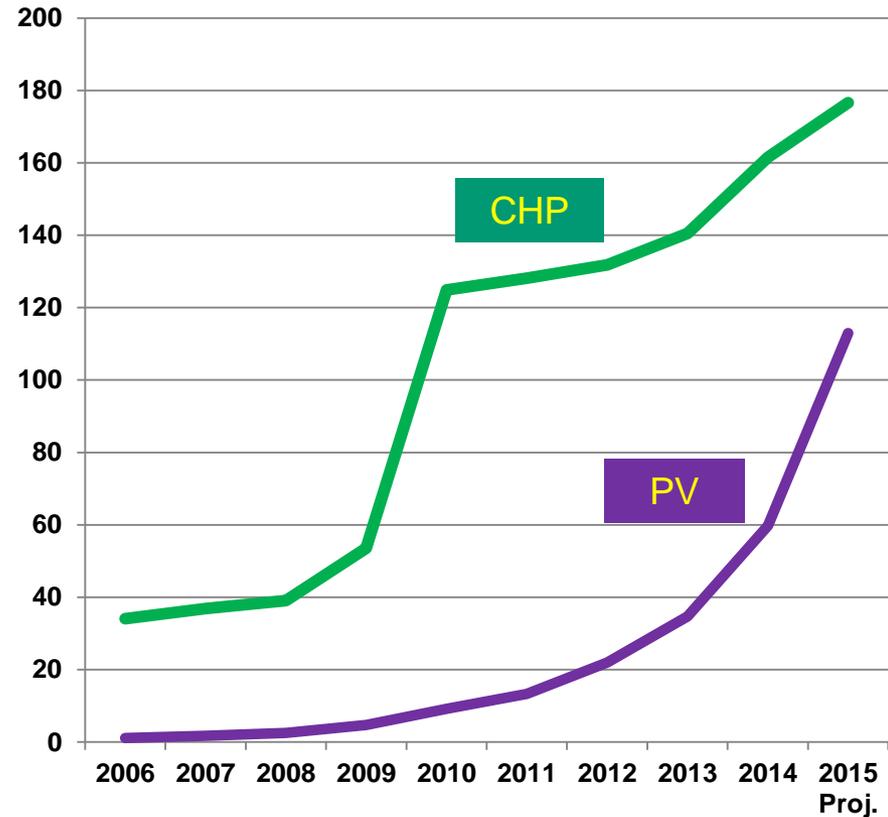
# Con Edison of New York Distributed Generation

## Adoption Trends in Service Area

### Total Installations



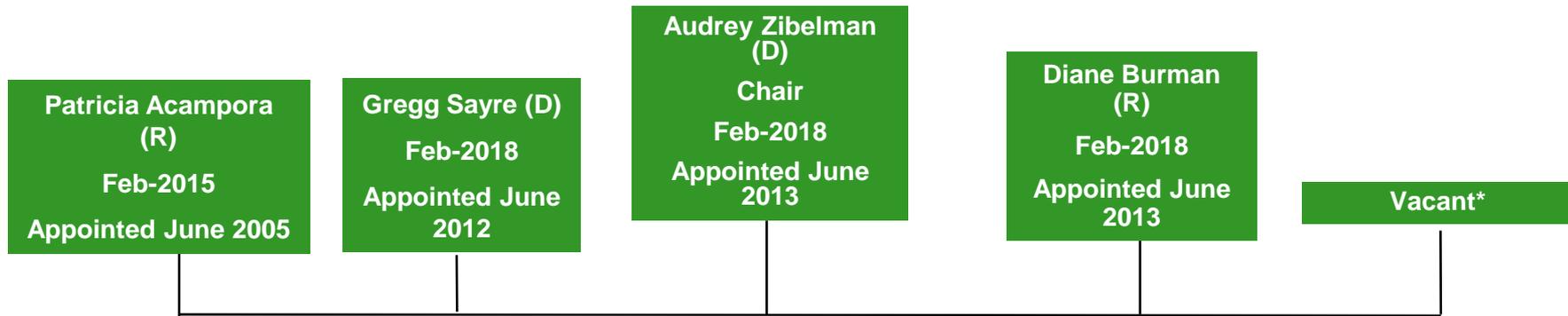
### Total Installed Capacity



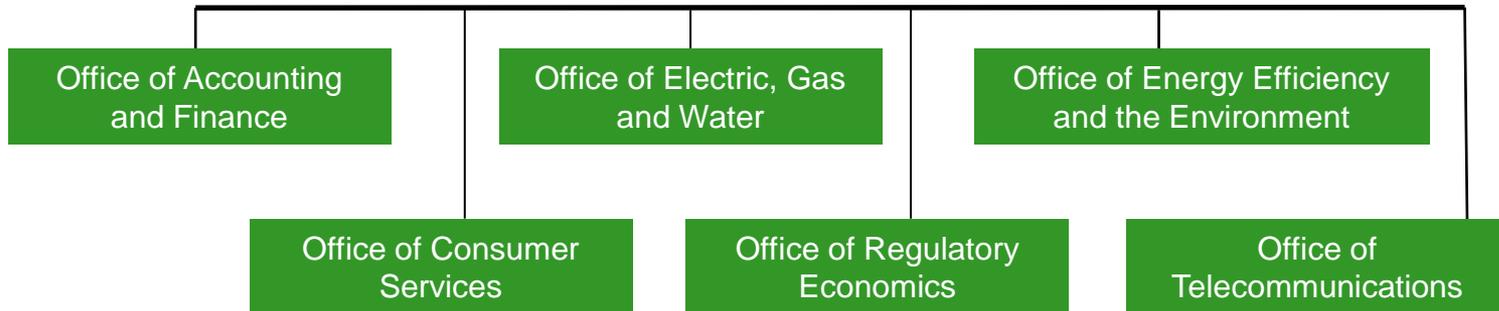
Source: Consolidated Edison Company of New York.

# New York Public Service Commission (NY PSC)

## Commissioners



## PSC Staff



- Annual budget: \$84 million; Staffing: 533 employees
- Regulates: Electric (7 companies), Gas (10), Water (300), Telecom (5), Cable (30)

\* Gubernatorial appointee will need Senate confirmation.

## NY PSC Staff's Discounted Cash Flow Model

- The Staff employs a dividend discount model.

$$\text{Value} = \frac{D_1}{(1+R)} + \frac{D_2}{(1+R)^2} + \frac{D_3}{(1+R)^3} + \dots$$

- Solving for an equity return, R, where:
  - $D_1$  through  $D_4$  = Value Line estimates
  - $D_5$  through  $D_\infty$  = Value Line estimates based on future earnings retention and share growth
  - Value = average of prior three monthly high and low proxy group stock prices



## NY PSC Staff's Capital Asset Pricing Model

- Staff solves for an equity return, R

$$R = R_{UST} + (R_{MKT} - R_{UST}) * \beta$$

- Where:
  - $R_{UST}$  is the risk-free return: average of prior three monthly yields for 10-year and 30-year Treasuries
  - $R_{MKT}$  is the market rate of return: BofA Merrill Lynch's monthly *Quantitative Profiles* report (three month average)
  - $\beta$  is the risk of the individual share relative to that of the market: Value Line estimate for peer group

# NY PSC's Formulaic ROE Approach: Recent Decisions

Date	Company	ROE	Term	Date	Company	ROE	Term
09/06	CECONY Steam	9.80%	2 years	09/10	Energy East (RGE/NYSEG)	10.00%	40 months
10/06	O&R Gas	9.80%	3 years	06/11	Niagara Mohawk Electric	9.30%	2 years
08/07	Keyspan Gas	9.80%	5 years	06/11	O&R Electric	9.20%	1 year
09/07	CECONY Gas	9.70%	3 years	04/12	Corning Gas	9.50%	3 years
10/07	O&R Electric	9.10%	1 year	06/12	O&R Electric	9.40%	1 <sup>st</sup> year
12/07	National Fuel Gas	9.10%	1 year			9.50%	2 <sup>nd</sup> year
03/08	CECONY Electric	9.10%	1 year			9.60%	3 <sup>rd</sup> year
06/08	O&R Electric	9.40%	3 years	04/13	Niagara Mohawk Electric & Gas	9.30%	3 years
09/08	CECONY Steam	9.30%	2 years	06/13	Keyspan Gas	9.40%	2 years
04/09	CECONY Electric	10.00%	1 year	02/14	CECONY Gas and Steam	9.30%	3 years
05/09	Niagara Mohawk Gas	10.20%	2 years	02/14	CECONY Electric	9.20%	2 years
06/09	Central Hudson	10.00%	1 year	05/14	National Fuel Gas	9.10%	2 years
09/09	Corning Gas	10.70%	2 years	02/15	Central Hudson Gas & Electric Joint Proposal	9.00%	3 years
10/09	O&R Gas	10.40%	3 years	04/15	CECONY Electric extension Joint Proposal	9.00%	3 <sup>rd</sup> year
03/10	CECONY Electric	10.15%	3 years				
06/10	Central Hudson	10.00%	3 years				
09/10	CECONY Gas	9.60%	3 years				
09/10	CECONY Steam	9.60%	3 years				

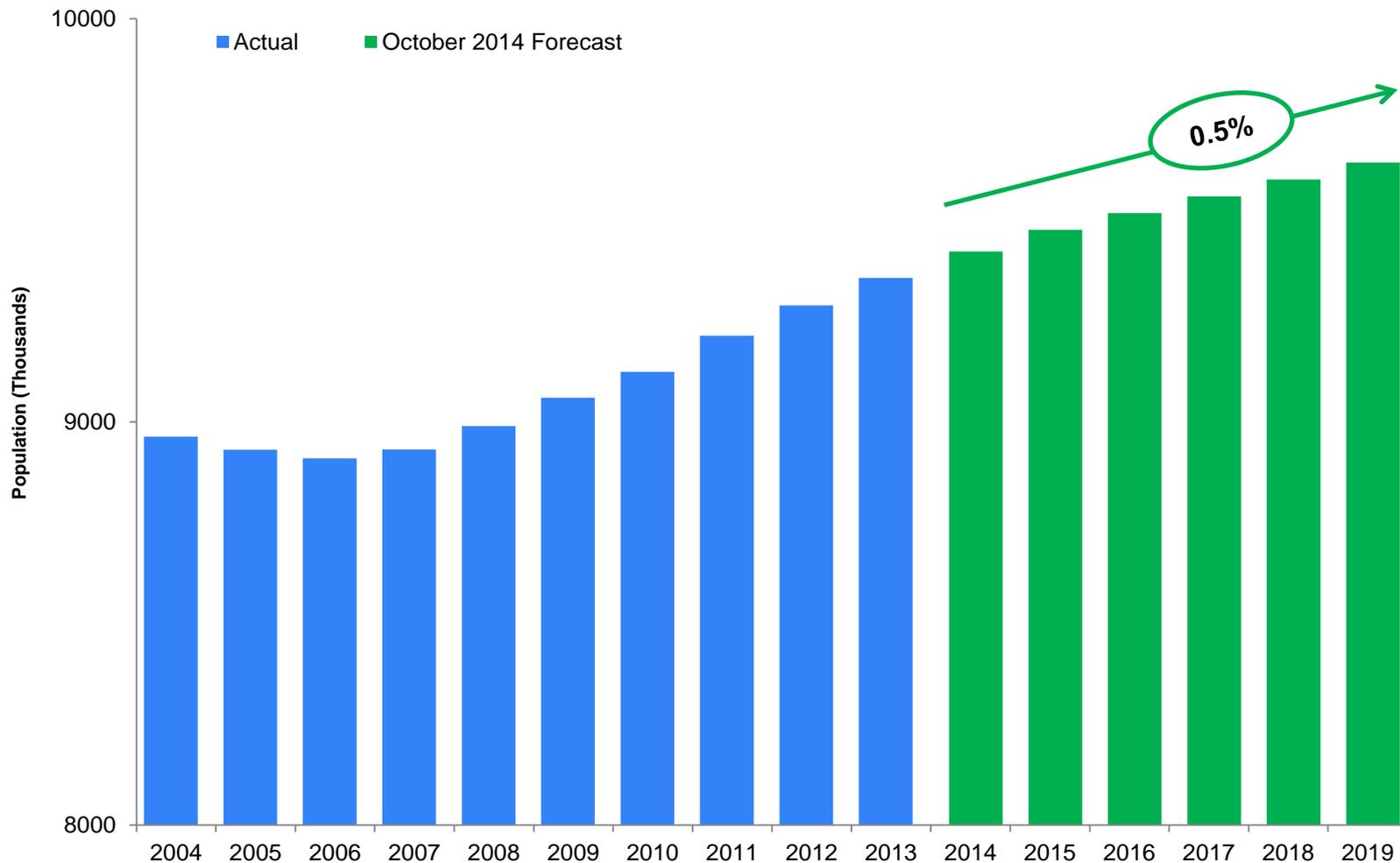
Rate of return on equity



2/3 Discounted Cash Flow model  
+  
1/3 Capital Asset Pricing model

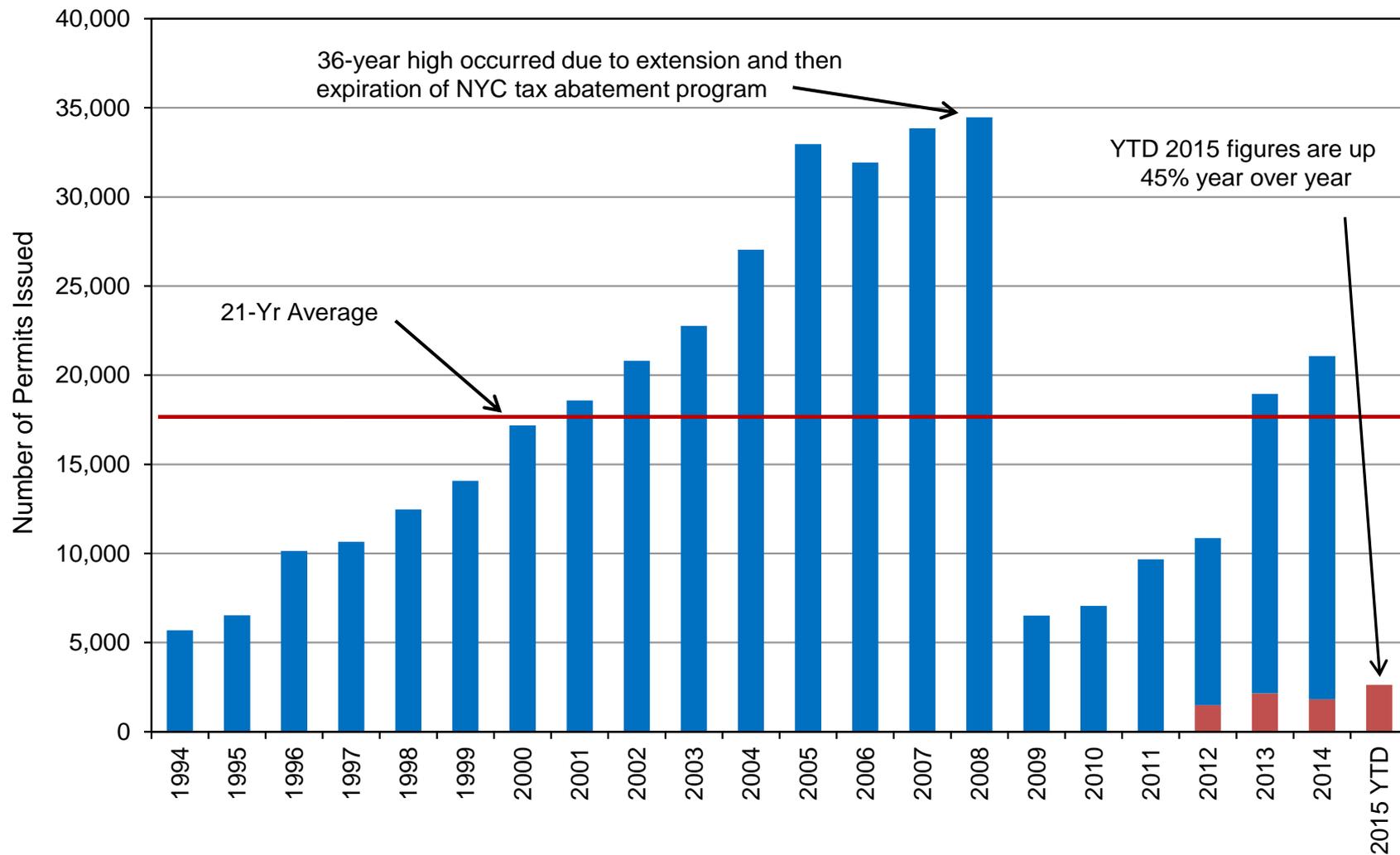
41

# Record Population is Expected to Continue to Grow



Source: US Dept of Census and Moody's Economy.com

# Residential Building Permits Are On the Rise



Source: U.S. Census Bureau.

# New York City's Record-Breaking Tourism Adds to Economic Strength

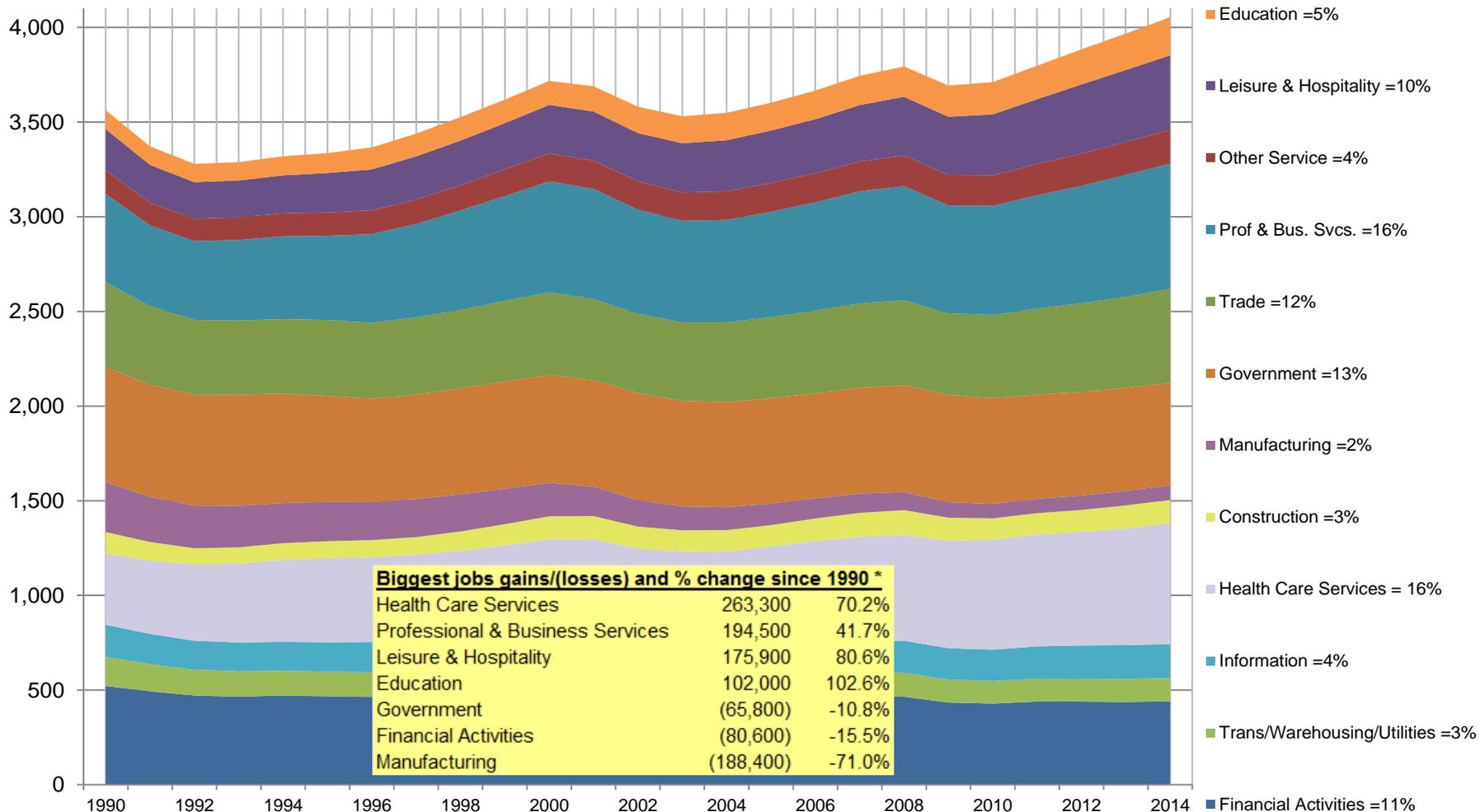
- 56.4 million visitors in 2014
- 89% average hotel occupancy
- 7.3% increase in hotel room nights sold
- 115,000 hotel rooms to be added by 2017



Source: NYC & Company.

# New York City's Diverse Employment By Sector

Jobs in 000s



\* NYC nonfarm employment increased by 94,600 from December 2013 to December 2014.

Source: New York State Department of Labor