

Con Edison, Inc.

February 25, 2015

Credit Suisse Energy Summit





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 in the appendix of this presentation.

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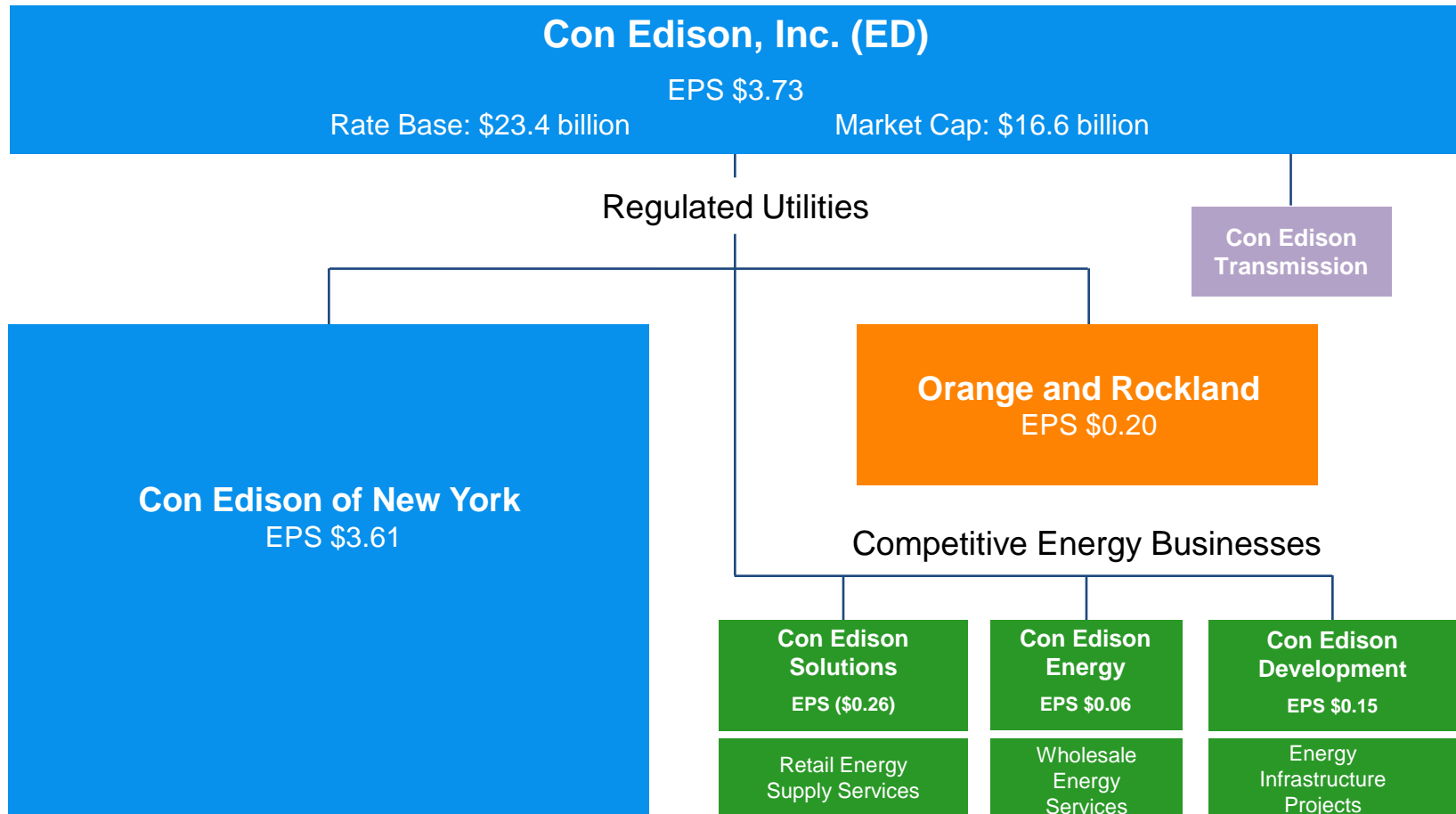
www.conEdison.com

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; 3rd longest in electric utility industry
 - 4.1 % yield is the 3rd 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

Regulated Transmission and Distribution Focused

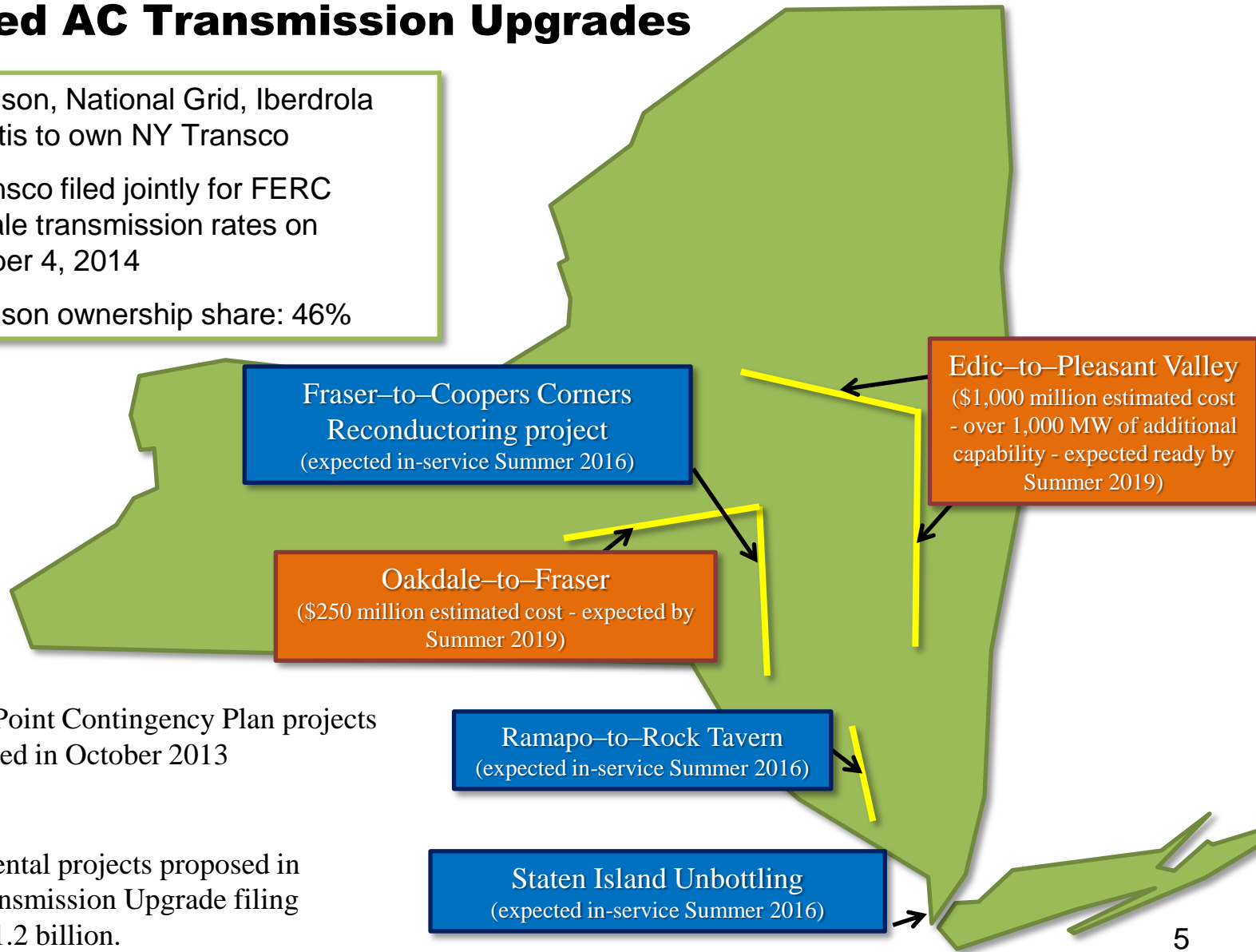
(EPS – Twelve Months Ended December 30, 2014)



*Earnings from ongoing operations, which exclude the effects of the gain on sale of solar projects of (\$0.09) and the net mark-to-market effects of the competitive energy businesses of \$0.25, were \$3.89 for 2014.

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%



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

Rates of Return and Equity Ratio

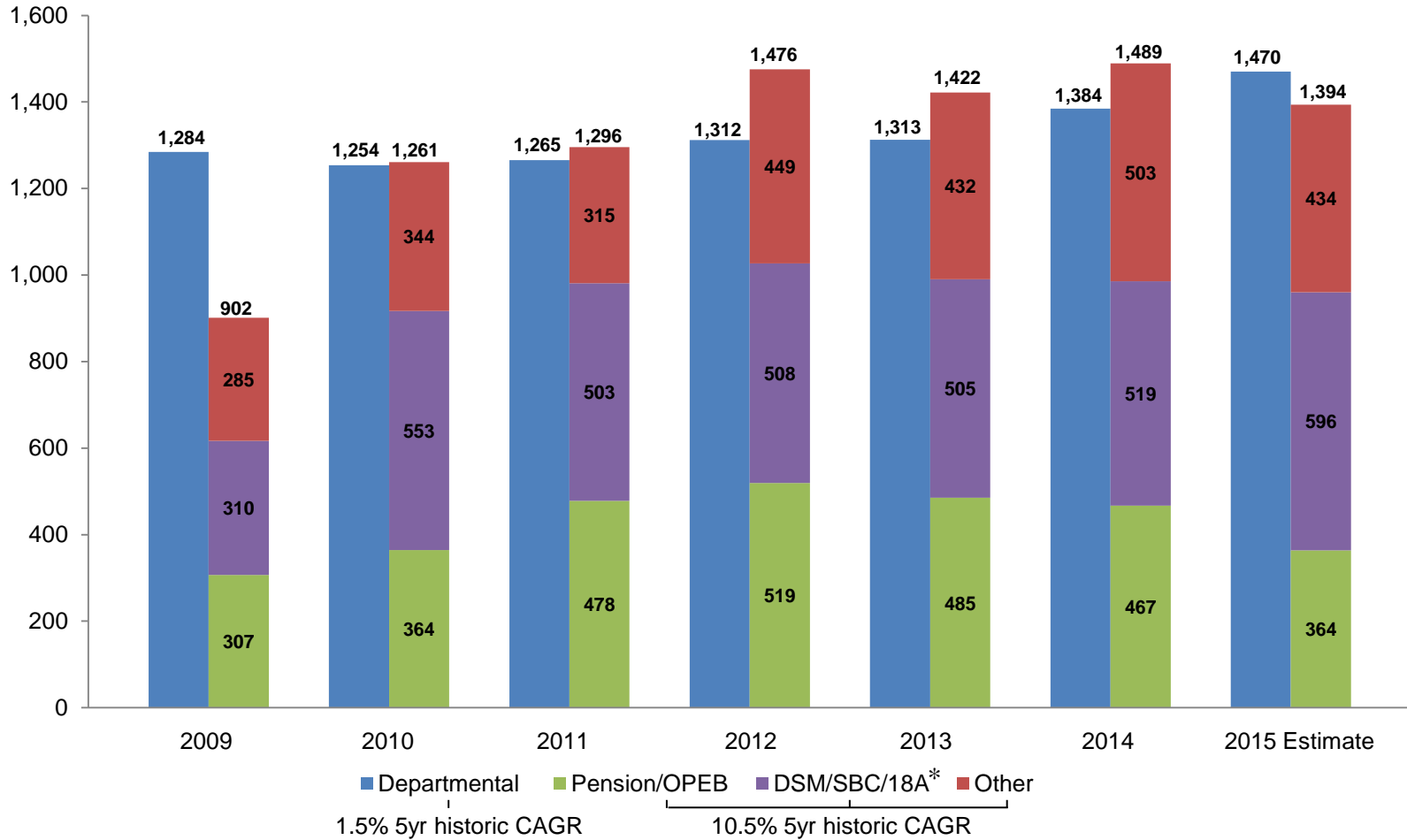
(for twelve months ended December 31, 2014)

		Regulated Basis		SEC Basis
CECONY		Allowed	Actual	
	Electric	9.2%	9.2%	
	Gas	9.3%	7.5%	
	Steam	9.3%	11.5%	
	Overall - CECONY	9.2%*	9.1%	9.6%
	<i>CECONY Equity Ratio**</i>	<i>48.0%</i>	<i>50.9%</i>	
O&R				
	Electric	9.6%	10.5%	
	Gas	NA	5.3%	
	RECO	9.8%	8.1%	
	Overall – O&R	9.8%*	8.6%	9.5%
	<i>O&R Equity Ratio</i>	<i>48.0%</i>	<i>51.2%</i>	

* 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

(\$ millions)



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

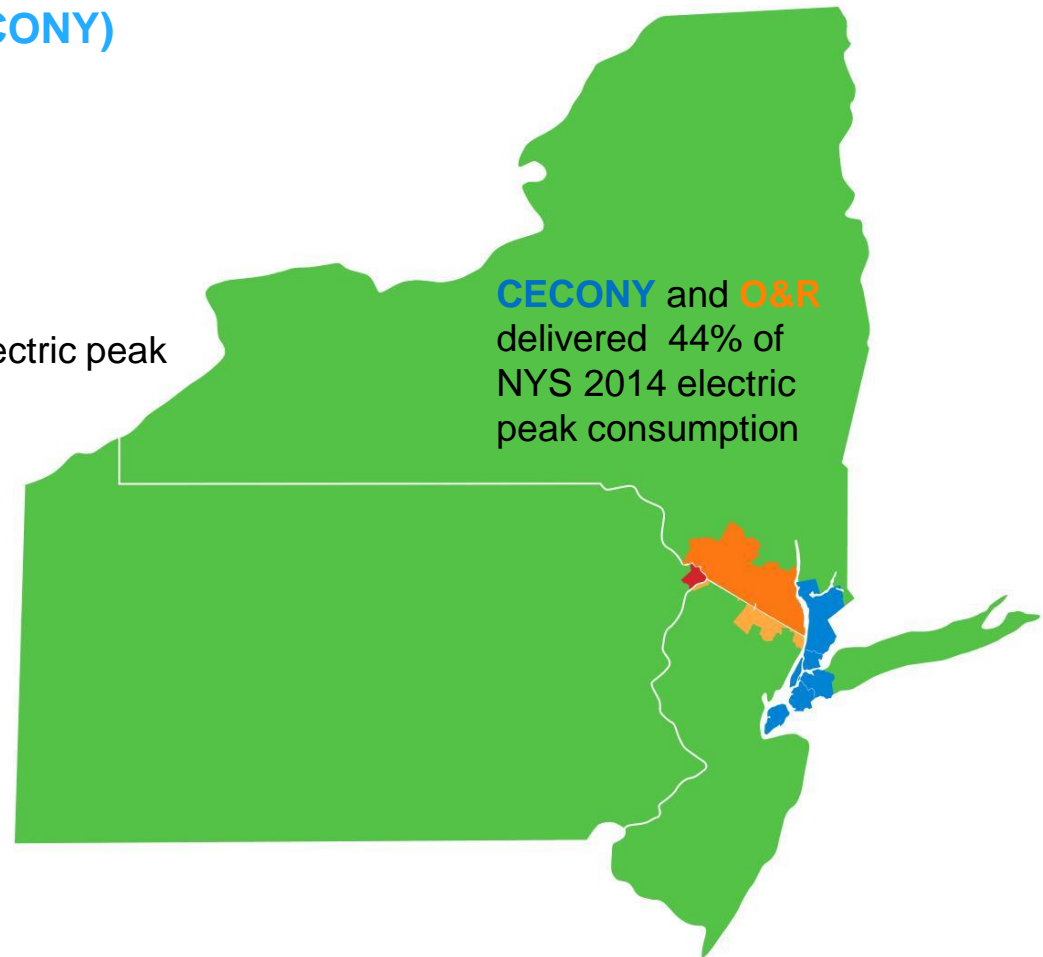
Regulated Utilities are the Core of Con Edison, Inc.

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



Con Edison of New York

One World Trade Center

- Adding to the vitality of Lower Manhattan, One World Trade Center opened its doors to the first new tenants in November 2014.
- The One World Observatory opens in NYC in 2015.



Source: Jennifer Stahmer.

Con Edison of New York Hudson Yards



2018

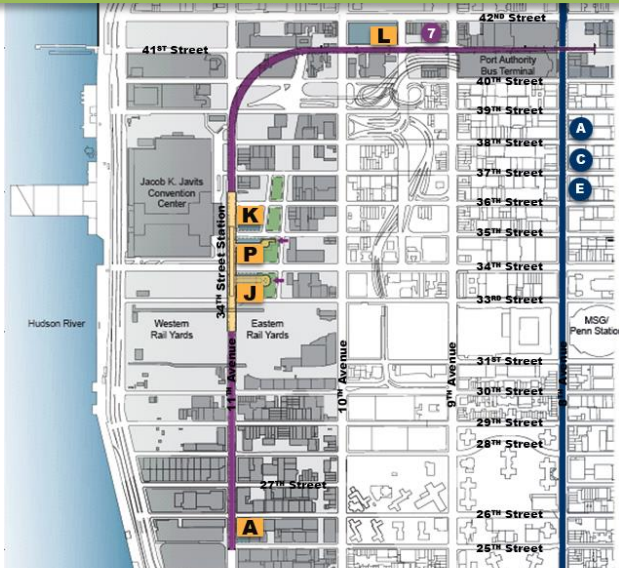
- Hudson Yards has begun to revitalize the west side of Manhattan above 30th Street.
- 17.4 million sf of building space
- 14 acres of park and public space
- Includes office, residential, retail, hotel, cultural center and school space



Source: Related Companies. 11

Con Edison of New York MTA Line Extensions

The **7** line extension is 99% complete
expected to open in 2Q15



Second Avenue Subway

Phase 1 is 78.7% complete as of February 1st
On target for completion in December 2016



Source: Related Companies and MTA.

Silicon Alley

- Tech firms leased more than 5.0 million square feet of office space in 2014, accounting for 16.2% of Manhattan leasing activity in 2014.
- Tech firms provided 66,200 jobs by December 2014, improving 6.4% year-over-year.



CORNELL TECH - Roosevelt Island is anticipated to open in 2017.

Source: Cornell Tech, NYS Department of Labor, JLL Research. 13

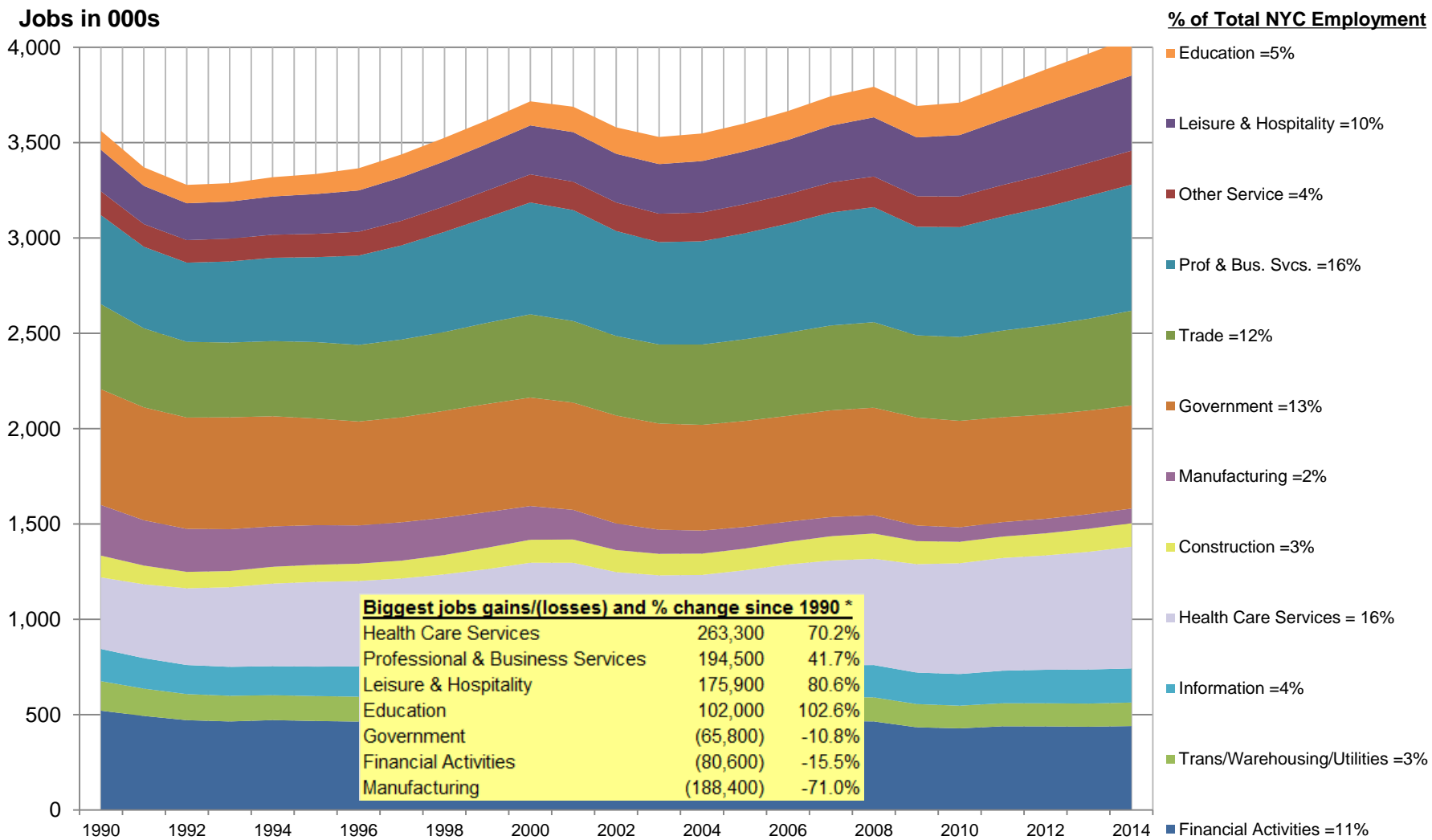
New York City's Record-Breaking Tourism

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



Source: NYC & Company.

New York City Employment By Sector

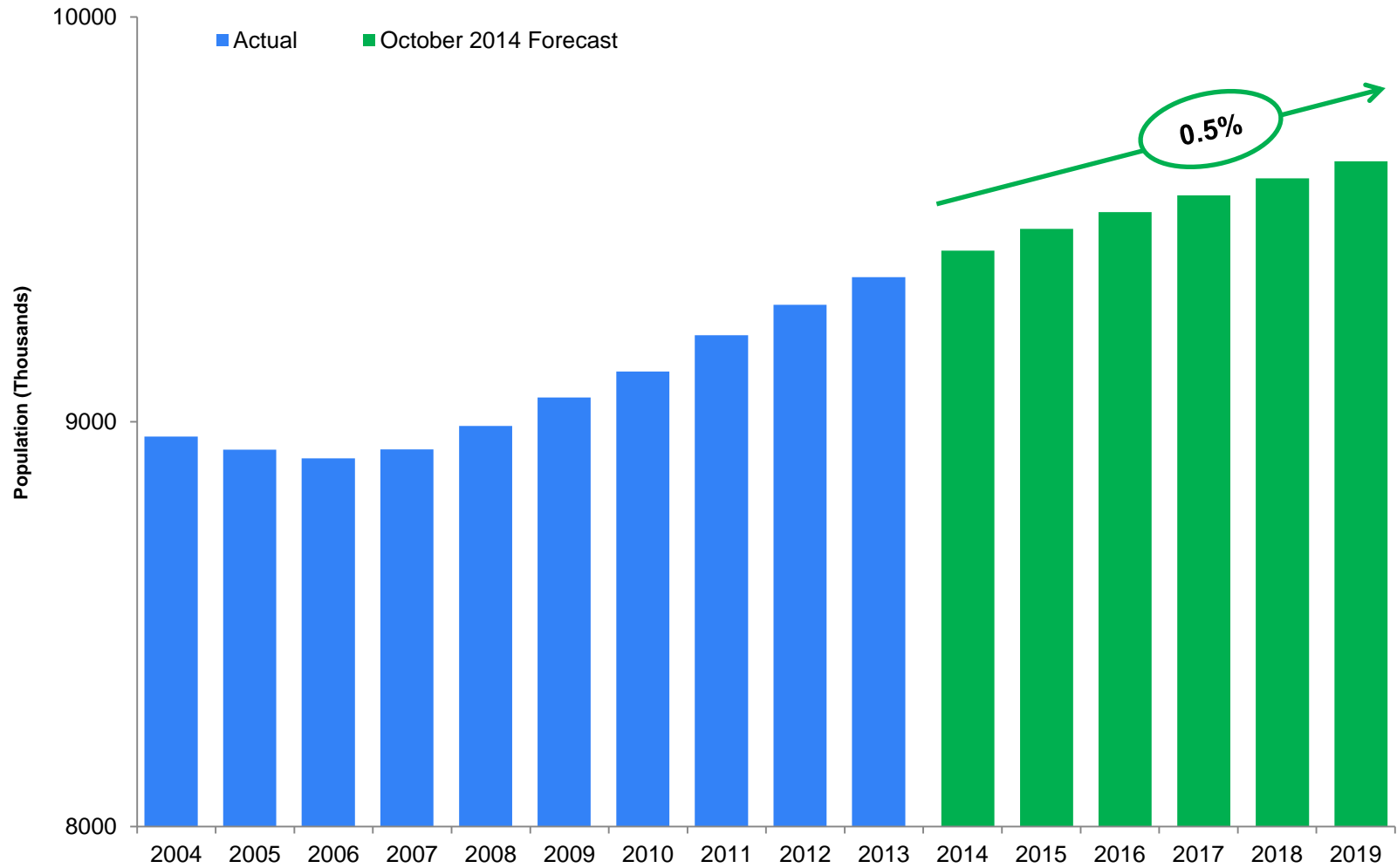


* NYC nonfarm employment increased by 94,600 from December 2013 to December 2014.

Source: New York State Department of Labor

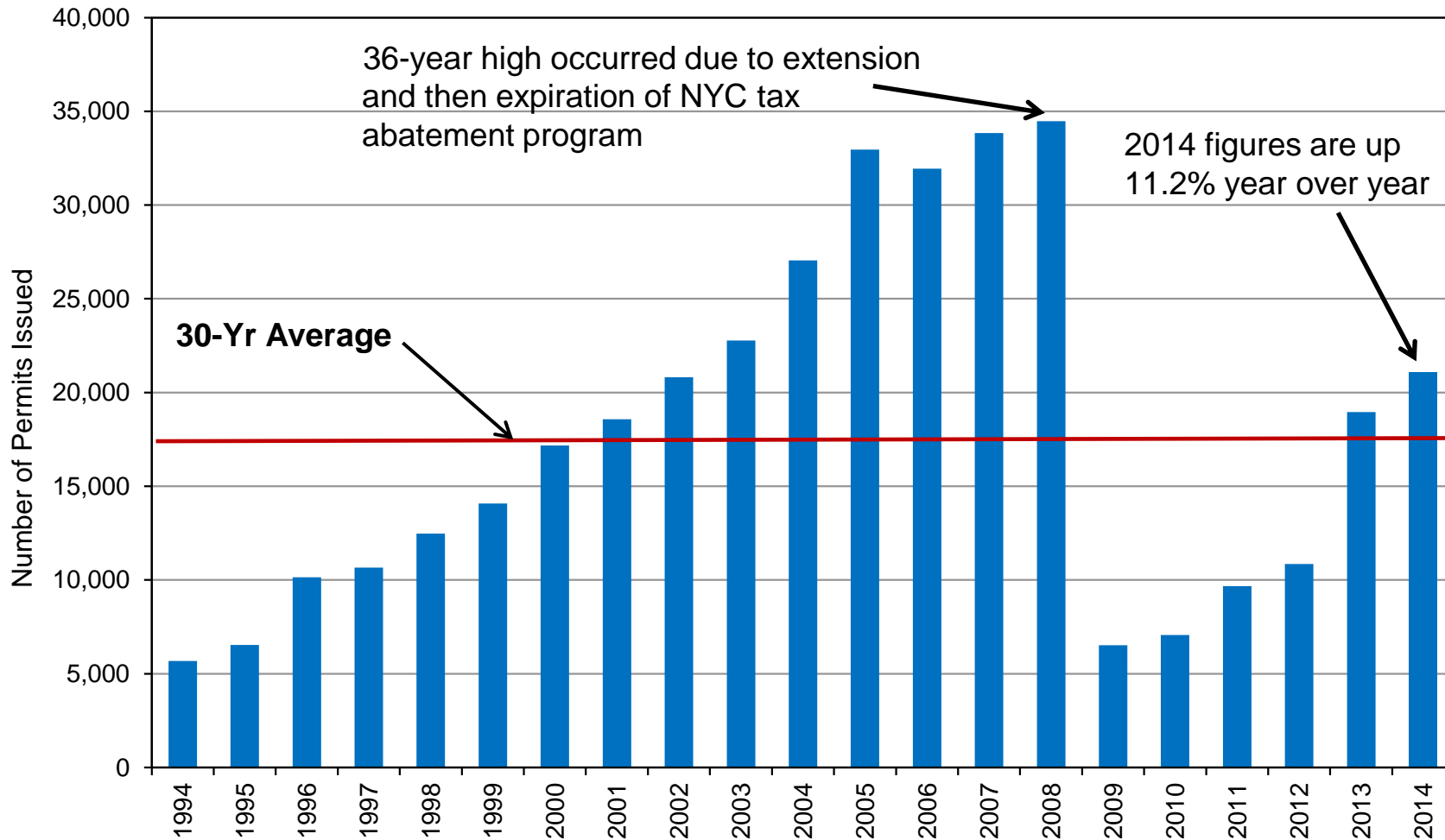
CECONY Service Area Population

More robust population growth expected



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

CECONY Residential Building Permits Are On the Rise



Source: U.S. Census Bureau.

Residential Development

- New residential development continues at a strong pace across the city.
- 30 Park Place will be the tallest residential tower downtown with a 926 foot tall tower.
- This building will feature a 189-key Four Seasons Hotel at the base and 157 Four Seasons Private Residences above.



Source: Silverstein Properties.

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Brooklyn Queens Demand Management Program

Background:

- Growing demand in Brooklyn and Queens is overloading the capabilities of Brownsville substation, where 85% of accounts served are residential.
- By 2018, demand could outpace system capability by approximately 70 MW for approximately 40 – 50 peak hours.

Options:

1. Construct by 2017:

- A new distribution substation
- A new transmission substation at existing Gowanus station
- Lines connecting the new substations

2017
\$1 billion
estimated
cost

2. Brooklyn Queens Demand Management Program

- 52 MW of non-traditional utility side and customer side solutions (\$160 million*)
 - 41 MW of customer-side non-traditional solutions (\$3.7 million per MW)
 - 11 MW utility-side non-traditional solutions (\$4.5m per MW)
- 17 MW of traditional utility infrastructure investment (\$12.3 million investment)
 - 6 MW of capacitor bank installation
 - 11 MW of load transfers

2019
\$200
million**
estimated
cost

Approved

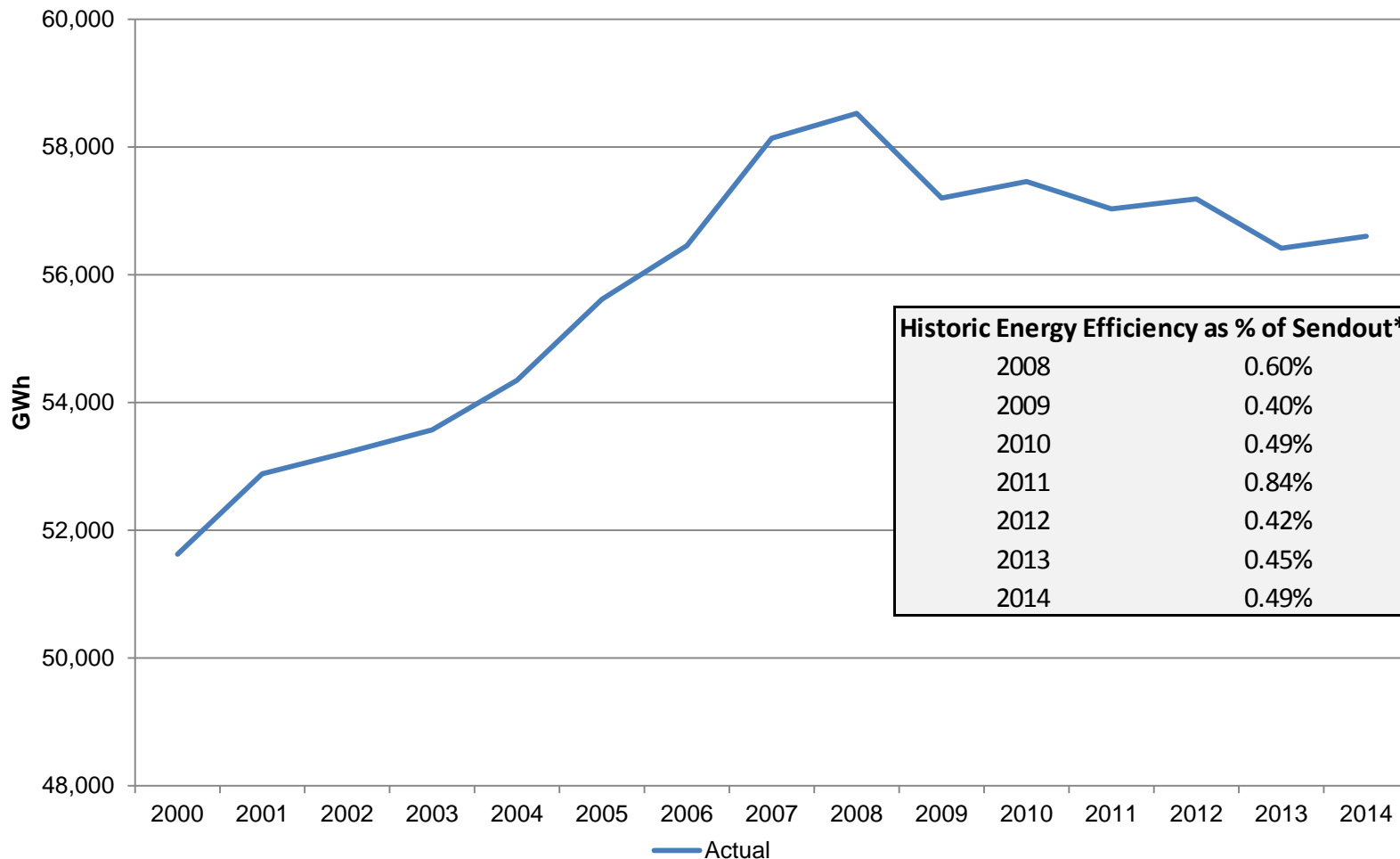
* CECONY is able to earn an additional incentive of up to 100 basis points annually on the \$160 million capital investment over a 10-year amortization period -- end of 2014 to end of 2024.

** Proposed to use up to \$25 million of funding from the approved Targeted Demand Side Management budget and recover \$175 million through a customer surcharge.

Reference: State of New York Public Service Commission, Case 14-E-0302, December 12, 2014.

CECONY Historic Electric Volumes

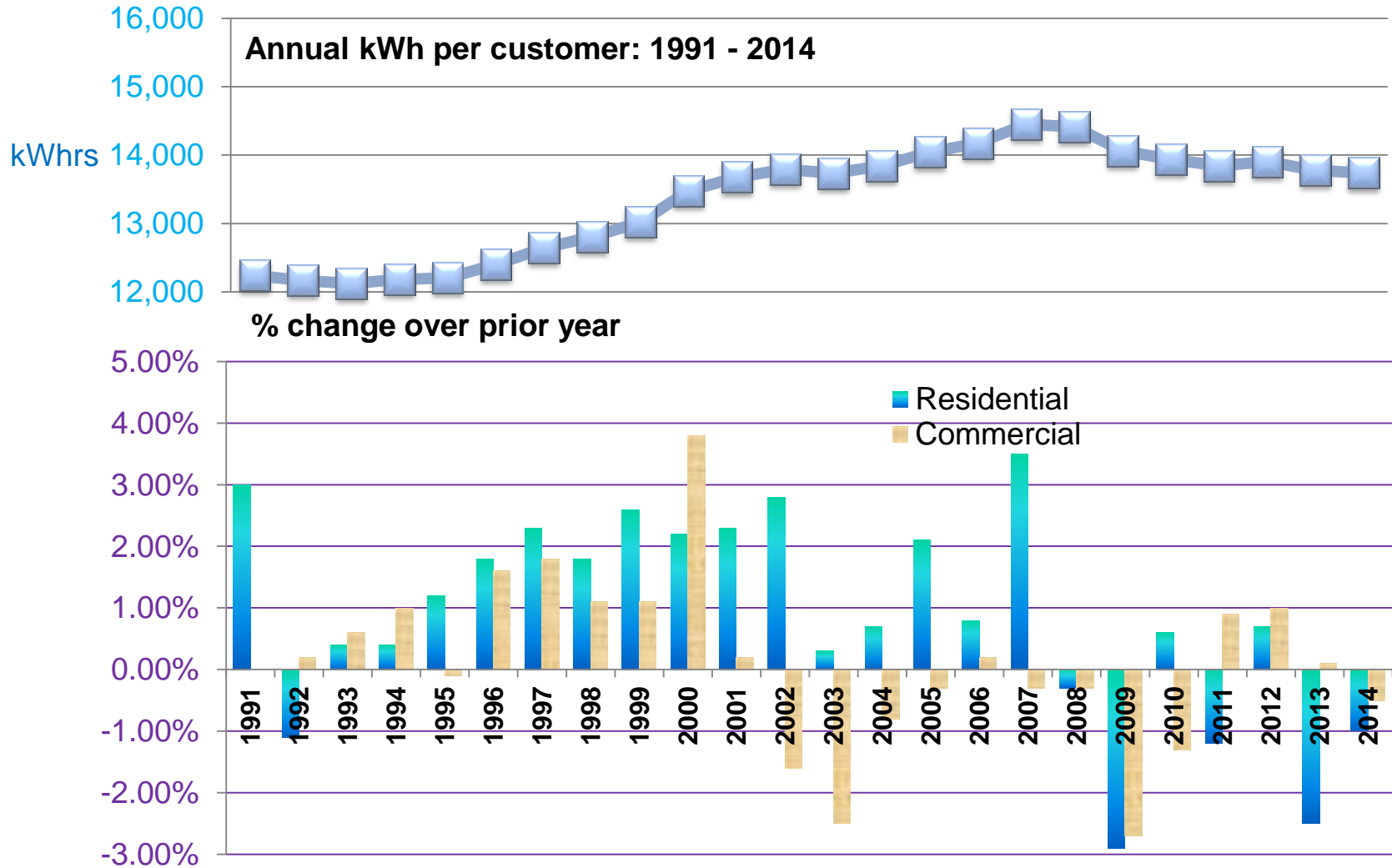
(Weather Normalized)



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

Source: Consolidated Edison Company of New York, NYISO.

Average Normalized Electricity Use per Customer



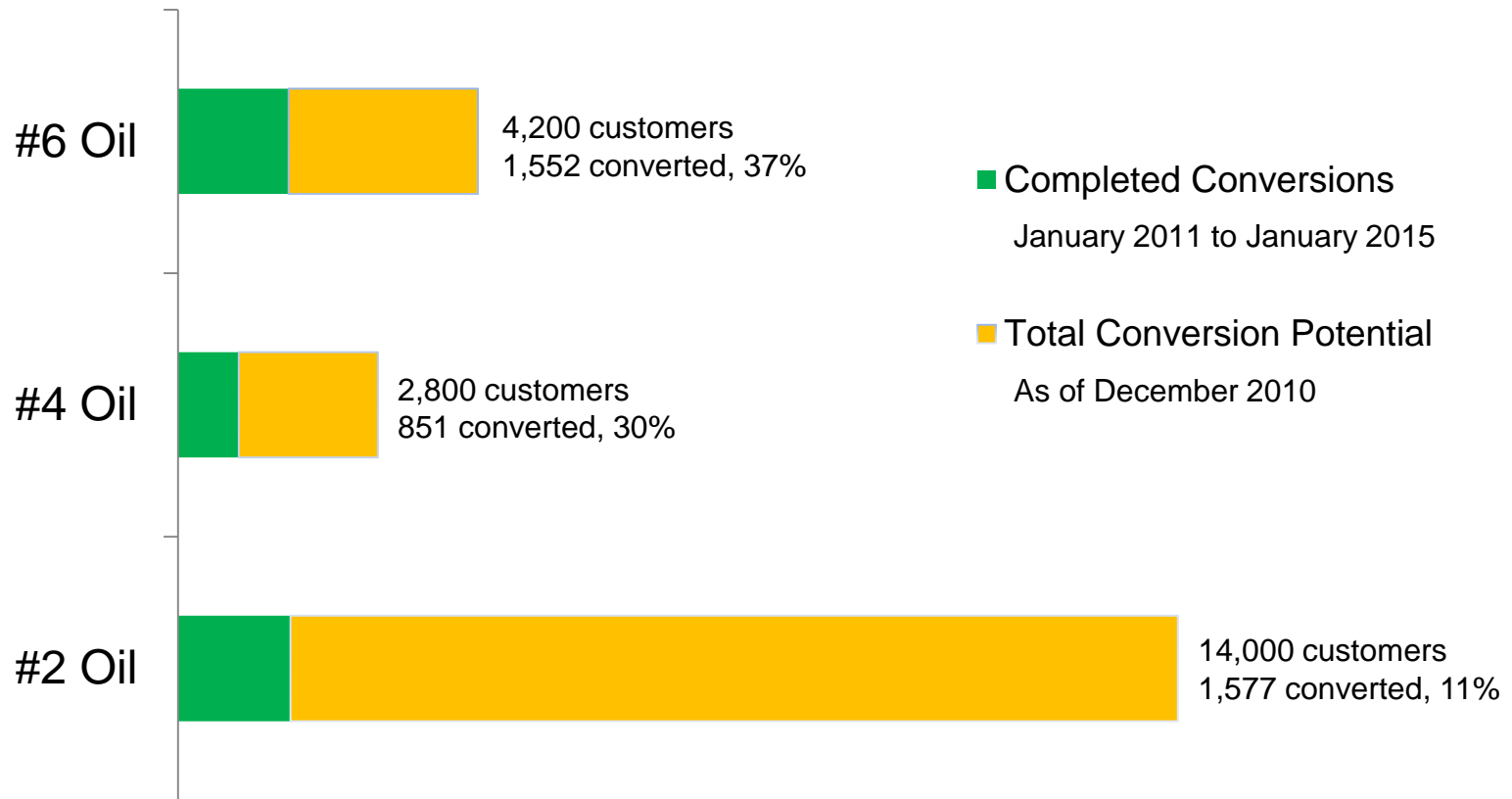
Five-Year Growth Rates in Normalized Peak Usage

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

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

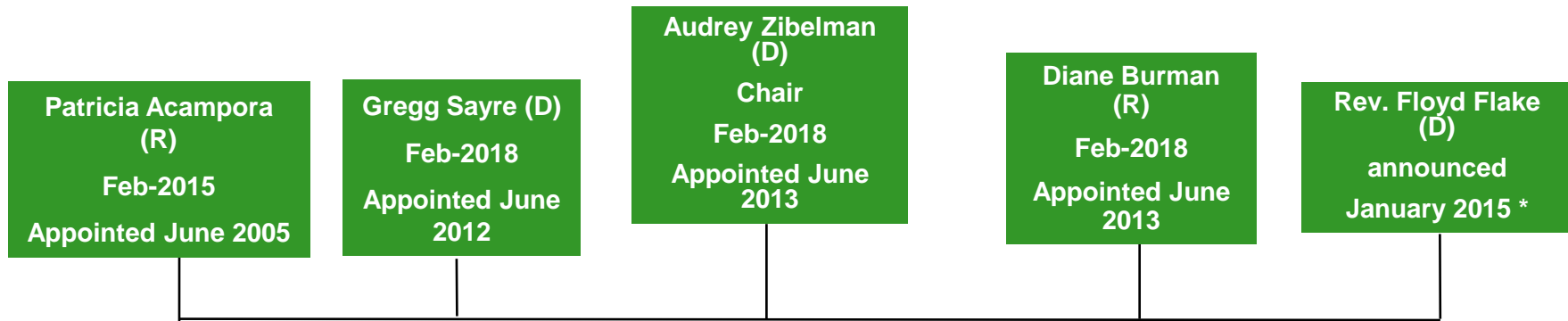
January 31, 2015



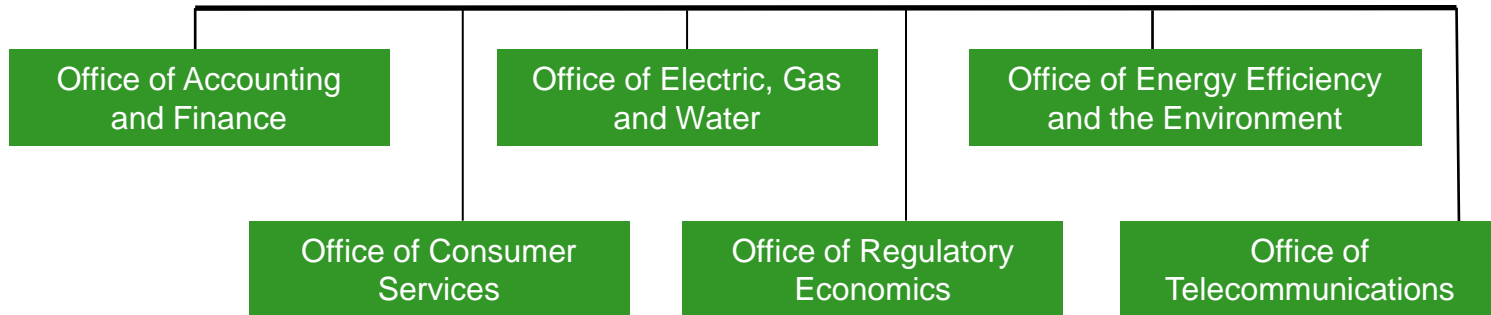
Note: Multi-family buildings include 5 or more families. Figures for #2 oil include burners rated 350,000 BTUs or higher.

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)

* Pending Senate confirmation.

Reforming the Energy Vision (REV)

On April 24, 2014, the NY PSC initiated a proceeding to align electric utility practices and the regulatory paradigm with technological advances in information management and power generation and distribution

The order focuses on:

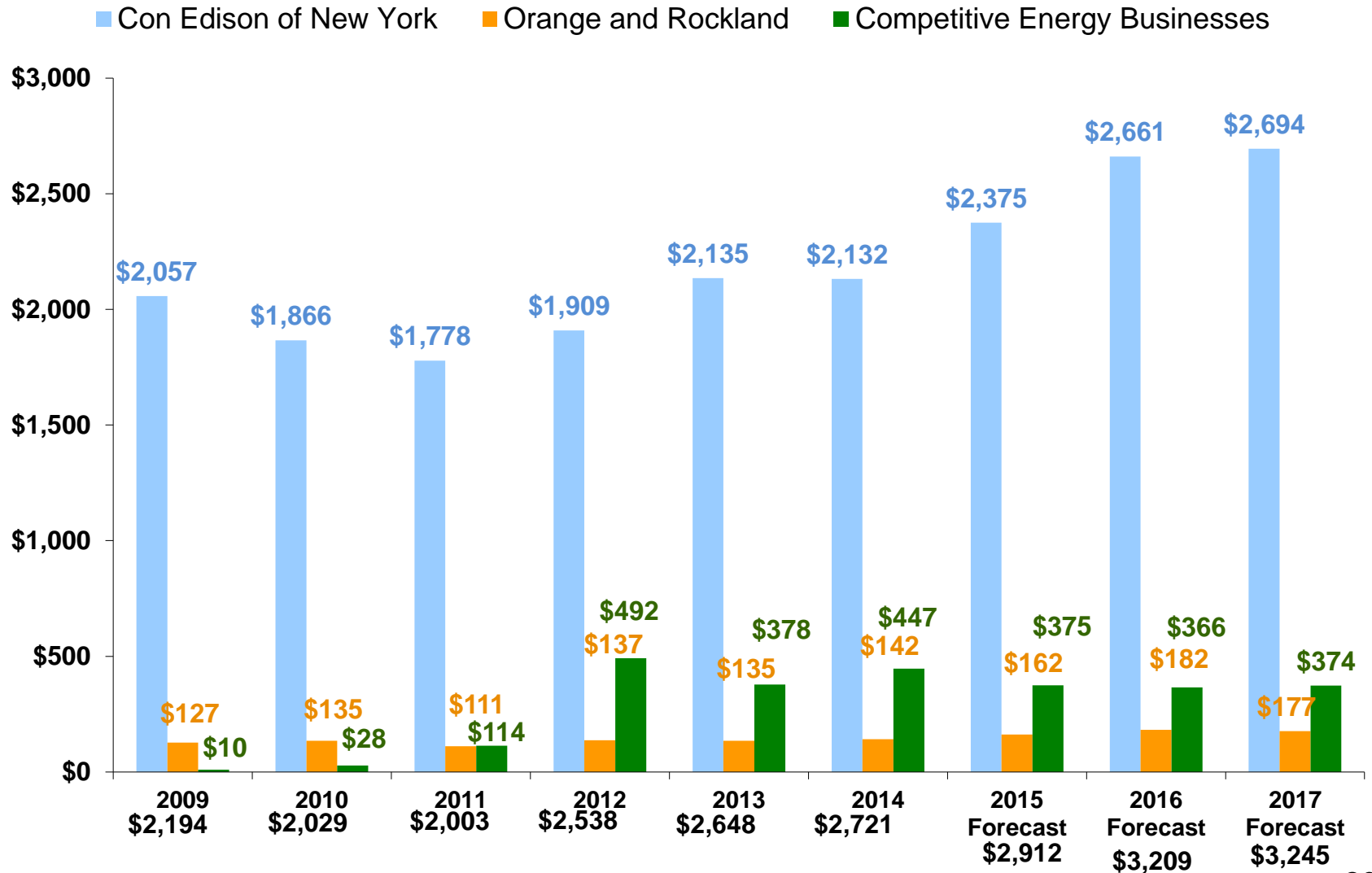
- **Clean technologies and energy efficiency - Track 1**
 - Improve system efficiency
 - Empower customer choice
 - Encourage clean generation and energy efficiency technologies and practices
- **Establishing Distributed System Platform Providers (DSPP) – Track 1**
 - Actively manage and coordinate distributed energy resources and provide a market for customers
- **Modifying New York State’s regulatory practices – Track 2**
 - Incent utilities to promote energy efficiency, renewable energy, least-cost energy supply, fuel diversity, system adequacy and reliability, demand elasticity and customer empowerment

Current Goals and Timetables

- **Track 1:** Reach generic policy determinations with respect to Distributed System Platform Providers and related issues
 - Early 2015: generic PSC policy determination
- **Track 2:** Reach generic policy determinations on regulatory design and ratemaking issues
 - Second quarter 2015 : Staff straw proposal
 - TBD: comments on Staff straw proposal due
 - TBD: generic PSC policy determination

Capital Expenditures

(\$ millions)

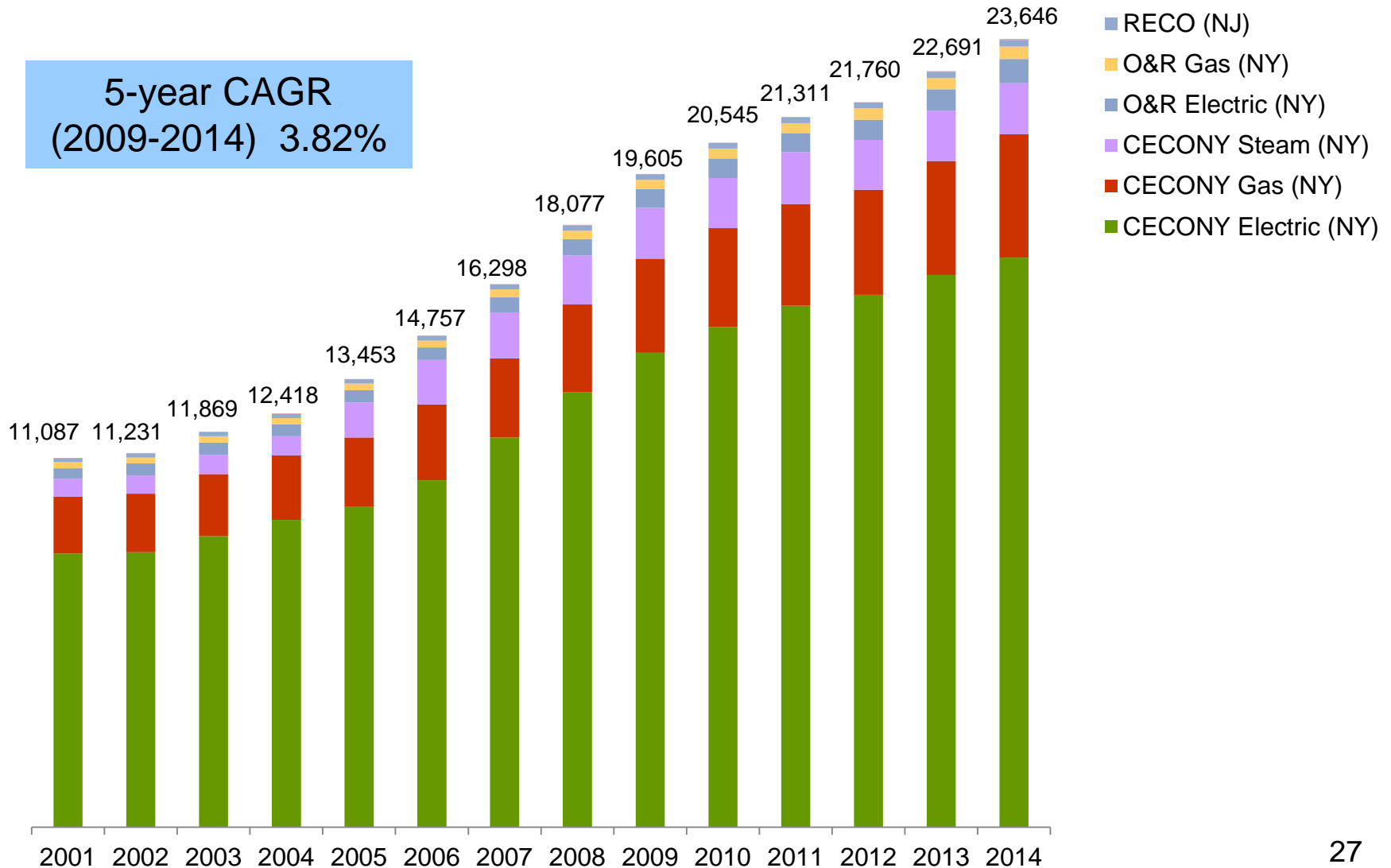


Source of forecasts: 2014 10-K

Consolidated Edison, Inc. Rate Base Growth

(\$ millions)

5-year CAGR
(2009-2014) 3.82%



2015 Financing

- Capital expenditure of \$2,912 million (CECONY - \$2,375 million, O&R - \$162 million, CEB - \$375 million)
- 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	-	-	-	-
Total	\$ 560	\$ 731	\$ 6	\$ 1,260	\$ 540

2015

- CECONY \$350 million debenture maturing in December, 5.375%
- O&R \$40 million debenture maturing 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 — December 31, 2014

(\$ millions)

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

Debt	\$12,191	49%
Equity	12,585	51
Total	\$24,776	100%

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

Debt	\$11,214	50%
Equity	11,188	50
Total	\$22,402	100%

Orange and Rockland A3 / A- / A-

Debt	\$600	49%
Equity	625	51
Total	\$1,225	100%

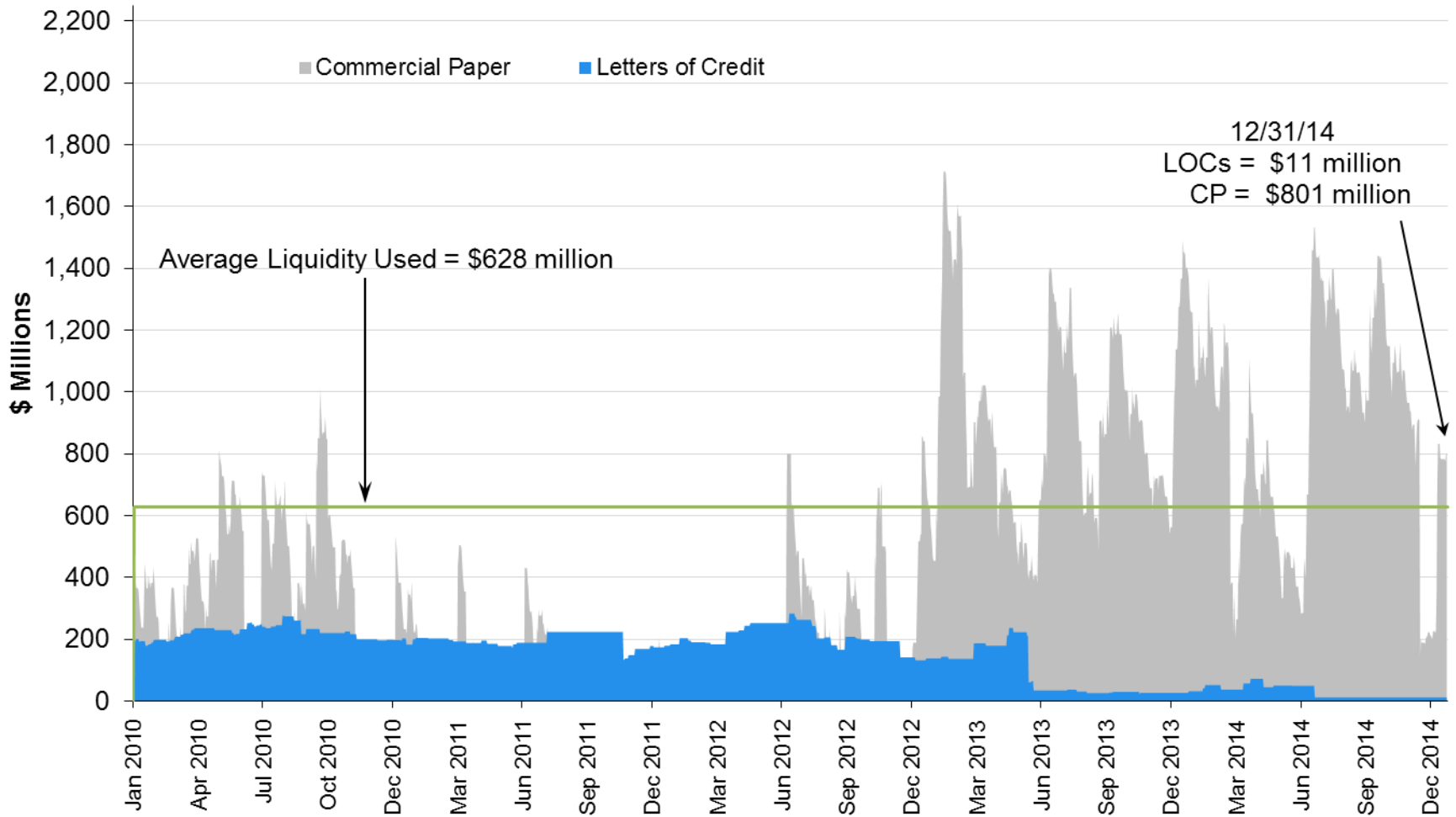
Competitive and Parent

Debt	\$377	33%
Equity	772	67
Total	\$1,149	100%

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

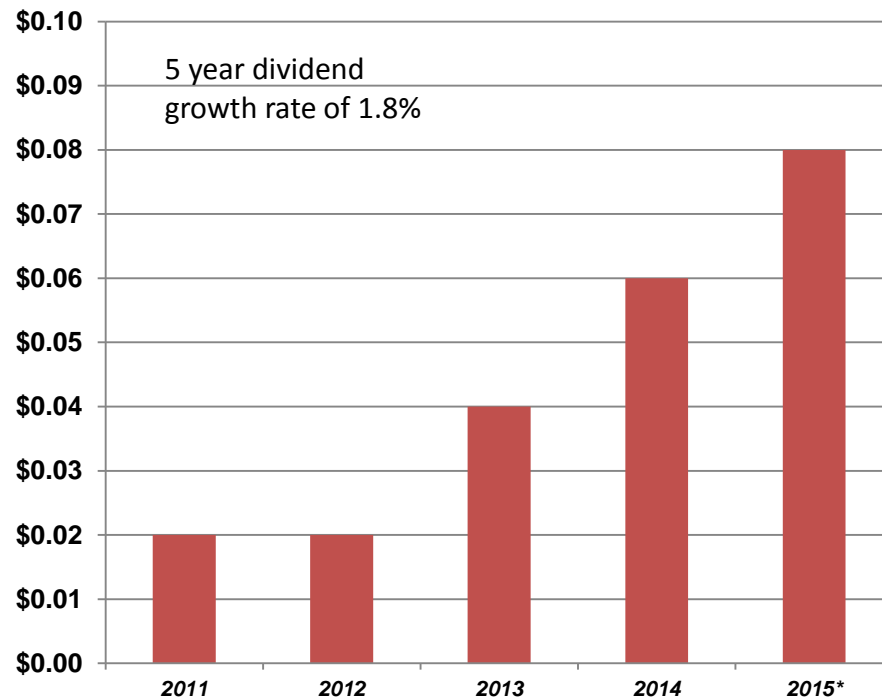
\$2,250 million CEI Consolidated revolving credit facility



A Compelling Dividend Record: 41 Consecutive Years of Dividend Increases

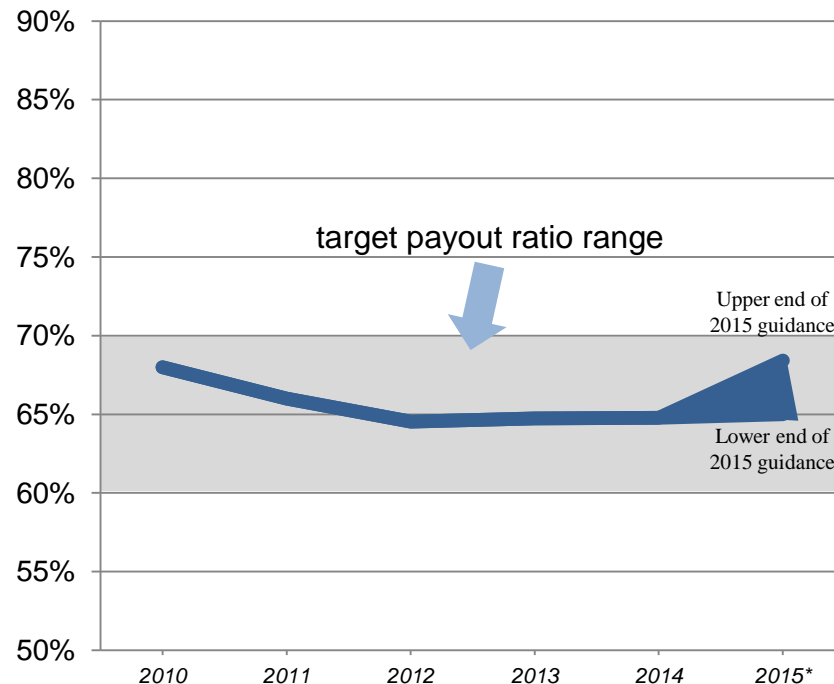
Indicated dividend for 2015 = \$2.60

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 February 19, 2015, Con Edison provided guidance of \$3.80-\$4.00.



APPENDIX

Reconciliation of 4th Quarter 2014 Earnings Per Share and 4th Quarter 2013 Earnings Per Share

3 months ending Dec. 31, 2014	CECONY	O&R	Con Edison Development	Con Edison Energy	Con Edison Solutions	Parent	Total
Reported EPS – GAAP basis	\$0.52	\$0.04	(\$0.02)	\$0.01	(\$0.26)	(\$0.01)	\$0.28
Mark-to-Market losses/(gains)	-	-	-	-	0.28	-	0.28
Lease In/Lease Out transactions	-	-	0.02	-	-	-	0.02
Ongoing operations	\$0.52	\$0.04	-	\$0.01	\$0.02	(\$0.01)	\$0.58

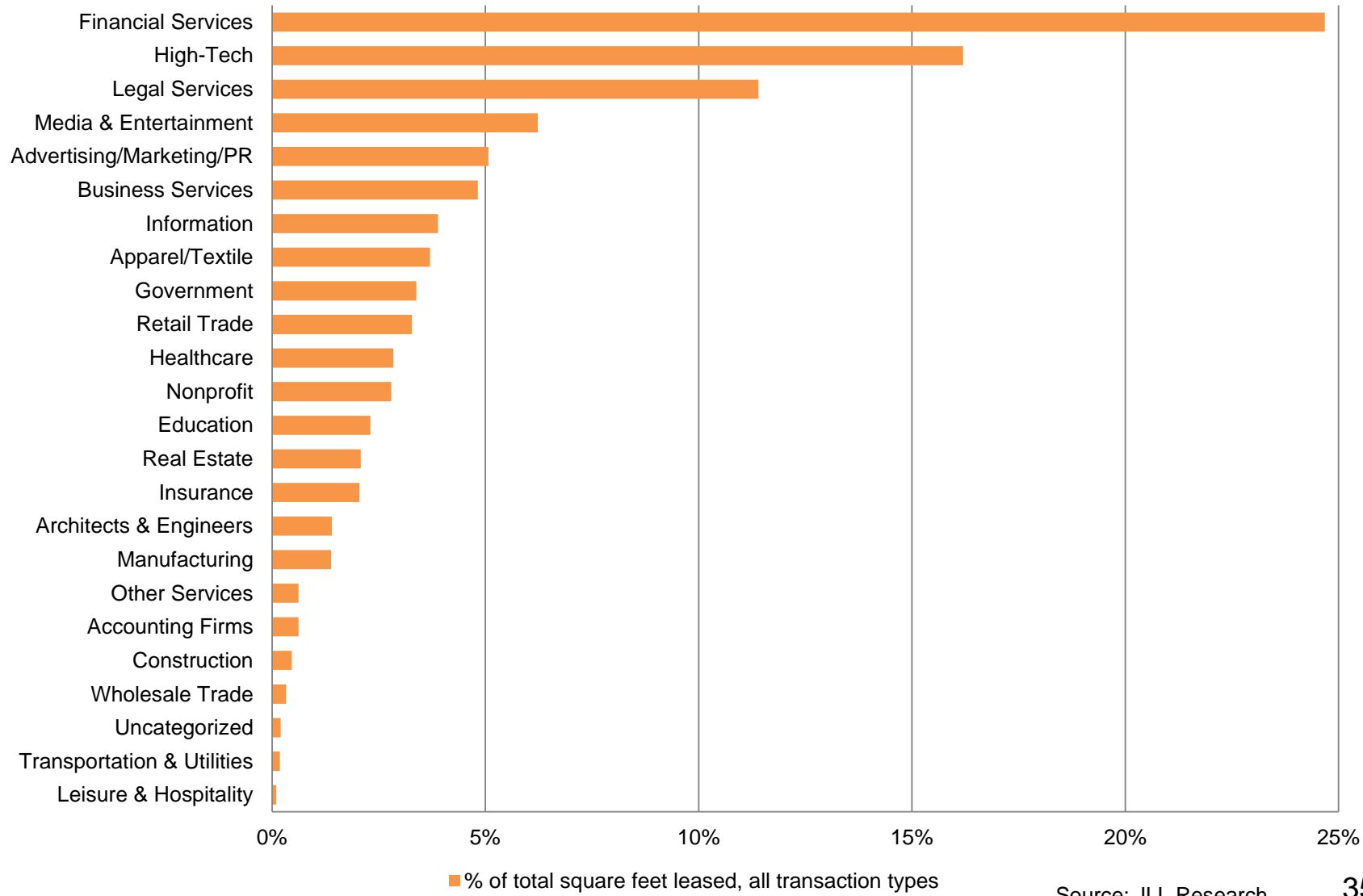
3 months ending Dec 31, 2013	CECONY	O&R	Con Edison Development	Con Edison Energy	Con Edison Solutions	Parent	Total
Reported EPS – GAAP basis	\$0.65	\$0.03	(\$0.01)	\$0.01	\$0.11	\$0.01	\$0.80
Mark-to-Market losses/(gains)	-	-	-	-	(0.11)	-	(0.11)
Ongoing operations	\$0.65	\$0.03	(\$0.01)	\$0.01	-	\$0.01	\$0.69

Con Edison Development Solar and Wind Investment Portfolio

February 19, 2015

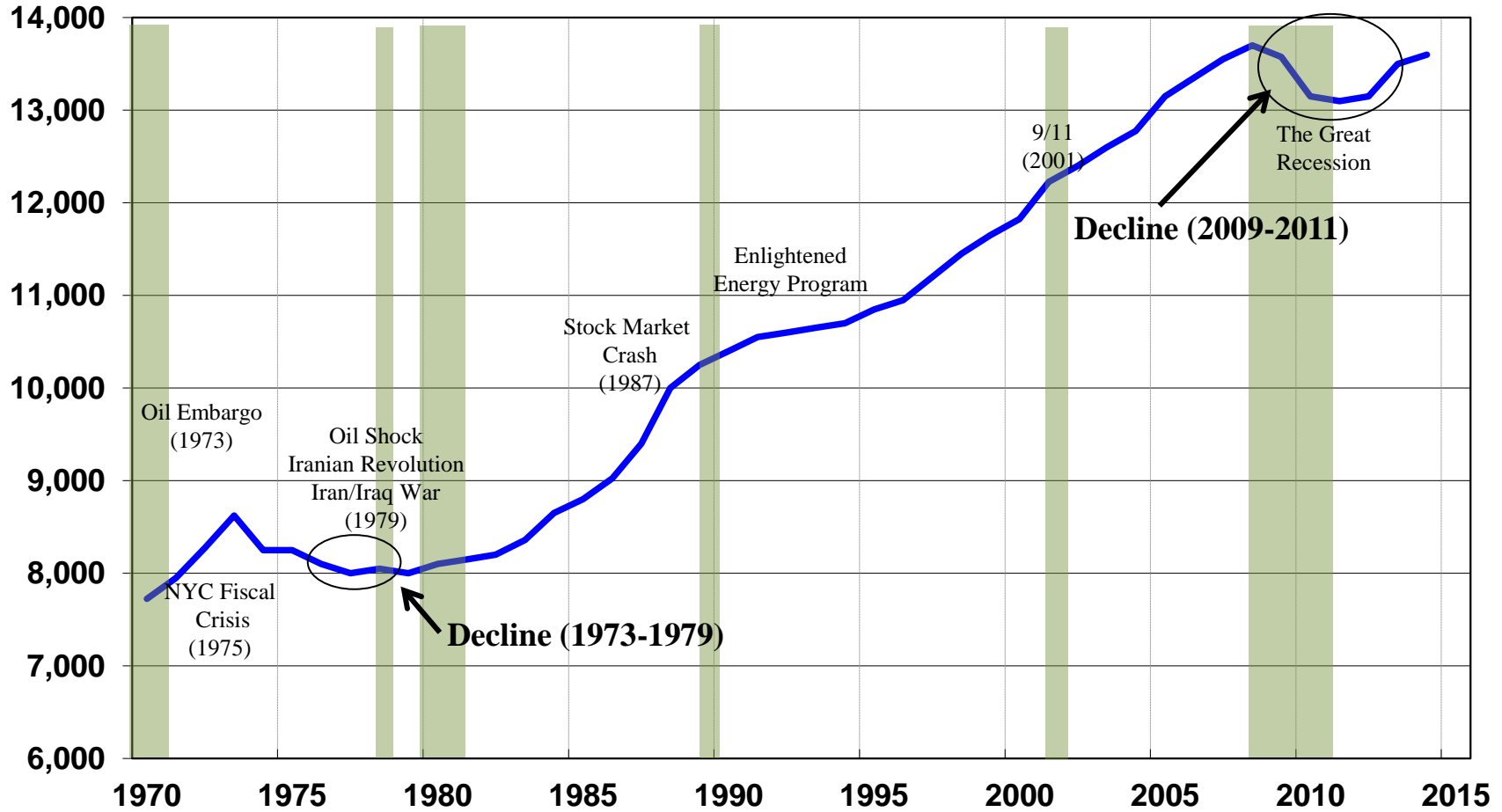
Project	Type	Location	MW (AC)	PPA			SREC Term	Actual / Expected
				Offtaker	PPA Term	In-service Date		
Operating - Projects > 3MW		Solar						
Pilesgrove	Solar	NJ	9	N/A	N/A	3 years	3Q11	
Flemington	Solar	NJ	8	N/A	N/A	3 years	4Q11	
PA Solar	Solar	PA	10	N/A	N/A	5 years	4Q12	
Alpaugh 50	Solar	CA	25	PG&E	25 years	part of PPA	4Q12	
Alpaugh North	Solar	CA	10	PG&E	25 years	part of PPA	4Q12	
White River 1	Solar	CA	10	PG&E	25 years	part of PPA	2Q13	
Corcoran 1	Solar	CA	10	PG&E	25 years	part of PPA	3Q13	
Mesquite Solar 1	Solar	AZ	83	PG&E	20 years	part of PPA	3Q13	
Copper Mountain Solar 2 Phase 1	Solar	NV	46	PG&E	25 years	part of PPA	3Q13	
Frenchtown III	Solar	NJ	8	N/A	N/A	3 years	4Q13	
White River 2	Solar	CA	20	PG&E	20 years	part of PPA	3Q14	
Texas Solar	Solar	TX	32	CPS	25 years	part of PPA	3Q14	
Copper Mountain Solar 3 (partial)	Solar	NV	92	LADWP	20 years	part of PPA	3Q14	
Broken Bow II Wind	Wind	NE	37	NPPD	25 years	part of PPA	4Q14	
Oak Tree Wind	Wind	SD	20	NWE	20 years	part of PPA	4Q14	
Projects of 3 MW or less	Solar		26					
Total MW Operating			446					
Construction/Development								
Corcoran 2	Solar	CA	20	SCE	20 years	part of PPA	2015	
Atwell West	Solar	CA	20	SCE	20 years	part of PPA	2015	
Copper Mountain Solar 3 (partial)	Solar	NV	36	LADWP	20 years	part of PPA	2015	
Copper Mountain Solar 2 Phase 2	Solar	NV	29	PG&E	25 years	part of PPA	2015	
Texas Solar 3	Solar	TX	5	CPS	25 years	part of PPA	2015	
Avenal Solar	Solar	CA	15	PG&E	20 years	part of PPA	2016	
Oro Loma Solar	Solar	CA	20	PG&E	20 years	part of PPA	2016	
Total MW			145					

Manhattan Leasing Activity for 2014



Source: JLL Research.

Historical Electricity Peak Demand*



*Design Weather Conditions

Source: Consolidated Edison Company of New York

Composition of Rate Base

(as of December 31, 2014)

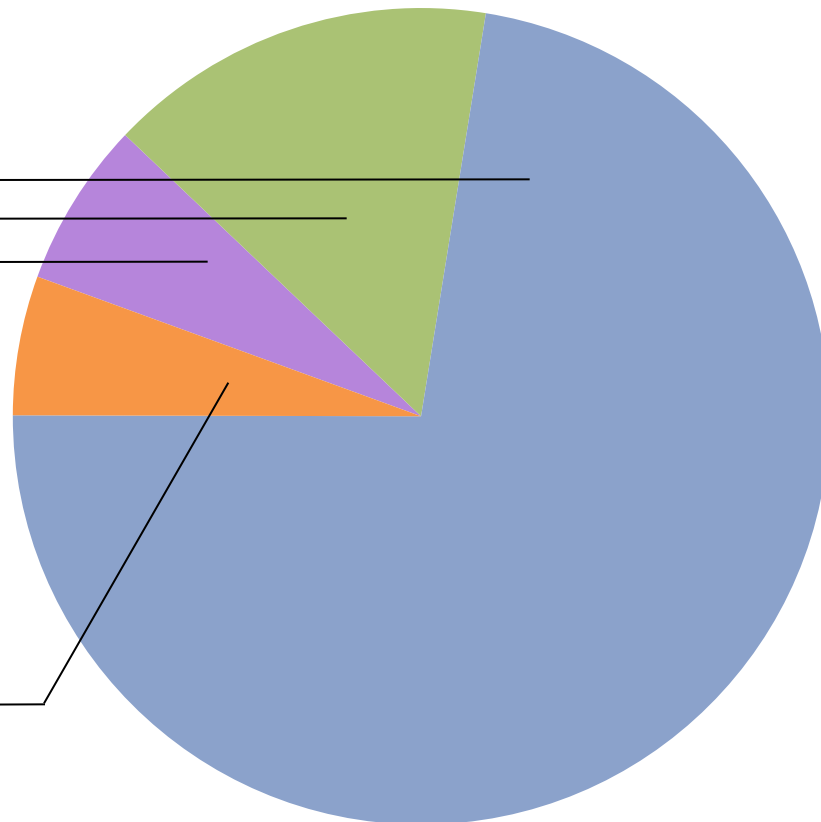
Rate Base* (\$ millions)

Con Edison of New York

Electric	(NY)	\$ 17,094
Gas	(NY)	\$ 3,699
Steam	(NY)	\$ 1,536
Total CECONY		\$ 22,329

Orange and Rockland

Pike Gas	(PA)	\$ 2
Pike Electric	(PA)	\$ 15
Rockland Electric	(NJ)	
(distribution)		\$ 180
(transmission)		\$ 20
O&R Gas	(NY)	\$ 373
O&R Electric	(NY)	\$ 727
Total O&R		\$ 1,317

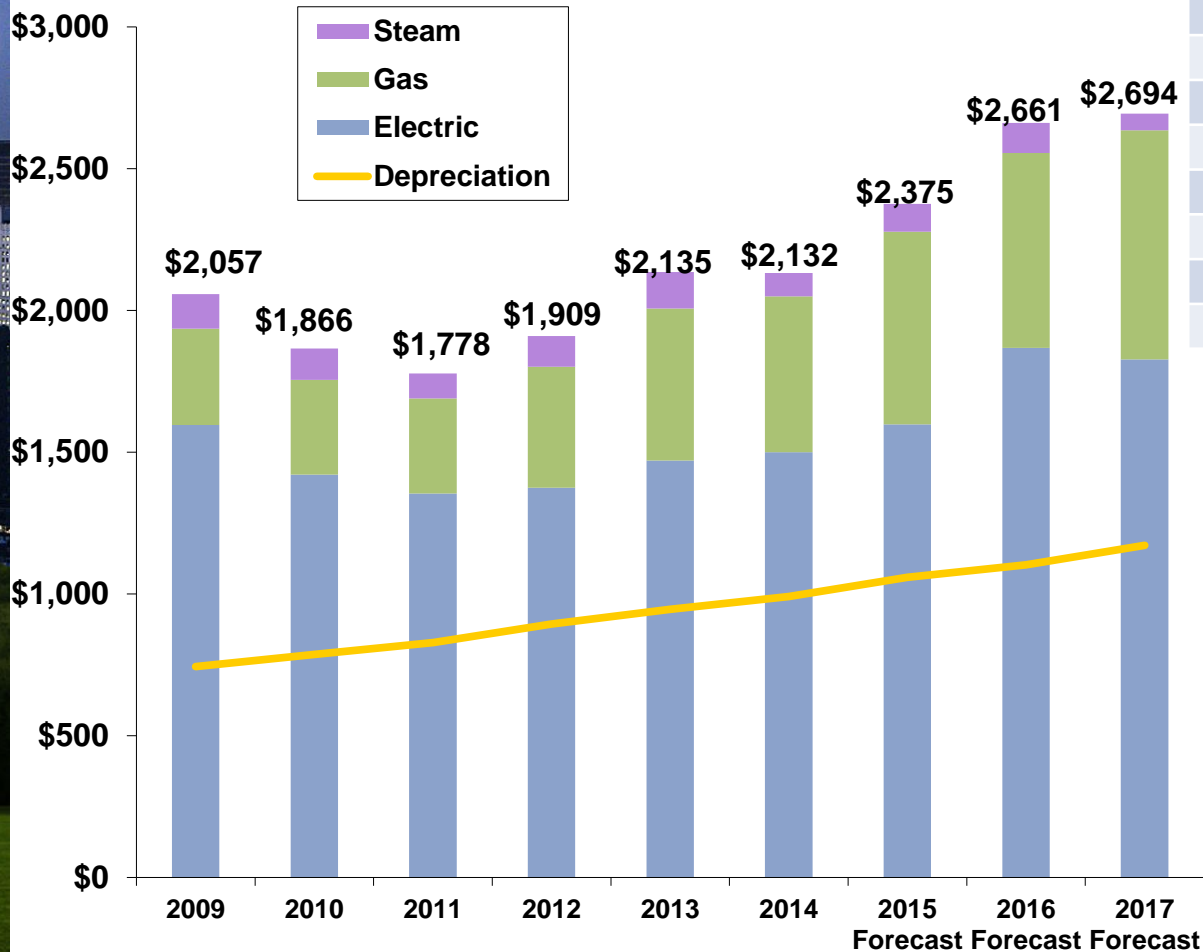


Total Rate Base \$23,646

* Average rate base for 12 months ending 12/31/2014.

Con Edison of New York Infrastructure Investment

(\$ millions)



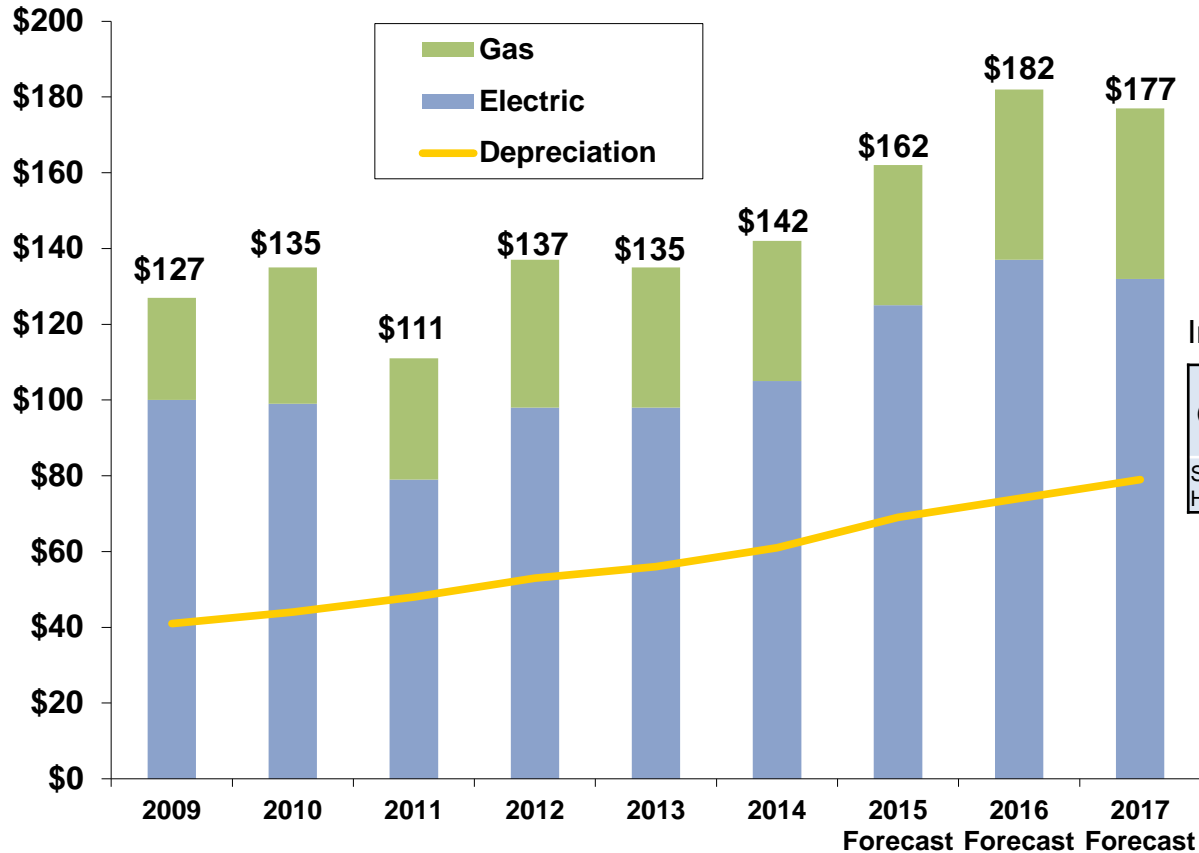
	Electric	Gas	Steam	Depreciation
Actual				
2008	1743	338	121	672
2009	1596	339	122	744
2010	1421	334	111	787
2011	1354	335	89	829
2012	1375	426	108	894
2013	1471	536	128	946
2014	1500	549	83	991
Forecast				
2015	1598	679	98	1059
2016	1868	687	106	1103
2017	1827	808	59	1172

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

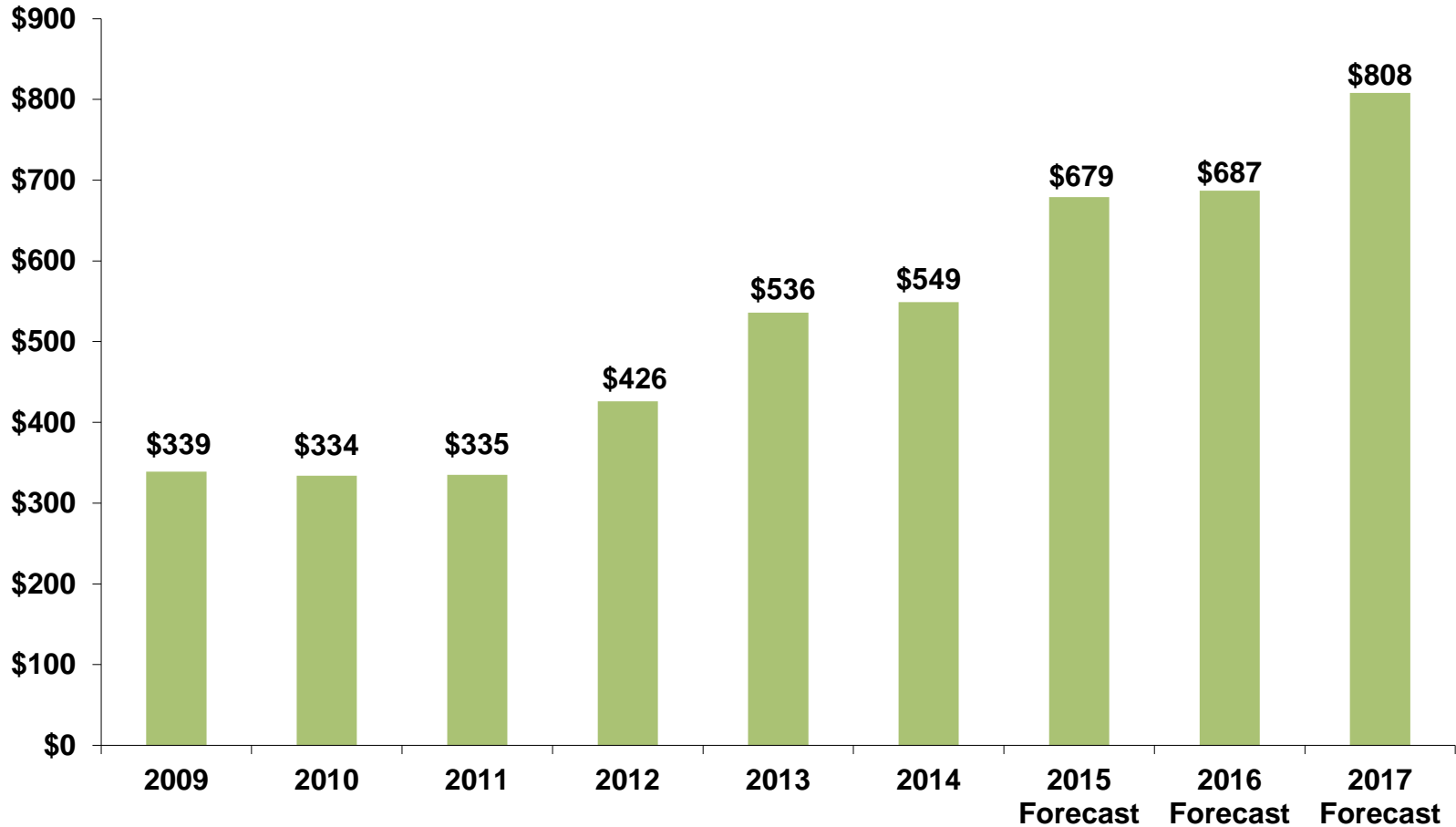
Source of capex forecasts: 2014 10-K

Con Edison of New York

Gas Distribution Infrastructure Investment

(\$ millions)

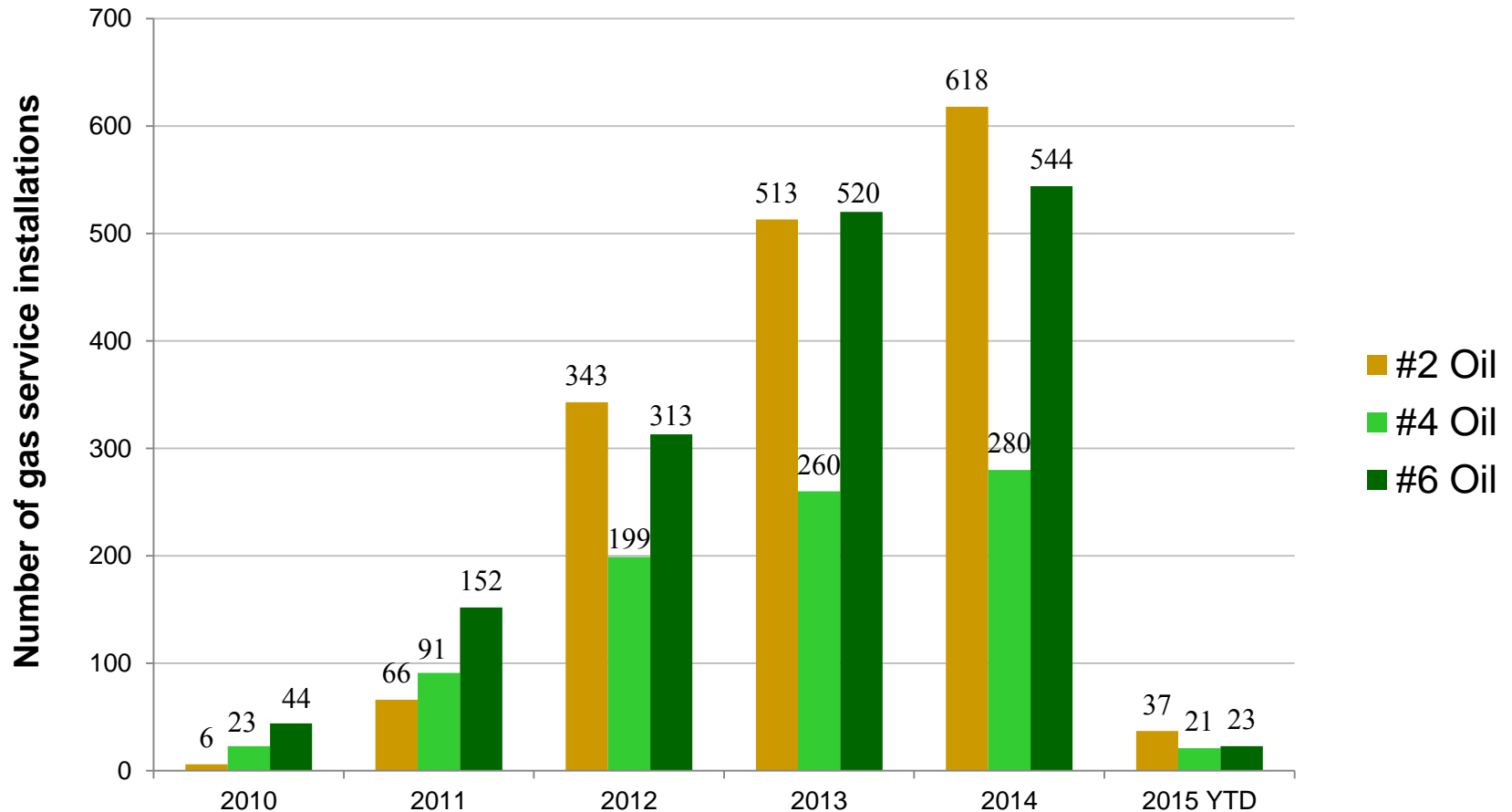
Main replacement
annual targets:
2014 – 60 miles
2015 – 65 miles
2016 – 70 miles



Source of forecasts: 2014 10-K

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

2014 YTD through January 31st

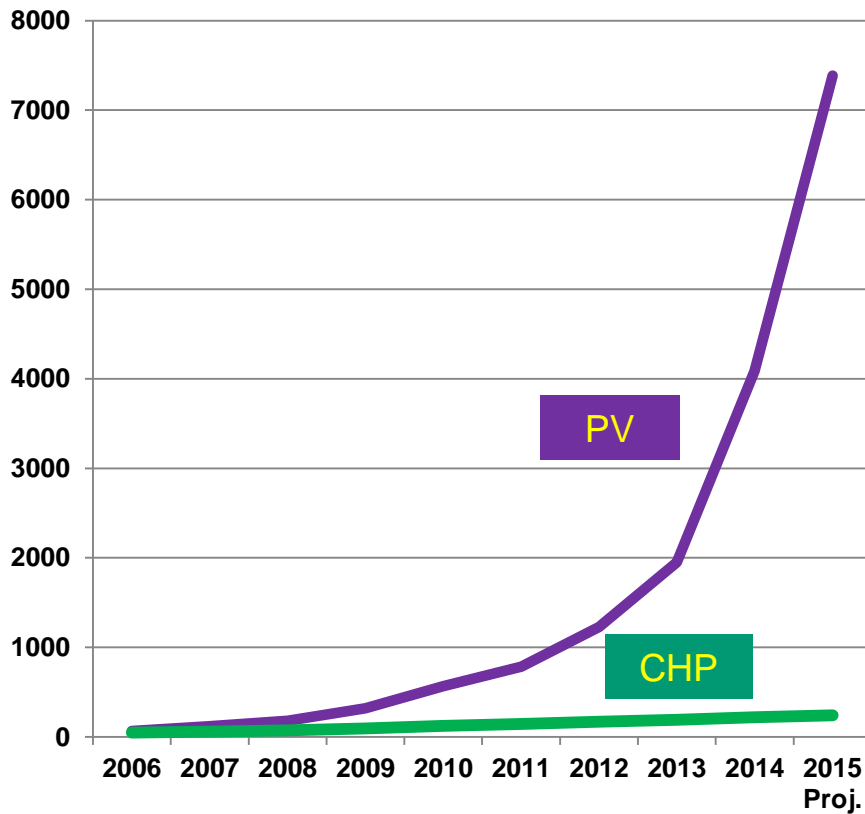


Note: Multi-family buildings include 5 or more families. Figures for #2 oil include burners rated 350,000 BTUs or higher.

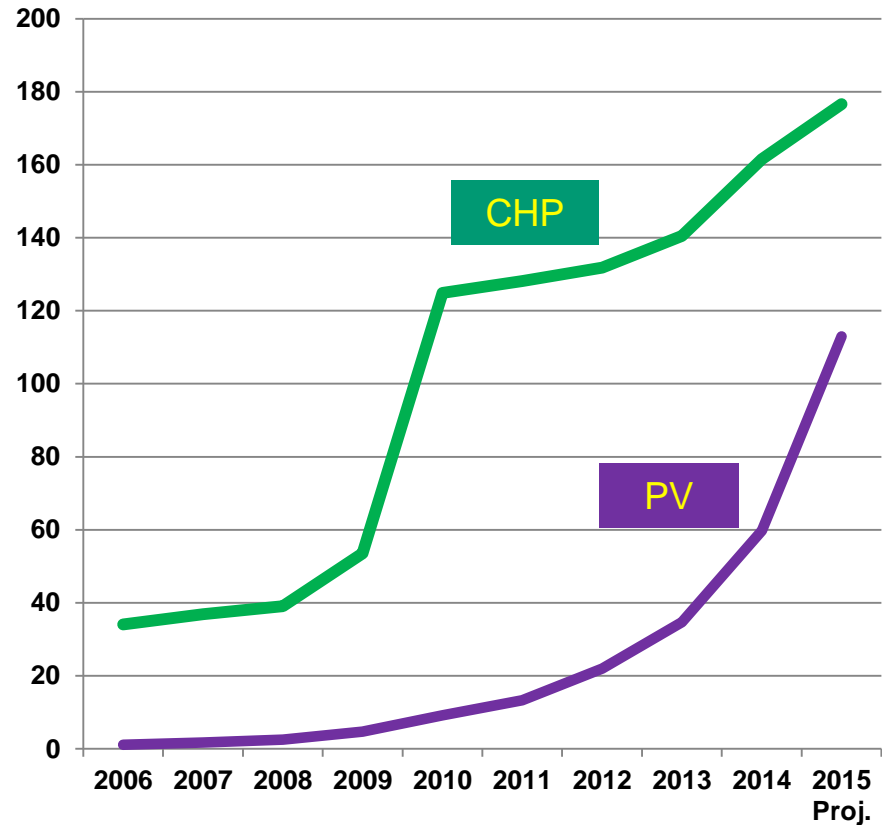
Con Edison of New York Distributed Generation

Adoption Trends in Service Area

Total Installations



Total Installed Capacity



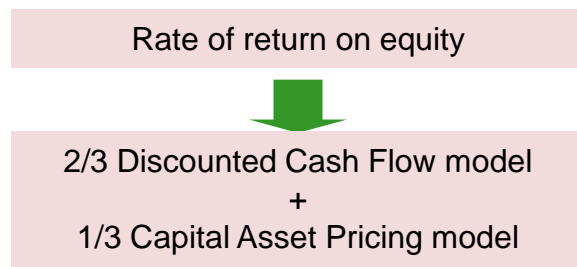
Source: Consolidated Edison Company of New York.

NY PSC's Formulaic Approach to ROE

Recent Rate Decisions in New York

Date	Company	ROE	Term
09/06	CECONY Steam	9.80%	2 years
10/06	O&R Gas	9.80%	3 years
08/07	Keyspan Gas	9.80%	5 years
09/07	CECONY Gas	9.70%	3 years
10/07	O&R Electric	9.10%	1 year
12/07	National Fuel Gas	9.10%	1 year
03/08	CECONY Electric	9.10%	1 year
06/08	O&R Electric	9.40%	3 years
09/08	CECONY Steam	9.30%	2 years
04/09	CECONY Electric	10.00%	1 year
05/09	Niagara Mohawk Gas	10.20%	2 years
06/09	Central Hudson	10.00%	1 year
09/09	Corning Gas	10.70%	2 years
10/09	O&R Gas	10.40%	3 years
03/10	CECONY Electric	10.15%	3 years
06/10	Central Hudson	10.00%	3 years
09/10	CECONY Gas	9.60%	3 years

Date	Company	ROE	Term
09/10	CECONY Steam	9.60%	3 years
09/10	Energy East (RGE/NYSEG)	10.00%	40 months
06/11	Niagara Mohawk Electric	9.30%	2 years
06/11	O&R Electric	9.20%	1 year
04/12	Corning Gas	9.50%	3 years
06/12	O&R Electric	9.40%	1 st year
		9.50%	2 nd year
		9.60%	3 rd year
04/13	Niagara Mohawk Electric & Gas	9.30%	3 years
06/13	Keyspan Gas	9.40%	2 years
02/14	CECONY Gas and Steam	9.30%	3 years
02/14	CECONY Electric	9.20%	2 years
05/14	National Fuel Gas	9.10%	2 years
11/14	Central Hudson Gas and Electric		
	Staff Recommendation	8.70%	1 year
	Joint Proposal	9.00%	3 years



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_∞ = 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)
 - β is the risk of the individual share relative to that of the market: Value Line estimate for peer group

Summary of Rate Plans

Effective Period	Rate Changes	Rate Base	Amortization To Income of Net Regulatory (Assets) and Liabilities	Authorized Return on Equity (ROE) ^(a)
(Millions of Dollars, except percentages)				
CECONY – Electric ^(b)				
January 2014 - December 2015	Yr. 1 - \$(76.2) Yr. 2 - \$124	Yr. 1 - \$17,323 Yr. 2 - \$18,113	\$ (37) over 2 yrs.	9.2%
CECONY – Gas ^(b)				
January 2014 - December 2016	Yr. 1 - \$(54.6) Yr. 2 - \$38.6 Yr. 3 - \$56.8	Yr. 1 - \$3,521 Yr. 2 - \$3,863 Yr. 3 - \$4,236	\$4 over 3 yrs.	9.3%
CECONY – Steam ^(b)				
January 2014 - December 2016	Yr. 1 - \$(22.4) Yr. 2 - \$19.8 Yr. 3 - \$20.3	Yr. 1 - \$1,511 Yr. 2 - \$1,547 Yr. 3 - \$1,604	\$37 over 3 yrs.	9.3%
O&R – Electric (NY)				
July 2012 - June 2015	Yr. 1 - \$19.4 Yr. 2 - \$8.8 Yr. 3 - \$15.2	Yr. 1 - \$671 Yr. 2 - \$708 Yr. 3 - \$759	\$ (32) over 3 yrs.	Yr. 1 - 9.4% Yr. 2 - 9.5% Yr. 3 - 9.6%

(a) Most of any actual earnings above specified annual returns on equity are to be applied to reduce regulatory assets.

(b) The impact of these base rate changes is being deferred, which will result in regulatory liabilities at December 31, 2015 of \$30 million for electric and at December 31, 2016 of \$32 million and \$8 million for gas and steam, respectively. Pursuant to NYSPSC orders, a portion of the company's revenues is being collected subject to refund.