SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 8-K

Current Report

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report: February 29, 1996

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
(Exact name of registrant as specified in charter)

New York	1-1217	13-5009340
(State of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

4 Irving Place, New York, NY 10003
(Address of principal executive offices)

Registrant's telephone number: (212) 460-4600

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 5. OTHER EVENTS

On February 29, 1996, the Company entered into an underwriting agreement with Lehman Brothers Inc., as representative of the underwriters named therein, for the sale of $275 million aggregate principal amount of the Company's 7 3/4% Quarterly Income Capital Securities (Series A Subordinated Deferrable Interest Debentures) (the "Offered Securities"). The Offered Securities were registered under the Securities Act of 1933 pursuant to certain Registration Statements on Form S-3 (Nos. 33-62266, declared effective May 11, 1993, and 33-64657, declared effective December 8, 1995) relating to $1.205 billion aggregate principal amount of unsecured debt securities of the Company, of which $605 million have been sold in previous offerings of debt securities.

It is expected that the net proceeds to be received by the Company from the sale of the Offered Securities, along with other funds of the Company, will be applied to purchase and retire preferred stock tendered and accepted for payment pursuant to the Company's Offer to Purchase, dated January 29, 1996; to redeem other series of the Company's preferred stock; and to pay related expenses.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

1 Underwriting Agreement relating to the Offered Securities.

4 Form of Offered Securities.

8 Tax Opinion of Reid & Priest LLP, dated February 29, 1996.

12 Statement of computation of ratio of earnings to fixed charges for the years ended December 31, 1995, 1994, 1993, 1992 and 1991.

23.1 Consent of Reid & Priest LLP. (Included as part of Exhibit 8.)

23.2 Consent of Price Waterhouse LLP.

27 Financial Data Schedule. (To the extent provided in Rule 402 of Regulation S-T, this exhibit shall not be deemed "filed", or otherwise subject to liabilities, or be deemed part of a registration statement.)

99.1 Consolidated balance sheet and statement of capitalization at December 31, 1995 and 1994, and related consolidated statements of income, of retained earnings, and of cash flows for each of the three years in the period ended December 31, 1995, and the notes thereto, of Consolidated Edison Company of New York, Inc. and its subsidiaries ("1995 Financial Statements").

99.2 Report of Price Waterhouse LLP, dated February 27, 1996, relating to the 1995 Financial Statements.

99.3 Management's Discussion and Analysis of Financial Condition and Results of Operations, dated February 27, 1996 ("MD&A") relating to the 1995 Financial Statements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

By: RAYMOND J. MCCANN

Raymond J. McCann
Executive Vice President
and Chief Financial Officer

DATE: February 29, 1996

Index to Exhibits

Exhibit	Description	Sequential Page Number at which Exhibit Begins
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UNDERWRITING AGREEMENT

February 29, 1996

To the Representative Named
on the Signature Page Hereof:

Dear Sirs:

Subject to the terms and conditions stated or incorporated by reference herein, Consolidated Edison Company of New York, Inc. (the "Company") hereby agrees to sell to the Underwriters named in Schedule I hereto (the "Underwriters") and the Underwriters hereby agree to purchase, severally and not jointly, the principal amount set forth opposite their names in Schedule I hereto of the securities specified in Schedule II hereto (the "Designated Securities").

The representative named on the signature page hereof (the "Representative") represents that the Underwriters have authorized the Representative to enter into this Underwriting Agreement and to act hereunder on their behalf.

Except as otherwise provided in Schedule II hereto each of the provisions of the Company's Underwriting Agreement Basic Provisions, dated April 16, 1992, as filed as Exhibit 1(b) to Registration Statement No. 33-47261 (the "Basic Provisions"), is incorporated herein by reference in its entirety, and shall be deemed to be a part of this Agreement to the same extent as if such provisions had been set forth in full herein. Unless otherwise defined herein, terms defined in the Basic Provisions are used herein as therein defined.

Payment for the Designated Securities will be made against delivery thereof to the Representative for the accounts of the respective Underwriters at the time and place and at the purchase price to the Underwriters set forth in Schedule II hereto.

If the foregoing is in accordance with your understanding, please sign and return to us counterparts hereof, and upon acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof, including the Basic Provisions incorporated herein by reference, shall constitute a binding agreement between each of the Underwriters and the Company.

Very truly yours,

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

By:RAYMOND J. MCCANN
Raymond J. McCann
Executive Vice President
and Chief Financial Officer

Confirmed and Accepted as of the date hereof on behalf of itself and each other Underwriter:

LEHMAN BROTHERS INC.

By: ROBERT D. CRAIG
Robert D. Craig
Attorney in fact

SCHEDULE I

Underwriter	Principal Amount of Designated Securities to be Purchased
Lehman Brothers Inc.	$ 30,625,000
Dean Witter Reynolds Inc.	30,000,000
A.G. Edwards & Sons, Inc.	30,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	30,000,000
PaineWebber Incorporated	30,000,000
Prudential Securities Incorporated	30,000,000
Smith Barney Inc.	30,000,000
Bear, Stearns & Co. Inc	3,125,000
J.C. Bradford & Co.	3,125,000
Dillon, Read & Co. Inc.	3,125,000
Everen Securities, Inc.	3,125,000
Goldman, Sachs & Co.	3,125,000
Legg Mason Wood Walker, Incorporated	3,125,000
J.P. Morgan Securities Inc.	3,125,000
Piper Jaffray Inc.	3,125,000
Advest, Inc.	1,125,000
Robert W. Baird & Co. Incorpoprated	1,125,000
M.R. Beal & Company	1,125,000
J.W. Charles Securities, Inc.	1,125,000
Coast Partners Securities, Inc.	1,125,000
Cowen & Company	1,125,000
Craigie Incorporated	1,125,000
Dain Bosworth Incorporated	1,125,000
Davenport & Co. of Virginia, Inc.	1,125,000
Doft & Co., Inc.	1,125,000
Fahnstock & Co. Inc.	1,125,000
First Albany Corporation	1,125,000
First Southwest Company	1,125,000
Furman Selz LLC	1,125,000
Gruntal & Co., Incorporated	1,125,000
J.J.B. Hilliard, W.L. Lyons, Inc.	1,125,000
Interstate/Johnson Lane Corporation	1,125,000
Janey Montgomery Scott Inc.	1,125,000
McDonald & Company Securities, Inc.	1,125,000
McGinn, Smith & Co., Inc.	1,125,000
Morgan Keegan & Company, Inc.	1,125,000
The Ohio Company	1,125,000
Olde Discount Corporation	1,125,000
Principal Financial Securities, Inc.	1,125,000
Pryor, McClendon, Counts & Co., Inc.	1,125,000
Rauscher Pierce Refsnes, Inc.	1,125,000
Raymond James & Associates, Inc.	1,125,000
The Robinson-Humphrey Company, Inc.	1,125,000
Muriel Siebert & Co., Inc.	1,125,000
Stephens Inc.	1,125,000
Sterne, Agee & Leach, Inc.	1,125,000
U.S. Clearing Corp.	1,125,000
Wedbush Morgan Securities	1,125,000
Wheat, First Securities, Inc.	1,125,000
B.C. Ziegler & Company	1,125,000
Total	$275,000,000

SCHEDULE II

Title of Designated Securities:

7 3/4% Quarterly Income Capital Securities
(Series A Subordinated Deferrable Interest Debentures)

Aggregate principal amount:

$275,000,000.

Price to Public:

Initially $25.00 for each $25.00 principal amount of the Designated Securities (each such principal amount of the Designated Securities is referred to herein as a "Capital Security"), thereafter at market prices prevailing at the time of sale or at negotiated prices.

Purchase Price by Underwriters:

$24.2125 per Capital Security, except that for sales to institutions considered as such under investment banking industry practice the purchase price will be $24.50 per Capital Security.

Specified funds for, and manner of, payment of purchase price:

Two Federal Reserve Bank checks payable in immediately available funds. One check shall be payable to the order of "The Chase Manhattan Bank, N.A., as Securities Depositary." The other check shall be payable to the order of "Consolidated Edison Company of New York, Inc." The checks shall be in such amounts, as Con Edison shall advise the Representative, provided that the aggregate amount of the checks shall equal the Purchase Price by Underwriters.

Indenture:

Indenture, dated as of December 1, 1990, between the Company and The Chase Manhattan Bank (National Association), as Trustee, as to be amended and supplemented by a First Supplemental Indenture to be entered into between Company, and the Trustee substantially in the form filed as Exhibit 4.2 to the Company's Registration Statement on Form S-3 (No. 33-64657; declared effective by the SEC on December 8, 1995).

Maturity:

March 31, 2031.

Interest Rate:

As set forth in the prospectus supplement, dated February 29, 1996, for the Designated Securities (the "Prospectus Supplement") to the prospectus, dated December 8, 1995 (the "Prospectus") filed with the Securities and Exchange Commission (the "SEC") pursuant to Rule 424(b)(2) under the Securities Act of 1933, as amended, as part of the Registration Statement.

Interest Payment Dates:

As set forth in the Prospectus Supplement, including the terms upon which the Company may elect to not pay interest on an interest payment date.

Redemption Provisions:

As set forth in the Prospectus Supplement.

Sinking Fund Provisions:

None.

Subordination Provisions:

As set forth in the Prospectus Supplement.

Time of Delivery:

10:00 a.m., on March 6, 1996.

Closing Location:

Room 1810-S at the Company, 4 Irving Place, New York, NY 10003.

Information furnished by or on behalf of the Underwriters for use in the Prospectus for the Designated Securities:

1. The paragraphs regarding stabilization on page 2 of the Prospectus and page S-3 of the Prospectus Supplement.

2. The final paragraph of the front cover of the Prospectus Supplement.

3. The third and fourth paragraphs (except for the second sentence in the fourth paragraph) of the section entitled "Underwriting" in the Prospectus Supplement.

Address of Representative:

Lehman Brothers Inc.
3 World Financial Center
New York, New York 10285
Attention: James C. Penrose

Captions in the Prospectus referred to in Section 6(c)(xi) of the Basic Provisions:

Description of Securities
Certain Terms of the Capital Securities

Modifications of Basic Provisions:

1. Delete Section 3 of the Basic Provisions in its entirety and substitute the following:

   "One or more Global Securities (as defined in the Indenture specified in the Underwriting agreement) for the Designated Securities in the aggregate principal amount of the Designated Securities shall be registered in the name of Cede & Co. and delivered to The Depository Trust Company with instructions to credit the Designated Securities to the account of, or as otherwise instructed by, the Representative against payment by the Representative of the purchase price therefor in the amount, the funds and manner specified in the Underwriting Agreement, at the place, time and date specified in the Underwriting Agreement or at such other place, time and date as the Representative and the Company may agree in writing, said time and date being herein referred to as the "Time of Delivery" for said Designated Securities.

2. Delete Section 6(c)(ii) of the Basic Provisions in its entirety and substitute the following:

   "(ii) The Company has authorized equity capitalization as set forth, or incorporated by reference, in the Prospectus;"

3. In Sections 1(g) and 6(c)(iii) of the Basic Provisions, insert "law or" immediately before the phrase "principles of public policy."

4. In Section 7(a) of the Basic Provisions, insert "promptly as such expenses are incurred" immediately before the phrase "; provided, however,".

5. In Section 7(e) of the Basic Provisions, add at the end: The foregoing provisions regarding contribution shall apply except as otherwise required by applicable law.

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Company or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.]

REGISTERED REGISTERED

Consolidated Edison Company of New York, Inc.
7 3/4% QUARTERLY INCOME CAPITAL SECURITIES
(SERIES A SUBORDINATED DEFERRABLE INTEREST DEBENTURES)

INTEREST RATE	MATURITY DATE	CUSIP
7 3/4% Per annum	March 31, 2031	209111 84 8

REGISTERED HOLDER: [Cede & Co.]

PRINCIPAL SUM: [_______________________ DOLLARS ($___,___,___)]

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., a New York corporation (hereinafter called the "Company", which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to the registered holder named above or registered assigns, on the maturity date stated above, unless redeemed prior thereto as hereinafter provided, the principal sum stated above and to pay interest thereon from March 6, 1996, or from the most recent interest payment date through which interest has been duly paid or provided for, on March 31, 1996 and thereafter quarterly on March 31, June 30, September 30 and December 31 of each year, at the interest rate stated above, until the date on which the payment of such principal sum has been made or duly provided for; provided, however, that during an Extension Period (hereinafter defined) all interest otherwise payable on such principal sum during such Extension Period (together, to the extent permitted by applicable law, with interest thereon at the interest rate stated above) will be payable on the interest payment date that occurs on the last day of the Extension Period.

This security is one of a duly authorized series of an issue of unsecured debt securities of the Company designated as its 7 3/4% Quarterly Income Capital Securities (Series A Subordinated Deferrable Interest Debentures) (herein called the "Capital Securities"), issued and to be issued under an Indenture, dated

as of December 1, 1990, between the Company and The Chase Manhattan Bank (National Association), Trustee (hereinafter called the "Trustee", which term includes any successor trustee thereto) (the "Basic Indenture"), as amended and supplemented by a First Supplemental Indenture, dated March 6, 1996, between the Company and the Trustee (together with the Basic Indenture, the "Indenture"). Reference is made to the Indenture and any supplemental indenture thereto for the provisions relating, among other things, to the respective rights of the Company, the Trustee and the holders of the Capital Securities, and the terms on which the Capital Securities are, and are to be, authenticated and delivered.

The Company may at any time and from time to time during the term of the Capital Securities extend the interest payment period to a period not exceeding 20 consecutive quarters (an "Extension Period") by electing to not pay interest on the Capital Securities on an interest payment date. During any such Extension Period, the Company shall not declare or pay any dividend on, or redeem, purchase, acquire or make a liquidation payment with respect to, any of its capital stock. Prior to the end of any such Extension Period, the Company may further extend the interest payment period, provided that such Extension Period, together with all such previous and further extensions thereof, may not exceed 20 consecutive quarters or extend beyond the maturity of the Capital Securities. Upon the end of any Extension Period and the payment of all amounts then due, the Company may initiate a new Extension Period, provided that such new Extension Period, together with any extension thereof, may not exceed 20 consecutive quarters or extend beyond the maturity of the Capital Securities. Other than on the last day thereof, no interest on the Capital Securities shall be due and payable during an Extension Period and the failure to pay interest during any such period shall not be an Event of Default (as defined in the Indenture).

The Company shall give the holders of the Capital Securities notice of its initiation or extension of any such Extension Period not later than ten Business Days (as defined herein) prior to the earlier of (i) the record date for the first interest payment that, absent such initiation or extension, would otherwise be due, or (ii) if applicable, the date the Company is required to give notice to the New York Stock Exchange or other self-regulatory organization of such record date.

The interest payable on the Capital Securities on any interest payment date, including any interest payable with respect to an Extension Period, shall be computed on the basis of a 360-day year of twelve 30-day months, and will be paid to the registered holder of the Capital Securities at the close of business on the fifteenth day of the month in which such interest payment date occurs, except as otherwise provided in the Indenture.

In the event that any interest payment date is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such interest payment date. A "Business Day" shall mean any day other than a day on which banking institutions in New York City are authorized or obligated by law to close.

The principal of this Capital Security, when due and payable, shall, upon presentation and surrender hereof, be paid at the principal office of the Company. The interest on this Capital Security, when due and payable, shall be paid at the principal office of the Company, or at the option of the Company, by check mailed to the address of the registered holder hereof or registered assigns as such address shall appear in the Security Register. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

The Company may redeem the Capital Securities, as a whole at any time, or in part from time to time, on or after March 31, 2001 at 100% of the principal amount of the Capital Securities to be redeemed together with unpaid accrued interest thereon to the date fixed for redemption.

At any time after the occurrence of a Tax Event, the Company may redeem the Capital Securities, in whole but not in part, at 100% of the principal amount of the Capital Securities together with unpaid accrued interest to the date fixed for redemption. "Tax Event" means the receipt by the Company of an opinion of counsel experienced in such matters to the effect that, as a result of (a) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of the United States or any taxing authority thereof or therein affecting taxation, (b) any judicial decision or any official administrative pronouncement, ruling, regulatory procedure, notice or

announcement (including any notice or announcement of intent to issue or adopt any such administrative pronouncement, ruling, regulatory procedure or regulation) (each, an "Administrative Action"), or (c) any amendment to, clarification of, or change in the official position or the interpretation of any such Administrative Action or judicial decision or any interpretation or pronouncement that provides for a position with respect to such Administrative Action or judicial decision that differs from the theretofore generally accepted position, in each case by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective, which Administrative Action is taken or which judicial decision is issued, in each case on or after the date of issuance of the Capital Securities, there is more than an insubstantial risk that interest payable by the Company on the Capital Securities is not, or will not be, fully deductible for United States federal income tax purposes.

The obligations of the Company under the Capital Securities are subordinate and junior in right of payment to Senior Indebtedness (as defined in the Indenture), and this Capital Security is issued subject to the provisions of the Indenture with respect thereto. Holders of Capital Securities, by accepting same, (a) agree to be bound by such subordination provisions, (b) authorize and direct the Trustee on their behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination so provided, and (c) appoint the Trustee their attorney-in-fact for any and all such purposes. Holders of Capital Securities, by accepting same, hereby waive all notice of the acceptance of the subordination provisions by each holder of Senior Indebtedness, whether now outstanding or hereinafter incurred, and waive reliance by each such holder upon such provisions.

If an Event of Default shall have occurred and be continuing, with respect to the Capital Securities, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture. Any such declaration may be rescinded by holders of a majority in principal amount of the outstanding Capital Securities if all Events of Default with respect to the Capital Securities (other than the non-payment of principal of the Capital Securities which shall have become due by such declaration) shall have been remedied.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than a majority in aggregate principal amount of the Capital Securities at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to the Indenture or to any supplemental indenture with respect to the Capital Securities, or modifying in any manner the rights of the holders of the Capital Securities; provided, however, that no such supplemental indenture shall (i) extend the maturity of any Capital Security, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon or make the principal thereof or interest thereon payable in any coin or currency other than that in the Capital Securities provided, without the consent of the holder of each Capital Security so affected, or (ii) reduce the aforesaid principal amount of Capital Securities, the holders of which are required to consent to any such supplemental indenture without the consent of the holders of all Capital Securities then outstanding.

The Capital Securities are issuable as registered Capital Securities only, in the denomination of $25 and any integral multiples thereof approved by the Company, such approval to be evidenced by the execution thereof.

This Capital Security is transferable by the registered holder hereof in person or by his attorney duly authorized in writing on the books of the Company at the office or agency to be maintained by the Company for that purpose, but only in the manner, subject to the limitations and upon payment of any tax or governmental charge for which the Company may require reimbursement as provided in the Indenture, and upon surrender and cancellation of this Capital Security. Upon any registration of transfer, a new registered Capital Security or Capital Securities, of authorized denomination or denominations, and in the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Company, the Trustee, any paying agent and any Security registrar may deem and treat the registered holder hereof as the absolute owner of this Capital Security (whether or not this Capital Security shall be overdue and notwithstanding any notations of ownership or other writing hereon made by anyone other than the Security registrar) for the purpose of receiving payment of or on account of the principal hereof and interest due hereon as herein provided and for all other purposes, and neither the Company nor the Trustee nor any paying agent nor any Security registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or interest on this Capital Security, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator or against any past, present or future stockholder, officer or member of the Board of Trustees, as such, of the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

This Capital Security shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of the State of New York.

This Capital Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the certificate of authentication on the face hereof is manually signed by the Trustee.

IN WITNESS WHEREOF, the Company has caused this Capital Security to be signed by the manual or facsimile signatures of a Vice President and the Treasurer of the Company, and a facsimile of its corporate seal to be affixed or reproduced hereon.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By Executive Vice President
and Chief Financial Officer

By Treasurer

[SEAL]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION
This is one of the Securities of the series designated herein issued under the Indenture described herein.

THE CHASE MANHATTAN BANK
(National Association),
as Trustee

By

Authorized Officer

February 29, 1996

Consolidated Edison Company
of New York, Inc.
4 Irving Place
New York, New York 10003

Ladies and Gentlemen:

We refer you to the prospectus supplement, dated February 29, 1996, (the "Prospectus Supplement") and the prospectus, dated December 8, 1995, to be used in connection with the offering of the Company's Quarterly Income Capital Securities (Series A Subordinated Deferrable Interest Debentures) (the "Capital Securities") and to the Registration Statements on Form S-3 (Nos. 33-62266 and 33-64657), declared effective by the Securities and Exchange Commission ("SEC") on May 11, 1993 and December 8, 1996, respectively (the "Registration Statements").

We have acted as your special tax counsel with respect to the Capital Securities. We are of the opinion that the statements under the caption "Certain United States Federal Income Tax Consequences" in the Prospectus Supplement constitute an accurate description, in general terms, of certain of the material Federal income tax consequences that may be relevant to prospective purchasers of the Capital Securities.

We hereby consent to the use of our name under the captions "Certain United States Federal Income Tax Consequences" and "Legal Matters" in the Prospectus Supplement and the filing of this opinion with the SEC in connection with the Registration Statements.

Very truly yours,

REID & PRIEST LLP

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
Computation in Support of
Ratio of Earnings to Fixed Charges
Years 1991 to 1995
(Thousands of Dollars)

	1995	1994	1993	1992	1991
EARNINGS					
Net Income	$723,850	$734,270	$658,522	$604,088	$566,910
Federal Income Tax	328,600	374,500	270,800	252,600	209,900
Federal Income Tax Deferred	78,330	73,710	106,470	81,670	94,950
Investment Tax Credits Deferred	(9,310)	(9,620)	(12,260)	(13,800)	(13,800)
Total Earnings Before Federal Income Tax	1,121,470	1,172,860	1,023,532	924,558	857,960
Fixed Charges*	350,254	327,352	320,554	315,305	314,661
Total Earnings Before Federal Income Tax and Fixed Charges	$1,471,724	$1,500,212	$1,344,086	$1,239,863	$1,172,621
*FIXED CHARGES					
Interest on Long-Term Debt	$287,842	$277,684	$272,781	$270,468	$269,420
Amortization of Debt Discount, Premium and Expenses	14,075	11,376	8,975	3,974	1,941
Interest Component of Rentals	19,383	18,439	19,077	19,175	20,778
Other Interest	28,954	19,853	19,721	21,688	22,522
Total Fixed Charges	$350,254	$327,352	$320,554	$315,305	$314,661
Ratio of Earnings to Fixed Charges	4.20	4.58	4.19	3.93	3.73

Consent of Independent Accountants

We hereby consent to the incorporation by reference of our report dated February 27, 1996, included as Exhibit 99.2 to the Consolidated Edison Company of New York, Inc. Form 8-K dated February 29, 1996 in the following filings: (a) Prospectus Supplement constituting part of the Registration Statements on Form S-3 (Nos. 33-64657 and 33-62266); (b) Prospectus constituting part of the Registration Statement on Form S-3 (No. 33-51157); and (c) Prospectus constituting part of the Registration Statement on Form S-8 (No. 33-15725). Such Form 8-K includes the financial statements of Consolidated Edison Company of New York, Inc. as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995.

PRICE WATERHOUSE LLP

Price Waterhouse LLP
New York, New York
February 29, 1996

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

UT

THE SCHEDULE CONTAINS
SUMMARY FINANCIAL
INFORMATION EXTRACTED
FROM CONSOLIDATED
BALANCE SHEET, STATEMENT OF
CAPITALIZATION, INCOME
STATEMENT, RETAINED EARNINGS
STATEMENT AND STATEMENT OF
CASH FLOWS AND IS QUALIFIED
IN ITS ENTIRETY BY REFERENCE
TO SUCH FINANCIAL STATEMENTS
AND THE NOTES THERETO

1,000

DEC-31-1995

DEC-31-1995

YEAR

PER-BOOK

10,814,403

145,646

1,247,842

699,739

1,042,260

13,949,890

838,308

4,097,035

5,522,734

587,391

100,000

539,917

3,917,244

0

0

0

183,524

0

45,250

2,555

3,638,666

13,949,890

6,536,897

396,560

5,098,958

5,495,518

1,041,379

11,520

1,052,899

329,049

723,850

35,565

688,285

479,262

301,917

1,276,458

2.93

2.93

CONSOLIDATED BALANCE SHEET
Consolidated Edison Company of New York, Inc.

Assets

At December 31 (Thousands of Dollars)	1995	1994
Utility plant, at original cost (Notes A and B)		
Electric	$11,319,622	$10,956,187
Gas	1,537,296	1,437,071
Steam	462,975	430,848
General	1,085,795	1,083,705
Total	14,405,688	13,907,811
Less: Accumulated depreciation	4,036,954	3,828,646
Net	10,368,734	10,079,165
Construction work in progress	360,457	389,630
Nuclear fuel assemblies and components, less accumulated amortization	85,212	92,413
Net utility plant	10,814,403	10,561,208
Current assets		
Cash and temporary cash investments (Note A)	342,292	245,221
Accounts receivable--customers, less allowance for uncollectible accounts of $21,600 in 1995 and 1994	497,215	440,496
Other receivables	45,558	61,853
Regulatory accounts receivable (Note A)	(6,481)	26,346
Fuel, at average cost	40,506	50,883
Gas in storage, at average cost	26,452	50,698
Materials and supplies, at average cost	221,026	229,744
Prepayments	66,148	56,283
Other current assets	15,126	13,262
Total current assets	1,247,842	1,174,786
Investments and nonutility property	145,646	111,523
Deferred charges (Note A)		
Enlightened Energy program costs	144,282	170,201
Unamortized debt expense	133,812	138,428
Power contract termination costs	105,408	180,506
Other deferred charges	316,237	285,721
Total deferred charges	699,739	774,856
Regulatory asset -- future federal income taxes (Notes A and H)	1,042,260	1,105,991
Total	$13,949,890	$13,728,364

Capitalization and Liabilities

At December 31 (Thousands of Dollars)	1995	1994
Capitalization (see Consolidated Statement of Capitalization)		
Common shareholders' equity	$ 5,522,734	$ 5,312,997
Preferred stock subject to mandatory redemption (Note B)	100,000	100,000
Other preferred stock	539,917	540,310
Long-term debt	3,917,244	4,030,464
Total capitalization	10,079,895	9,983,771
Noncurrent liabilities		
Obligations under capital leases	45,250	47,805
Other noncurrent liabilities	75,907	72,561
Total noncurrent liabilities	121,157	120,366
Current liabilities		
Long-term debt due within one year (Note B)	183,524	10,889
Accounts payable	420,852	374,469
Customer deposits	158,366	161,455
Accrued taxes	24,374	9,821
Accrued interest	89,374	84,544
Accrued wages	76,459	73,611
Other current liabilities	168,477	179,611
Total current liabilities	1,121,426	894,400
Provisions related to future federal income taxes and other deferred credits (Notes A and H)		
Accumulated deferred federal income tax	2,296,284	2,266,458
Accumulated deferred investment tax credits	181,420	191,524
Other deferred credits	149,708	271,845
Total deferred credits	2,627,412	2,729,827
Contingencies (Note F)		
Total	$13,949,890	$13,728,364

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

CONSOLIDATED INCOME STATEMENT
Consolidated Edison Company of New York, Inc.

Year Ended December 31 (Thousands of Dollars)	1995	1994	1993
Operating revenues (Note A)			
Electric	$5,389,408	$5,140,472	$5,131,665
Gas	813,356	890,107	808,389
Steam	334,133	342,507	325,340
Total operating revenues	6,536,897	6,373,086	6,265,394
Operating expenses			
Fuel	504,104	567,764	605,213
Purchased power	1,107,223	787,455	812,616
Gas purchased for resale	259,789	341,204	289,708
Other operations	1,139,732	1,146,094	1,106,966
Maintenance	512,102	506,179	570,794
Depreciation and amortization (Note A)	455,776	422,356	403,730
Taxes, other than federal income tax	1,120,232	1,127,691	1,159,283
Federal income tax (Notes A and H)	396,560	438,160	366,020
Total operating expenses	5,495,518	5,336,903	5,314,330
Operating income	1,041,379	1,036,183	951,064
Other income (deductions)			
Investment income (Note A)	16,966	10,601	4,934
Allowance for equity funds used during construction (Note A)	3,763	8,354	7,222
Other income less miscellaneous deductions	(8,149)	(15,201)	(7,565)
Federal income tax (Notes A and H)	(1,060)	(430)	1,010
Total other income	11,520	3,324	5,601
Income before interest charges	1,052,899	1,039,507	956,665
Interest on long-term debt	301,917	289,060	281,756
Other interest	28,954	19,853	19,721
Allowance for borrowed funds used during construction (Note A)	(1,822)	(3,676)	(3,334)
Net interest charges	329,049	305,237	298,143
Net income	723,850	734,270	658,522
Preferred stock dividend requirements	35,565	35,587	35,617
Net income for common stock	$ 688,285	$ 698,683	$ 622,905
Earnings per common share based on average number of shares outstanding during each year (234,930,301; 234,753,901; and 233,981,369)	$2.93	$2.98	$2.66

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

CONSOLIDATED STATEMENT OF CASH FLOWS
Consolidated Edison Company of New York, Inc.

Year Ended December 31 (Thousands of Dollars)	1995	1994	1993
Operating activities			
Net income	$ 723,850	$ 734,270	$ 658,522
Principal non-cash charges (credits) to income			
Depreciation and amortization	455,776	422,356	403,730
Federal income tax deferred	69,020	64,090	94,210
Common equity component of allowance for funds used during construction	(3,546)	(7,876)	(6,795)
Other non-cash charges	(47,555)	65,669	(20,578)
Changes in assets and liabilities			
Accounts receivable--customers, less allowance for uncollectibles	(56,719)	18,765	(34,912)
Regulatory accounts receivable	32,827	70,771	70,814
Materials and supplies, including fuel and gas in storage	43,341	17,306	60,554
Prepayments, other receivables and other current assets	4,566	21,317	(32,236)
Enlightened Energy program costs	25,919	(30,144)	(59,297)
Power contract termination costs	55,387	(62,376)	(68,380)
Accounts payable	46,383	(18,074)	19,007
Other--net	(72,791)	(46,175)	(59,374)
Net cash flows from operating activities	1,276,458	1,249,899	1,025,265
Investing activities including construction			
Construction expenditures	(692,803)	(757,530)	(789,068)
Nuclear fuel expenditures	(12,840)	(47,071)	(14,092)
Contributions to nuclear decommissioning trust	(18,893)	(14,586)	(19,247)
Common equity component of allowance for funds used during construction	3,546	7,876	6,795
Net cash flows from investing activities including construction	(720,990)	(811,311)	(815,612)
Financing activities including dividends			
Issuance of common stock	--	14,650	11,881
Issuance of long-term debt	228,285	400,000	1,378,475
Retirement of long-term debt	(10,889)	(133,639)	(177,897)
Advance refunding of long-term debt	(155,699)	--	(1,069,732)
Issuance and refunding costs	(5,269)	(5,988)	(108,562)
Common stock dividends	(479,262)	(469,561)	(453,902)
Preferred stock dividends	(35,563)	(35,585)	(35,614)
Net cash flows from financing activities including dividends	(458,397)	(230,123)	(455,351)
Net increase (decrease) in cash and temporary cash investments	97,071	208,465	(245,698)
Cash and temporary cash investments at January 1	245,221	36,756	282,454
Cash and temporary cash investments at December 31	$ 342,292	$ 245,221	$ 36,756
Supplemental disclosure of cash flow information			
Cash paid during the period for:			
Interest	$ 309,953	$ 269,839	$ 265,475
Income taxes	344,754	385,355	280,122

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

CONSOLIDATED STATEMENT OF CAPITALIZATION
Consolidated Edison Company of New York, Inc.

At December 31 (Thousands of Dollars)	Shares outstanding December 31, 1995	Shares outstanding December 31, 1994	1995	1994
Common shareholders' equity (Note B)				
Common stock, $2.50 par value, authorized 340,000,000 shares	234,956,299	234,905,235	$1,464,305	$1,463,913
Retained earnings			4,097,035	3,888,010
Capital stock expense			(38,606)	(38,926)
Total common shareholders' equity			5,522,734	5,312,997
Preferred stock (Note B)				
Subject to mandatory redemption				
Cumulative Preferred, $100 par value,				
7.20% Series I	500,000	500,000	50,000	50,000
6 1/8% Series J	500,000	500,000	50,000	50,000
Total subject to mandatory redemption			100,000	100,000
Other preferred stock				
$5 Cumulative Preferred, without par value, authorized 1,915,319 shares	1,915,319	1,915,319	175,000	175,000
Cumulative Preferred, $100 par value, authorized 6,000,000 shares*				
5 3/4% Series A	600,000	600,000	60,000	60,000
5 1/4% Series B	750,000	750,000	75,000	75,000
4.65% Series C	600,000	600,000	60,000	60,000
4.65% Series D	750,000	750,000	75,000	75,000
5 3/4% Series E	500,000	500,000	50,000	50,000
6.20% Series F	400,000	400,000	40,000	40,000
Cumulative Preference, $100 par value, authorized 2,250,000 shares				
6% Convertible Series B	49,174	53,102	4,917	5,310
Total other preferred stock			539,917	540,310
Total preferred stock			$ 639,917	$ 640,310

*Represents total authorized shares of cumulative preferred stock, $100 par value, including preferred stock subject to mandatory redemption.

At December 31 (Thousands of Dollars)			1995	1994
Long-term debt (Note B)				
Maturity	Interest Rate	Series		
First and Refunding Mortgage Bonds (open-end mortgage):				
1996	5%	CC	$ 100,000	$ 100,000
1996	5.90	DD	75,000	75,000
Total mortgage bonds			175,000	175,000
Debentures:				
1997	5.30%	1993 E	100,000	100,000
1998	6 1/4	1993 A	100,000	100,000
1998	5.70	1993 F	100,000	100,000
1999	6 1/2	1992 D	75,000	75,000
1999	*	1994 B	150,000	150,000
2000	7 3/8	1992 A	150,000	150,000
2000	7.60	1992 C	125,000	125,000
2001	6 1/2	1993 B	150,000	150,000
2002	6 5/8	1993 C	150,000	150,000
2003	6 3/8	1993 D	150,000	150,000
2004	7 5/8	1992 B	150,000	150,000
2005	7 3/8	1992 E	75,000	75,000
2005	6 5/8	1995 A	100,000	--
2023	7 1/2	1993 G	380,000	380,000
2025	9.70	1990 A	--	27,414
2026	9 3/8	1991 A	95,329	95,329
2027	8.05	1992 F	100,000	100,000
2029	7 1/8	1994 A	150,000	150,000
Total debentures			2,300,329	2,227,743
Tax-exempt debt--notes issued to New York State Energy Research and Development Authority for Facilities Revenue Bonds:				
2020	9 %	1985 A	--	128,285
2020	6.10	1995 A	128,285	--
2020	5 1/4	1993 B	127,715	127,715
2021	7 1/2	1986 A	150,000	150,000
2022	7 1/8	1987 A	100,855	100,855
2022	9 1/4	1987 B	29,385	29,385
2022	5 3/8	1993 C	19,760	19,760
2024	7 3/4	1989 A	150,000	150,000
2024	7 3/8	1989 B	100,000	100,000
2024	7 1/4	1989 C	150,000	150,000
2025	7 1/2	1990 A	150,000	150,000
2026	7 1/2	1991 A	128,150	128,150
2027	6 3/4	1992 A	100,000	100,000
2027	6 3/8	1992 B	100,000	100,000
2028	6	1993 A	101,000	101,000
2029	7 1/8	1994 A	100,000	100,000
Total tax-exempt debt			1,635,150	1,635,150
Other long-term debt:				
Liens on purchased gas turbines			13,327	22,779
Other long-term debt			5,836	9,007
Unamortized debt discount			(28,874)	(28,326)
Total			4,100,768	4,041,353
Less: Long-term debt due within one year			183,524	10,889
Total long-term debt			3,917,244	4,030,464
Total capitalization			$10,079,895	$9,983,771

* This rate is reset quarterly. For the fourth quarter of 1995 it was 6.125%.
The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
Consolidated Edison Company of New York, Inc.

Year Ended December 31 (Thousands of Dollars)	1995	1994	1993
Balance, January 1	$3,888,010	$3,658,886	$3,489,880
Net income for the year	723,850	734,270	658,522
Total	4,611,860	4,393,156	4,148,402
Dividends declared on capital stock			
Cumulative Preferred, at required annual rates	35,259	35,259	35,259
Cumulative Preference, 6% Convertible Series B	304	326	355
Common, $2.04, $2.00 and $1.94 per share	479,262	469,561	453,902
Total dividends declared	514,825	505,146	489,516
Balance, December 31	$4,097,035	$3,888,010	$3,658,886

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- --
Note A Summary of Significant Accounting Policies
- --
Regulation. The Company is subject to regulation by the New York Public Service Commission (PSC) and the Federal Energy Regulatory Commission (FERC). The Company's accounting policies conform to generally accepted accounting principles, as applied in the case of regulated public utilities, and to the accounting requirements and rate-making practices of these regulatory authorities.

The PSC is conducting a generic "competitive opportunities" proceeding to investigate whether and how to introduce increased competition into the electric utility industry in the State. It is not possible to predict the outcome of the proceeding or its impact upon the Company. The outcome could adversely affect the Company's eligibility to apply Statement of Financial Accounting Standards ("SFAS") No. 71, "Accounting for the Effects of Certain Types of Regulation," which could then require a material write-down of assets, the amount of which is not presently determinable. SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," requires long-lived and certain other assets to be reviewed for impairment if the carrying amount of an asset may not be recoverable. SFAS No. 121 also amends SFAS No. 71 to require that regulatory assets (which include certain deferred charges) be charged to earnings if such assets are no longer considered probable of recovery. The Company will implement SFAS No. 121 in 1996. Absent a change in regulation as a result of competition as discussed above, the Company does not expect that the application of SFAS No. 121, with respect to either its long-lived assets or its regulatory assets, will have a material adverse effect on the Company's financial position and results of operations.

Principles of Consolidation. The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany transactions have been eliminated.

Utility Plant and Depreciation. The capitalized cost of additions to utility plant includes indirect costs such as engineering, supervision, payroll taxes, pensions, other benefits and an allowance for funds used during construction (AFDC). The original cost of property, together with removal cost, less salvage, is charged to accumulated depreciation as property is retired. The cost of repairs and maintenance is charged to expense, and the cost of betterments is capitalized.

Rates used for AFDC include the cost of borrowed funds used for construction purposes and a reasonable rate on the Company's own funds when so used, determined in accordance with PSC and FERC regulations. The AFDC rate was 9.1 percent in 1995, 9.4 percent in 1994 and 9.5 percent in 1993. The rate was compounded semiannually, and the amounts applicable to borrowed funds were treated as a reduction of interest charges.

The annual charge for depreciation is computed on the straight-line method for financial statement purposes using rates based on average lives and net salvage factors, with the exception of the Indian Point 2 nuclear unit, the Company's share of the Roseton generating station, certain leaseholds and certain general equipment, which are depreciated on a remaining life amortization method. Depreciation rates averaged approximately 3.3 percent in 1995, 3.2 percent in 1994 and 3.1 percent in 1993. Depreciation expense includes the amortization of certain deferred charges authorized by the PSC.

The Company is a joint owner of two 1,200-megawatt electric generating stations: (1) Bowline Point, operated by Orange and Rockland Utilities, Inc. with the Company owning a two-thirds interest and (2) Roseton, operated by Central Hudson Gas & Electric Corp. with the Company owning a 40 percent interest. Central Hudson has the option to acquire the Company's interest in the Roseton station in 2004. The Company's share of the investment in these stations at original cost and as included in its balance sheet at December 31, 1995 and 1994 was:

(Thousands of Dollars)	1995	1994
Bowline Point: Plant in service	$203,360	$196,065
Construction work in progress	2,340	10,351
Roseton: Plant in service	145,207	141,487
Construction work in progress	2,089	4,283

The Company's share of accumulated depreciation for the Roseton station at December 31, 1995 and 1994 was $64.8 million and $61.6 million, respectively. A separate depreciation account is not maintained for the Company's share of the Bowline Point station. The Company's share of operating expenses for these stations is included in its income statement.

Nuclear Decommissioning. Depreciation charges include a provision for decommissioning both the Indian Point 2 and the retired Indian Point 1 nuclear units. Decommissioning costs are being accrued ratably over the Indian Point 2 license period which extends to the year 2013. The Company has been accruing for the costs of decommissioning within the internal depreciation reserve since 1975. In 1989 the PSC permitted the Company to establish an external trust fund for the costs of decommissioning the nuclear portions of the plants pursuant to NRC regulations. Accordingly, beginning in 1989 the Company has made contributions to such a trust. The external trust fund is discussed below under "Investments" in this Note A.

Accumulated decommissioning provisions at December 31, 1995 and 1994, which include earnings on funds externally invested, were as follows:

	Amounts Included in Accumulated Depreciation	
(Millions of Dollars)	1995	1994
Nuclear	$134.4	$102.2
Non-Nuclear	55.3	53.7
Total	$189.7	$155.9

Prior to April 1995 the Company was providing annual expense allowances of $11.7 million and $3.1 million, respectively, for decommissioning the nuclear and non-nuclear portions of the plants. These amounts, which were recovered from customers through billings, were approved by the PSC in the 1992 electric rate agreement, and were designed to fund decommissioning costs which had been estimated at approximately $300 million in 1993 dollars. In 1994 a site-specific decommissioning study was prepared for both the Indian Point 2 and the retired Indian Point 1 nuclear units. Based upon this study, the estimated decommissioning cost in 1993 dollars is approximately $657 million, of which $252 million is for extended on-site storage of spent nuclear fuel. Using a 3.25 percent annual escalation factor, the estimated cost in 2016, the assumed midpoint for decommissioning expenditures, is approximately $1,372 million. Under the 1995 electric rate agreement, effective April 1995, the Company revised the annual decommissioning expense allowance for the nuclear and non-nuclear portions of the plants to $21.3 million and $1.8 million, respectively, to fund the future estimated costs of decommissioning. The annual expense allowance assumes a 6 percent after-tax annual return on fund assets.

The Financial Accounting Standards Board (FASB) is currently reviewing the utility industry's accounting treatment of nuclear and certain other plant decommissioning costs. The FASB has preliminarily concluded that decommissioning costs should be accounted for at present value as a liability, with a corresponding asset in utility plant, rather than as a component of depreciation. An exposure draft regarding this matter was issued in February 1996.

Nuclear Fuel. Nuclear fuel assemblies and components are amortized to operating expenses based on the quantity of heat produced for the generation of electricity. Fuel costs also include a provision for payments to the U.S. Department of Energy for the future off-site storage of the spent fuel, based on the kilowatt-hours of electricity generated. Nuclear fuel costs are recovered in revenues through base rates or through the fuel adjustment clause.

Leases. In accordance with SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation," those leases that meet the criteria for capitalization are capitalized for accounting purposes. For rate-making purposes, all leases have been treated as operating leases.

Revenues. Revenues for electric and steam service are recognized on a monthly billing cycle basis. Pursuant to the three-year electric rate agreements, effective April 1, 1992 and 1995, actual electric net revenues (operating revenues less fuel and purchased power costs and revenue taxes) are adjusted by accrual to target levels established under the agreements in accordance with the electric revenue adjustment mechanism (ERAM). The 1995 agreement introduced the revenue per customer mechanism (RPC) which modified the ERAM. Under the RPC, revenues are increased (or decreased) to reflect variations from target levels in the numbers of customers in the various service classes. Revenues are also increased (or decreased) each month to reflect incentives (or penalties) earned for the Enlightened Energy program and for customer service activities. The agreements provide that the net regulatory asset (or liability) thus accrued in each rate year is to be reflected in customers' bills in the following rate year.

The October 1994 gas rate agreement provides for revenues to be increased (or decreased) each month to reflect incentives (or penalties) earned for meeting gas customer service and system improvement targets.

In accordance with a PSC rate order, the Company began phasing in recognition of unbilled gas revenues over a 4 1/4 year period effective October 1989. Pursuant to the gas rate decision in October 1991, this recognition of unbilled gas revenues was modified so as to be fully phased in by September 30, 1994 to the extent provided in rates.

Revenues from the fuel adjustment clauses are not recorded until billed.

Recoverable Fuel Costs. Fuel and purchased power costs that are above the levels included in base rates are recoverable under electric, gas and steam fuel adjustment clauses. If costs fall below these levels, the difference is credited to customers. For electric and steam, such costs are deferred until the period in which they are billed or credited to customers (40 days for electric, 30 days for steam). For gas, the excess or deficiency is accumulated for refund or surcharge to customers on an annual basis.

Effective April 1992 a partial pass-through fuel adjustment clause (PPFAC) was implemented with monthly targets for electric fuel and purchased power costs. The Company retains for stockholders 30 percent of any savings in actual costs below the target amount, but must bear 30 percent of any excess of actual costs over the target. For each rate year of the 1995 electric rate agreement there is a $35 million cap on the maximum increase or decrease in fuel billings, with a limit (within the $35 million) of $10 million for costs associated with generation at the Company's Indian Point 2 nuclear unit.

The PSC has allowed the Company to recover in rates certain deferred recoverable fuel costs that were affected by shortening the billing lag period or changing the cost of fuel in base rates. If there were any further such revisions, the Company believes that deferred recoverable fuel costs affected thereby would be recovered.

Regulatory Accounts Receivable. Regulatory accounts receivable at December 31, 1995 amounted to a net credit to be refunded to customers of $6.5 million, reflecting accruals under the 1992 and 1995 electric rate agreements and 1994 gas rate agreement for incentives related to the Company's Enlightened Energy program ($19.7 million), for incentives related to electric customer service activities ($4.0 million), for the amounts to be billed under the PPFAC ($1.9 million), for incentives related to gas system improvement ($4.6 million), for incentives related to gas customer service ($1.0 million) and for net electric sales revenues in accordance with the ERAM and Modified ERAM (a refund of $37.7 million). The revenues accrued in a given twelve-month period under the ERAM and Modified ERAM and for incentives related to the Enlightened Energy program, electric customer service activities and the Company's gas business are being recovered from or refunded to customers over an ensuing twelve-month period. The amounts accrued under the PPFAC are billed to customers on a monthly basis through the electric fuel adjustment clause.

Enlightened Energy Program Costs. In accordance with PSC directives, the Company defers the costs for its Enlightened Energy (demand side management) program for future recovery from ratepayers. Such deferrals amounted to $144.3 million at December 31, 1995 and $170.2 million at December 31, 1994. In accordance with the 1992 and 1995 electric rate agreements, the Company is generally recovering its Enlightened Energy program costs over a five-year period.

Temporary Cash Investments. Temporary cash investments are short-term, highly liquid investments which generally have maturities of three months or less. They are stated at cost which approximates market. The Company considers temporary cash investments to be cash equivalents.

Investments. Investments consist primarily of an external nuclear decommissioning trust fund. At December 31, 1995 and 1994 the trust fund amounted to $134.4 million and $102.2 million, respectively. Investments are stated at market. Earnings on the trust fund are not recognized in income but are included in the accumulated depreciation reserve. See "Nuclear Decommissioning" in this Note A.

Federal Income Tax. The Company provides for deferred federal income taxes with respect to certain benefits realized from depreciation deductions utilized for tax purposes, deferred fuel accounting, unbilled revenues (electricity, gas and steam) included in taxable income, deferrals arising from the rate agreements, and certain other specific items, when approved by the PSC.

For rate-making purposes, accumulated deferred federal income taxes previously collected from customers are deducted from rate base and amortized or otherwise applied as a reduction in federal income tax expense in future years. Accumulated deferred investment tax credits are amortized ratably over the lives of the related properties and applied as a reduction in future federal income tax expense.

In accordance with SFAS 109, "Accounting for Income Taxes," the Company is required to record a deferred income tax liability for substantially all temporary differences between book and tax bases of assets and liabilities at current tax rates, including differences for which deferred taxes have not previously been provided. For regulated enterprises, a regulatory asset is recognized for the latter if the criteria of SFAS 71 are met, that is, it is probable that future revenues will be allowed sufficient in amount to recover the costs for which deferred taxes have not previously been provided. The regulatory asset, stated at the revenue requirement level, amounted to $1,042.3 million and $1,106.0 million at December 31, 1995 and 1994, respectively. These amounts which are included in accumulated deferred federal income tax (see Note H), are not reflected in rate base for rate-making purposes. In 1993 the PSC issued an interim policy statement proposing accounting procedures consistent with SFAS 109 and providing assurances that these future increases in taxes will be recoverable in rates. The final policy statement is not expected to differ materially from the interim policy statement.

The Company and its subsidiaries file a consolidated federal income tax return. Income taxes are allocated to each company based on its taxable income.

Research and Development Costs. Research and development costs relating to specific construction projects are capitalized. All other such costs are charged to operating expenses as incurred. Research and development costs in 1995, 1994 and 1993, amounting to $45.0 million, $46.8 million and $48.0 million, respectively, were charged to operating expenses. No research and development costs were capitalized in these years.

Estimates. The accompanying consolidated financial statements reflect judgments and estimates made in the application of the above accounting policies.

Note B Capitalization

Common Stock and Preferred Stock Not Subject to Mandatory Redemption. Each share of Series B preference stock is convertible into 13 shares of common stock at a conversion price of $7.69 per share. During 1995, 1994 and 1993, 3,928 shares, 4,176 shares and 5,208 shares of Series B preference stock were converted into 51,064 shares, 54,288 shares and 67,704 shares of common stock, respectively.

At December 31, 1995, 639,262 shares of unissued common stock were reserved for conversion of preference stock. The preference stock is subordinate to the $5 Cumulative Preferred Stock and Cumulative Preferred Stock with respect to dividends and liquidation rights.

Redemption prices of preferred stock other than Series I and Series J (in each case, plus accrued dividends) are as follows:

$5 Cumulative Preferred Stock		$105.00
Cumulative Preferred Stock:		
	Series A	$102.00
	Series B	102.00
	Series C	101.00
	Series D	101.00
	Series E	101.00
	Series F	102.50
Cumulative Preference Stock:		
6% Convertible Series B		$100.00

Preferred Stock Subject to Mandatory Redemption. The Company is required to redeem 25,000 of the Series I shares on May 1 of each year in the five-year period commencing with the year 2002 and to redeem the remaining Series I shares on May 1, 2007. The Company is required to redeem the Series J shares on August 1, 2002. In each case, the redemption price is $100 per share plus accrued and unpaid dividends to the redemption date. In addition, the Company may redeem Series I shares at a redemption price of $105.04 per share, plus accrued dividends, if redeemed prior to May 1, 1996 (and thereafter at prices declining annually to $100 per share, plus accrued dividends, after April 30, 2002); provided, however, that prior to May 1, 1997, the Company may not redeem any Series I shares with borrowed funds or proceeds from certain securities issuances having a cost to the Company of less than 7.20 percent per annum.

Neither Series I nor Series J shares may be called for redemption while dividends are in arrears on outstanding shares of $5 Cumulative Preferred Stock or Cumulative Preferred Stock. Nevertheless, the mandatory redemption obligation of the Company with respect to such shares is cumulative and if the redemption requirement is in arrears the Company may not purchase or redeem or pay any dividends on the common stock or any other stock ranking junior as to dividends or assets to the Cumulative Preferred Stock, except for payments or distributions in common stock or such junior stock.

Preferred Stock Refunding. In January 1996 the Company commenced a tender offer for all of its preferred stock except for the Series E and F and the 6% convertible Series B. On February 27, 1996 the tender offer expired (except as to the $5 Cumulative Preferred for which the offer had been terminated) and the Company's Board of Trustees authorized the redemption of the Series E and F. Pursuant to the tender offer, approximately $227 million of preferred stock was tendered. The Company intends to fund the purchase and the redemption by issuing subordinated debentures.

Long-Term Debt. Total long-term debt maturing in the period 1996-2000 is as follows:

1996	$183,524,000
1997	106,256,000
1998	200,000,000
1999	225,000,000
2000	275,000,000

Substantially all properties and franchises of the Company, other than expressly excepted property, are subject to the liens securing the Company's First and Refunding Mortgage Bonds and the mortgage bonds of acquired companies.

Note C Lines of Credit

The Company has bank lines of credit for 1996 amounting to $150 million. The credit lines require average compensating balances of 2.5 percent of the credit lines, with interest on any borrowings to be at prevailing market rates. There are no legal restrictions applicable to the Company's cash balances resulting from its obligation to maintain compensating balances.

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Note D Pension Plans
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The pension plans for management and bargaining unit employees cover substantially all employees of the Company and are designed to comply with the Employee Retirement Income Security Act of 1974 (ERISA). Contributions are made solely by the Company based on an actuarial valuation, and are not less than the minimum amount required by ERISA. The Company's policy is to fund the actuarially computed net pension cost as such cost accrues. Benefits for management and bargaining unit employees are generally based on a final five-year average pay formula.

In accordance with SFAS 87, "Employers' Accounting for Pensions," the Company uses the projected unit credit method for determining pension cost. Pension costs for 1995, 1994 and 1993 amounted to $11.4 million, $38.7 million and $46.8 million, respectively, of which $8.9 million for 1995, $30.3 million for 1994 and $37.1 million for 1993 was charged to operating expense. In accordance with SFAS 88, "Employers Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," as modified by SFAS 71, pension cost for 1993 included $4.4 million in connection with the special retirement program discussed below. Pension cost for 1995 includes $2.2 million for the amortization of the special retirement program regulatory asset also discussed below, and an actuarially determined credit of $7.3 million representing a prepayment on one of the plans.

Effective January 1, 1993 the Company adopted the PSC's "Statement of Policy and Order Concerning the Accounting and Ratemaking Treatment for Pensions and Postretirement Benefits Other Than Pensions" (the PSC Policy). The PSC Policy requires certain departures from SFAS 87, including actuarial recognition of investment gains and losses over five years and a 10-year period for amortization of recognized actuarial gains and losses.

The Company offered a special retirement program in 1993 providing enhanced pension benefits for those employees who met certain eligibility requirements and retired within specific time limits. The incentives offered by the Company fall within the category of special termination benefits as described in SFAS 88. The increase in pension obligations as a result of this program amounted to $33.3 million. In accordance with SFAS 71, the Company charged the equivalent of the first two years of the amortization ($4.4 million) to pension expense in 1993 and established a liability and offsetting regulatory asset for the $28.9 million allocable to future periods. Under an agreement with the PSC, the Company is amortizing the remaining liability over a 13-year period. This is reflected in current rates.

The components of net periodic pension cost for 1995, 1994 and 1993 were as follows:

(Millions of Dollars)	1995	1994	1993
Service cost--benefits earned during the period	$ 98.2	$ 103.9	$ 103.2
Interest cost on projected benefit obligation	296.7	278.2	252.7
Actual return on plan assets	(865.8)	(3.4)	(500.0)
Unrecognized investment gain (loss) deferred	521.6	(322.6)	201.5
Net amortization	(41.5)	(17.4)	(15.0)
Net periodic pension cost	9.2*	38.7	42.4
Special retirement program cost	--	--	33.3
Decrease (increase) in regulatory asset	2.2	--	(28.9)
Net special retirement program cost	2.2	--	4.4
Total pension cost	$ 11.4	$ 38.7	$ 46.8

* Includes a prepayment credit of $7.3 million.

The funded status of the pension plans as of December 31, 1995, 1994 and 1993 was as follows:

(Millions of Dollars)	1995	1994	1993
Actuarial present value of benefit obligation:			
Vested	$3,319.2	$2,813.0	$2,731.9
Nonvested	267.9	189.6	212.6
Accumulated to date	3,587.1	3,002.6	2,944.5
Effect of projected future compensation levels	1,070.3	786.0	841.5
Total projected obligation	4,657.4	3,788.6	3,786.0
Plan assets at fair value	4,775.8	4,046.7	4,154.3
Plan assets less projected benefit obligation	118.4	258.1	368.3
Unrecognized net gain	(240.3)	(401.1)	(522.9)
Unrecognized prior service cost*	85.3	93.9	102.5
Unrecognized net transition liability at January 1, 1987*	17.2	20.2	23.2
Accrued pension cost**	$ (19.4)	$ (28.9)	$ (28.9)

* Being amortized over approximately 15 years.
** Accrued liability for special retirement program less prepayment credit in 1995.

To determine the present value of the projected benefit obligation in 1995, 1994 and 1993, discount rates of 7 percent, 8 percent and 7.5 percent, respectively, were assumed. A weighted average rate of increase in future compensation levels of 5.8 percent and a long-term rate of return on plan assets of 8.5 percent were assumed for all years.

The pension plan assets consist primarily of corporate common stock and bonds, group annuity contracts and debt of the United States government and its agencies.

Note E Postretirement Benefits Other Than Pensions (OPEB)

The Company has a contributory comprehensive hospital, medical and prescription drug program for all retirees, their dependents and surviving spouses. The Company also provides life insurance benefits for approximately 6,400 retired employees. All of the Company's employees become eligible for these benefits upon retirement except that the amount of life insurance is limited and is available only to management employees and to those bargaining unit employees who participated in the optional program prior to retirement. The Company has reserved the right to amend or terminate these programs.

The Company adopted the provisions of SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", effective January 1, 1993. It contains specific rules for determining the cost of postretirement health and life insurance benefits. These rules require accrual of the obligation for previously unrecognized retiree benefit cost over a shorter period than previous methods.

The Company's policy is to fund in external trusts the actuarially determined annual costs for retiree health and life insurance subject to statutory maximum (and minimum) limits. Rate allowances that are not funded to an external trust accrue interest at the pre-tax rate of return. As of December 31, 1993 the Company had accrued $6.9 million in interest on an unfunded liability of $28.5 million. In 1994 the Company funded both amounts in addition to $0.9 million of interest accrued in 1994.

The retiree health and life insurance expense for 1995, 1994 and 1993 was determined in accordance with the PSC Policy (see Note D) which requires the Company to defer the difference between the rate allowance for OPEB expense and the OPEB expense determined in accordance with SFAS 106, amortize the transition obligation over 20 years and recognize all gains and losses over a 10-year period in determining the SFAS 106 expense. Current electric, gas and steam rates reflect the increase in expense resulting from the adoption of SFAS 106.

The cost to the Company for retiree health benefits for 1995, 1994 and 1993 amounted to $65.5 million, $67.1 million and $66.3 million, respectively, of which $51.6 million for 1995, $52.7 million for 1994 and $52.5 million for 1993 was charged to operating expense. The cost of the retiree life insurance plan for 1995, 1994 and 1993 amounted to $18.0 million, $21.6 million and $22.3 million, respectively, of which $14.2 million for 1995, $17.0 million for 1994 and $17.7 million for 1993 was charged to operating expense.

The components of postretirement benefit (health and life insurance) costs for years 1995, 1994 and 1993 were as follows:

(Millions of Dollars)	1995	1994	1993
Service cost--benefits earned during the period	$ 10.7	$11.5	$11.1
Interest cost on accumulated postretirement benefit obligation	61.2	56.9	52.2
Actual return on plan assets	(60.8)	(8.4)	(8.5)
Unrecognized investment gain (loss) deferred	40.4	(5.7)	2.9
Amortization of transition obligation and unrecognized net loss	32.0	34.4	30.9
Net periodic postretirement benefit cost	$ 83.5	$88.7	$88.6

The following table sets forth the program's funded status at December 31, 1995, 1994 and 1993:

(Millions of Dollars)	1995	1994	1993
Accumulated postretirement benefit obligation:			
Retirees	$ 447.7	$ 413.9	$ 413.2
Employees eligible to retire	250.7	167.2	144.2
Employees not eligible to retire	305.6	204.5	221.5
Total projected obligation	1,004.0	785.6	778.9
Plan assets at fair value	322.2	219.1	130.8
Plan assets less accumulated postretirement benefit obligation	(681.8)	(566.5)	(648.1)
Unrecognized net loss	240.8	11.1	33.4
Unrecognized net transition liability at January 1, 1993*	441.0	555.4	586.2
Accrued postretirement benefit cost	$ 0	$ 0	$ (28.5)

* Being amortized over a period of 20 years.

To determine the accumulated postretirement benefit obligation in 1995, 1994 and 1993, discount rates of 7 percent, 8 percent and 7.5 percent, respectively, were assumed. The assumed long-term rate of return on plan assets was 8.5 percent for these years. The health cost trend rate assumed for year 1995 was 10 percent, for the year 1996, 9 percent, and then declining one-half percent per year to 5 percent for year 2004 and thereafter. If the assumed health care cost trend rate were to be increased by one percentage point each year, the accumulated postretirement benefit obligation would increase by approximately $130.9 million and the service cost and interest component of the net periodic postretirement benefit cost would increase by $9.8 million.

Postretirement plan assets consist of corporate common stock and bonds, group annuity contracts, debt of the United States government and its agencies and short-term securities.

- --
Note F Contingencies
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Indian Point. Nuclear generating units similar in design to the Company's Indian Point 2 unit have experienced problems of varying severity in their steam generators, which in a number of instances have required steam generator replacement. Inspections of the Indian Point 2 steam generators since 1976 have revealed various problems, some of which appear to have been arrested, but the remaining service life of the steam generators is uncertain and may be shorter than the unit's life. The projected service life of the steam generators is reassessed periodically in the light of the inspections made during scheduled outages of the unit. Based on the latest available data, the Company estimates that steam generator replacement will not be required before 1999, and possibly not until some years later. To avoid procurement delays in the event replacement is necessary, the Company purchased replacement steam generators, which are stored at the site. If replacement of the steam generators is required, such replacement is presently estimated (in 1995 dollars) to require additional expenditures of approximately $107 million (exclusive of replacement power costs) and an outage of approximately six months. However, securing necessary permits and approvals or other factors could require a substantially longer outage if steam generator replacement is required on short notice.

Nuclear Insurance. The insurance policies covering the Company's nuclear facilities for property damage, excess property damage, and outage costs permit assessments under certain conditions to cover insurers' losses. As of December 31, 1995 the highest amount which could be assessed for losses during the current policy year under all of the policies was $31.5 million. While assessments may also be made for losses in certain prior years, the Company is not aware of any losses in such years which it believes are likely to result in an assessment.

Under certain circumstances, in the event of nuclear incidents at facilities covered by the federal government's third-party liability indemnification program, the Company could be assessed up to $79.3 million per incident of which not more than $10 million may be assessed in any one year. The per-incident limit is to be adjusted for inflation not later than 1998 and not less than once every five years thereafter.

The Company participates in an insurance program covering liabilities for injuries to certain workers in the nuclear power industry. In the event of such injuries, the Company is subject to assessment up to an estimated maximum of approximately $3.1 million.

Environmental Matters. The normal course of the Company's operations necessarily involves activities and substances that expose the Company to potential liabilities under federal, state and local laws protecting the environment. Such liabilities can be material and in some instances may be imposed without regard to fault, or may be imposed for past acts, even though such past acts may have been lawful at the time they occurred. Sources of such potential liabilities include (but are not limited to) the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund), a 1994 settlement with the New York State Department of Environmental Conservation (DEC), asbestos, and electric and magnetic fields (EMF).

Superfund. By its terms, Superfund imposes joint and several strict liability, regardless of fault, upon generators of hazardous substances for resulting removal and remedial costs and environmental damages. The Company has received process or notice concerning possible claims under Superfund or similar state statutes relating to a number of sites at which it is alleged that hazardous substances generated by the Company (and, in most instances, a large number of other potentially responsible parties) were deposited.

Estimates of the investigative, removal, remedial and environmental damage costs (if any) the Company will be obligated to pay with respect to each of these sites range from extremely preliminary to highly refined. Based on these estimates, the Company had accrued a liability at December 31, 1995 of approximately $14.7 million. However, it is possible that material additional costs in amounts not presently determinable may be incurred with respect to these and other sites.

DEC Settlement. In November 1994 the Company agreed to a consent order settling a civil administrative proceeding instituted by the DEC in 1992, alleging environmental violations by the Company. Pursuant to the consent order, the Company has conducted an environmental management systems evaluation and is conducting an environmental compliance audit. The Company also must implement "best management practices" plans for certain facilities and undertake a remediation program at certain sites. At December 31, 1995 the Company had an accrued liability of $19.3 million for these sites. Expenditures for environment-related projects in the five years 1996-2000, including expenditures to comply with the consent order, are currently estimated at $155 million. There will be additional costs, including costs arising out of the compliance audit, the materiality of which is not presently determinable.

Asbestos Claims. Suits have been brought in New York State and federal courts against the Company and many other defendants, wherein several thousand plaintiffs sought large amounts of compensatory and punitive damages for deaths and injuries allegedly caused by exposure to asbestos at various premises of the Company. Many of these suits have been disposed of without any payment by the Company, or for immaterial amounts. The amounts specified in all the remaining suits total billions of dollars but the Company believes that these amounts are greatly exaggerated, as were the claims already disposed of. Based on the information and relevant circumstances known to the Company at this time, it is the opinion of the Company that these suits will not have a material adverse effect on the Company's financial position.

EMF. Electric and magnetic fields are found wherever electricity is used. Several scientific studies have raised concerns that EMF surrounding electric equipment and wires, including power lines, may present health risks. The Company is the defendant in several suits claiming property damage or personal injury allegedly resulting from EMF. In the event that a causal relationship between EMF and adverse health effects is established, or independently of any such causal determination, in the event of adverse developments in related legal or public policy doctrines, there could be a material adverse effect on the electric utility industry, including the Company.

Note G Independent Power Producers (IPPs)

The Company has contracts with IPPs for 1,798 MW of electric generating capacity already in commercial operation, and commitments for 186 MW of capacity expected to commence operation in 1996 and about 70 MW of capacity expected to commence operation after 1996. Under the three-year electric rate agreement effective April 1, 1995, payments by the Company under these contracts are reflected in rates. Assuming performance by the IPPs, the Company is obligated over the terms of these contracts (which extend for various periods, up to 2034) to make capacity and other fixed (non-energy) payments. In addition, for energy delivered under certain of these contracts, the Company is obligated to pay variable prices that will exceed market prices for energy.

For the 1,798 MW of capacity in commercial operation, capacity and other fixed (non-energy) payments are estimated for the years 1996-2000 to be $282 million, $287 million, $293 million, $309 million and $432 million. Such payments gradually increase to approximately $500 million in 2013, and thereafter decline significantly.

Energy payments under the contracts for the years 1996-1999 (assuming performance by the IPPs) will exceed market prices by an average estimated $200 million each year. Beginning in the year 2000, the prices that the Company will be obligated to pay for energy will approximate market levels.

Note H Federal Income Tax

In the case of regulated utilities, SFAS 109 requires recognition in the balance sheet of the revenue requirements to meet the costs of future federal income taxes for temporary differences for which deferred taxes had not previously been provided. The net revenue requirements related to future federal income taxes at December 31, 1995 and 1994 are shown on the following table.

(Millions of Dollars)	1995	1994
Future federal income tax liability		
Temporary differences between the book and tax bases of assets and liabilities:		
Property related	$5,513.3	$5,389.1
Reserve for injuries and damages	(49.2)	(43.9)
Other	54.5	24.4
Total	5,518.6	5,369.6
Future federal income tax computed at statutory rate - 35%	1,931.5	1,879.4
Less: Accumulated deferred federal income taxes previously provided	1,254.0	1,160.5
Net future federal income tax expense for which deferred taxes have not been provided	677.5	718.9
Net revenue requirements for above (Regulatory asset--future federal income taxes)*	1,042.3	1,106.0
Add: Accumulated deferred federal income taxes previously provided	1,254.0	1,160.5
Total accumulated deferred federal income tax	$2,296.3	$2,266.5

* Net revenue requirements will be offset by the amortization to federal income tax expense of accumulated deferred investment tax credits. Including the full effect therefrom, the net revenue requirements related to future federal income taxes at December 31, 1995 and 1994 are $860.8 million and $914.5 million, respectively.

Note H Federal Income Tax, continued

Year Ended December 31 (Thousands of Dollars)	1995	1994	1993
Charged to: Operations	$ 396,560	$ 438,160	$ 366,020
Other income	1,060	430	(1,010)
Total federal income tax	397,620	438,590	365,010
Reconciliation of reported net income with taxable income			
Federal income tax--current	328,600	374,500	270,800
Federal income tax--deferred	78,330	73,710	106,470
Investment tax credits deferred	(9,310)	(9,620)	(12,260)
Total federal income tax	397,620	438,590	365,010
Net income	723,850	734,270	658,522
Income before federal income tax	1,121,470	1,172,860	1,023,532
Effective federal income tax rate	35.5%	37.4%	35.7%
Adjustments decreasing (increasing) taxable income			
Tax depreciation in excess of book depreciation:			
Amounts subject to normalization	202,230	218,181	226,442
Other	(85,538)	(94,813)	(90,428)
Deferred recoverable fuel costs	61,937	(20,132)	(3,873)
Regulatory accounts receivable	(32,827)	(70,771)	(70,814)
Enlightened Energy program costs	(25,880)	29,677	59,297
Advance refunding of long-term debt	(4,268)	(6,814)	86,346
Other--net	34,240	44,263	34,155
Total	149,894	99,591	241,125
Taxable income	971,576	1,073,269	782,407
Federal income tax--current			
Amount computed at statutory rate--35%*	340,052	375,644	273,842
Tax credits	(11,452)	(1,144)	(3,042)
Total	328,600	374,500	270,800
Charged to: Operations	328,200	374,160	271,140
Other income	400	340	(340)
Total	328,600	374,500	270,800
Federal income tax--deferred			
Provisions for deferred federal income taxes consist of the following tax effects of timing differences between tax and book income:			
Tax depreciation in excess of book depreciation	66,133	72,597	76,193
Deferred recoverable fuel costs	21,678	(7,046)	(1,356)
Regulatory accounts receivable	(11,489)	(24,770)	(24,785)
Enlightened Energy program costs	(9,058)	10,387	20,754
Advance refunding of long-term debt	(1,494)	(2,385)	30,221
Other--net	12,560	24,927	5,443
Total	78,330	73,710	106,470
Charged to: Operations	77,670	73,620	107,140
Other income	660	90	(670)
Total	$ 78,330	$ 73,710	$ 106,470

* Under rate agreements, the effect of the increase in the statutory rate from 34% to 35% effective January 1, 1993 was deferred until such effect could next be reflected in rates. The deferrals applicable to gas and steam operations were amortized over a twelve-month period which began October 1, 1993 when new rates became effective. For electric operations, deferrals for the year 1993 and the first three months of 1994 were amortized over a twelve-month period which began April 1, 1994 when new electric rates became effective.

Note I Financial Information by Business Segments(a) (Thousands of Dollars)

	Electric 1995	Electric 1994	Electric 1993	Steam 1995	Steam 1994	Steam 1993
Operating revenues*	$5,401,524	$5,152,351	$5,145,010	$ 335,694	$ 343,916	$ 326,888
Operating expenses						
Fuel	354,086	410,173	446,578	150,018	157,591	158,635
Purchased power	1,107,223	787,455	812,616	--	--	--
Other operations and maintenance*	1,372,715	1,372,865	1,403,022	79,929	80,035	78,787
Depreciation and amortization	393,382	364,988	350,590	13,064	10,961	9,909
Taxes, other than federal income	951,095	955,850	994,174	45,788	46,178	46,090
Federal income tax	339,863	379,584	322,076	12,598	11,577	4,966
Total operating expenses*	4,518,364	4,270,915	4,329,056	301,397	306,342	298,387
Operating income	883,160	881,436	815,954	34,297	37,574	28,501
Construction expenditures	538,454	587,189	626,494	27,559	44,957	36,612
Net utility plant**	9,027,031	8,874,341	8,592,187	399,028	378,748	337,713
Fuel	40,444	50,821	53,681	62	62	74
Other identifiable assets	1,724,005	1,899,182	1,970,998	51,969	48,141	50,555
*Intersegment rentals included in segments' income but eliminated for total Company						
Operating revenues	$12,116	$11,879	$13,345	$ 1,561	$ 1,409	$ 1,548
Operating expenses	2,513	2,331	2,726	13,102	12,733	14,139

	Gas 1995	Gas 1994	Gas 1993	Total Company 1995	Total Company 1994	Total Company 1993
Operating revenues*	$ 815,307	$ 891,897	$ 810,377	$ 6,536,897	$ 6,373,086	$ 6,265,394
Operating expenses						
Fuel	--	--	--	504,104	567,764	605,213
Purchased power	--	--	--	1,107,223	787,455	812,616
Gas purchased for resale	259,789	341,204	289,708	259,789	341,204	289,708
Other operations and maintenance*	214,818	214,451	212,832	1,651,834	1,652,273	1,677,760
Depreciation and amortization	49,330	46,407	43,231	455,776	422,356	403,730
Taxes, other than federal income	123,349	125,663	119,019	1,120,232	1,127,691	1,159,283
Federal income tax	44,099	46,999	38,978	396,560	438,160	366,020
Total operating expenses*	691,385	774,724	703,768	5,495,518	5,336,903	5,314,330
Operating income	123,922	117,173	106,609	1,041,379	1,036,183	951,064
Construction expenditures	126,790	125,384	125,962	692,803	757,530	789,068
Net utility plant**	1,388,344	1,308,119	1,226,256	10,814,403	10,561,208	10,156,156
Fuel and gas in storage	26,452	50,698	49,091	66,958	101,581	102,846
Other identifiable assets	177,374	151,628	172,790	1,953,348	2,098,951	2,194,343
Other corporate assets				1,115,181	966,624	804,020
Total assets				$13,949,890	$13,728,364	$13,257,365
*Intersegment rentals included in segments' income but eliminated for total Company						
Operating revenues	$ 1,951	$ 1,790	$ 1,988	$15,628	$15,078	$16,881
Operating expenses	13	14	16	15,628	15,078	16,881

** General Utility Plant was allocated to Electric and Gas on the basis of the departmental use of such plant. Pursuant to PSC requirements the Steam department is charged an interdepartmental rent for General Plant used in Steam operations which is credited to the Electric and Gas departments.

(a) The Company supplies electric service in all of New York City (except part of Queens) and most of Westchester County. It also supplies gas in Manhattan, The Bronx and parts of Queens and Westchester, and steam in part of Manhattan.

Report of Independent Accountants

To the Board of Trustees and Stockholders of
Consolidated Edison Company of New York, Inc.

In our opinion, the consolidated financial statements included in Exhibit 99.1 of this Current Report on Form 8-K, dated the date hereof, present fairly, in all material respects, the financial position of Consolidated Edison Company of New York, Inc. and its subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse LLP

Price Waterhouse LLP
1177 Avenue of the Americas
New York, N.Y. 10036

February 27, 1996

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

SOURCES OF LIQUIDITY Cash and temporary cash investments were $342.3 million at December 31, 1995 compared with $245.2 million at December 31, 1994 and $36.8 million at December 31, 1993. The Company's cash balances reflect, among other things, the timing and amounts of external financing. The Company's cash requirements are subject to substantial fluctuations during the year due to seasonal variations in cash flow and peak in January and July of each year when the semi-annual payments of New York City property taxes are due. In July 1995 the Company issued $100 million of 6 5/8% 10-year debentures. The cash balance at December 31, 1995 was used on January 2, 1996 for redemption at maturity of the $100 million 5% Series CC mortgage bonds and for a $224 million semi-annual New York City property tax payment.

In the first quarter of 1994 pursuant to its amended dividend reinvestment plan, the Company issued 478,016 shares of common stock for $14.7 million. The Company amended the plan in 1993 to permit, at the option of the Company, the use of new shares or outstanding shares purchased in the market.

In February 1994 the Company issued $150 million of 35-year debentures. In July 1994 the Company issued $150 million of five-year floating-rate debentures, the interest rate on which is reset quarterly. In December 1994 the Company issued $100 million of 35-year tax-exempt debt through the New York State Energy Research and Development Authority (NYSERDA).

In April 1993 the Company issued $101 million of 35-year tax-exempt debt through NYSERDA. The Company issued 373,227 shares of common stock in December 1993 for $11.9 million pursuant to the Company's amended dividend reinvestment plan.

In June 1993 the Company issued $380 million of 30-year debentures of which approximately $80 million was used to meet 1993 capital requirements and the balance was used to retire higher cost debt securities.

Advance Refundings. Since 1992 the Company has taken the opportunity of generally declining interest rates to reduce costs by redeeming outstanding securities in advance of maturity dates and replacing them with new securities bearing lower interest or dividend rates. In August 1995 the Company issued $128.3 million of 25-year 6.10% tax-exempt debt through NYSERDA, the proceeds of which were used to redeem a like amount of outstanding 9% tax-exempt debt. In December 1995 the Company redeemed, in advance of maturity, $27.4 million of 9.70% Series 1990A debentures representing the balance of this issue outstanding. Excluding the preferred stock transactions discussed below, approximately $1.9 billion of securities have been refunded, producing aggregate first-year savings in interest and preferred dividends of about $25 million, with continued savings in subsequent years.

Tender Offer. In January 1996 the Company commenced a tender offer for certain series of its preferred stock. Shareholders tendered approximately $227 million of such preferred stock pursuant to the offer, which expired on February 27, 1996. The Company expects to call $90 million of its other preferred stock for redemption and to issue subordinated debentures (interest payments on which, unlike preferred stock dividends, are tax deductible) to fund the purchase of the tendered stock and the redemptions. The Company's current expectation is that these transactions will produce revenue-equivalent present value savings of approximately $42 million. Under generally accepted accounting principles, the net gain realized from these transactions as a result of acquiring preferred stock below its book value will be included in the calculation of period earnings per share, but not in net income. In accordance with an order of the New York State Public Service Commission (PSC), the Company, consistent with its objective of reducing potentially strandable costs (discussed below), will apply the net gain, which is presently estimated to be approximately $14 million, to reduce net utility plant by an additional provision for depreciation. While 1996 net income will be reduced by the amount of the additional provision for depreciation, due to the treatment of the net gain, earnings per share will be unaffected.

In 1994 and 1993 the Company borrowed from banks for short periods; in 1995 there were no short-term borrowings. For 1996 the Company has arranged for bank credit lines amounting to $150 million. Borrowings thereunder would bear interest at prevailing market rates.

Customer accounts receivable, less allowance for uncollectible accounts, amounted to $497.2 million, $440.5 million and $459.3 million at December 31, 1995, 1994 and 1993, respectively. In terms of equivalent days of revenue outstanding, these amounts represented 27.6, 27.1 and 27.6 days, respectively.

Regulatory accounts receivable at December 31, 1995 amounted to a net credit to be refunded to customers of $6.5 million. Net regulatory accounts receivable recoverable from customers amounted to $26.3 million and $97.1 million at December 31, 1994 and 1993, respectively. See Note A to the financial statements.

The following is a summary of the balances and activity in regulatory accounts receivable in 1995:

(Millions of Dollars)	Balance Dec. 31, 1994*	1995 Accruals*	1995 Recoveries from Customers**	Balance Dec. 31, 1995*
ERAM/Modified ERAM	$(56.4)	$(35.3)	$ 54.0	$(37.7)
Electric Incentives				
Enlightened Energy program	70.1	32.7	(83.1)	19.7
Customer service	6.7	5.7	(8.4)	4.0
Fuel and purchased power	5.9	19.2	(23.2)	1.9
Gas Incentives				
System improvement	--	6.1	(1.5)	4.6
Customer service	--	1.3	(0.3)	1.0
Total	$ 26.3	$ 29.7	$(62.5)	$ (6.5)

* Negative amounts are refundable; positive amounts recoverable.
** Negative amounts were recovered; positive amounts refunded.

The components of the balance in regulatory accounts receivable at December 31, 1995 will be refunded to or recovered from customers during 1996 and 1997 as discussed in Note A to the financial statements. The incentives are discussed below under "1992 Electric Rate Agreement," "1995 Electric Rate Agreement" and "Gas and Steam Rate Agreements."

Deferred charges for Enlightened Energy (demand side management) program costs amounted to $144.3 million, $170.2 million and $140.1 million at December 31, 1995, 1994 and 1993, respectively. These costs are being recovered in rates, as discussed below under the "1992 Electric Rate Agreement" and "1995 Electric Rate Agreement."

The Company's earnings include an allowance for funds used during construction which, as a percent of net income for common stock, was 0.8 percent in 1995 and 1.7 percent in 1994 and 1993.

Interest coverage on the SEC book basis was 4.20, 4.58 and 4.19 times for 1995, 1994 and 1993, respectively. The decline in interest coverage in 1995 was due to lower earnings and higher interest charges. The improvement in interest coverage in 1994 was due to debt refundings and increased earnings. The Company's interest coverage continues to be high compared with the electric utility industry generally.

The Company's senior debt (first mortgage bonds) is rated Aa3, A+ and AA- by Moody's Investors Service (Moody's), Standard & Poor's (S&P) and Duff and Phelps, Inc., respectively. Moody's and S&P revised their ratings during 1995 from Aa2 and AA-, respectively. Major factors for the revision were the uncertain implications of New York's transition towards a more market-oriented energy industry and the Company's obligations under contracts with independent power producers (IPPs) (see "Electric Capacity Resources" below and Note G to the financial statements). The Company has not issued first mortgage bonds since 1974; as of December 31, 1995 $175 million of first mortgage bonds were outstanding, all of which mature in 1996. The Company's unsecured debt securities (debentures and tax-exempt debt) are rated A1, A+ and A+ by Moody's, S&P and Duff and Phelps, Inc., respectively.

Cash flows from operating activities for years 1993 through 1995 were as follows:

(Millions of Dollars)	1995	1994	1993
Net cash flows from operating activities	$1,276	$1,250	$1,025
Less: Dividends on common and preferred stock	515	505	490
Net after dividends	$ 761	$ 745	$ 535

Net cash flows in 1995 were favorably affected by incentive billings of $116.5 million, offset by the refund to customers of $54.0 million of revenues under the ERAM. Net cash flows in 1994 were favorably affected by incentive billings of $92.3 million, ERAM billings of $28.9 million and labor productivity improvements resulting in costs estimated to be approximately $51 million less than reflected in rates. See the table above for balances in regulatory accounts receivable at December 31, 1995 to be refunded to or recovered from customers in future periods.

CAPITAL REQUIREMENTS The following table compares the Company's capital requirements for the years 1993 through 1995 and estimated amounts for 1996 and 1997:

(Millions of Dollars)	1997	1996	1995	1994	1993
Construction expenditures	$ 671	$ 678	$ 693	$ 758	$ 789
Enlightened Energy program costs less recoveries/(a)/	(33)	(15)	(26)	30	59
Power contract termination costs - net/(a)/	(39)	(31)	(55)	62	68
Nuclear decommissioning trust/(a)//(b)/	21	21	19	15	19
Nuclear fuel	44	24	13	47	14
Investment in gas marketing subsidiary	10	10	2	7	1
Subtotal	674	687	646	919	950
Retirement of long-term debt and preferred stock/(c)/	106	184	11	134	178
Total	$ 780	$ 871	$ 657	$1,053	$1,128

/(a)/ See discussion below of electric rate agreements.
/(b)/ See Note A to the financial statements for discussion of nuclear decommissioning costs.
/(c)/ Does not include refundings in advance of maturity, nor the preferred stock refunding in 1996 discussed above. For details of securities maturing after 1997, see Note B to the financial statements.

Capital requirements shown above for 1995 were met from internally generated funds. The Company expects to meet these capital requirements for 1996 and 1997, including $290 million of maturing securities, from cash balances, internally generated funds and external financings of about $150 million, which would likely be debt issues. In 1996 and 1997 the Company may, from time to time, make short-term borrowings.

ELECTRIC CAPACITY RESOURCES Electric peak load in the Company's service area, adjusted for historical design weather conditions, grew by 150 MW (1.4 percent) in 1995. The growth was due primarily to unusually high use of existing and new air conditioners by customers during the exceptionally humid summer. The growth in peak load has been moderated by the Company's Enlightened Energy program, introduced in 1990, which helps the Company's customers purchase and install energy-efficient equipment and encourages the efficient use of energy resources. This program continues to be modified for future years, based on the Company's experience to date, so as to obtain energy efficiency benefits at lower program costs.

In response to federal and state regulatory policies and requirements for utilities to contract with IPPs, the Company by December 1992 had entered into contracts for the supply of substantial capacity from facilities of IPPs. Plants with 1,798 MW of such capacity are in commercial operation, and the related charges are reflected in the Company's rates. Approximately 186 MW of additional capacity is expected to be in operation and in rates in 1996. Thereafter, additional capacity totalling about 70 MW is expected.

After 1992 estimates of future market prices for power decreased significantly as excess generating capacity developed in the Northeast. During 1993 and 1994, the Company entered into agreements to terminate IPP contracts involving approximately 720 MW at a cost of $211 million (exclusive of interest) to be paid over a period of several years. These costs (including interest) are already reflected in rates. See "1995 Electric Rate Agreement" below.

The Company's current resource plans, which reflect the uncertainty as to the future industry structure in New York, do not include the addition of long-term capacity resources to its electric system during the next 20 years, other than the IPPs discussed above.

COMPETITION No federal or New York State law presently requires the Company to permit other sellers of electricity to use the Company's facilities to make sales to the Company's retail customers in New York City and Westchester County. However, in recent years, federal and New York State legislation have promoted the development of non-utility electric generating capacity and competition at the wholesale level for electric capacity and energy sales. A number of states, including New York, are now considering whether to require electric utilities to deliver electricity from other sellers directly to electricity consumers, referred to as "retail wheeling."

Retail Wheeling. The most likely targets for retail wheeling are large industrial customers and, to a lesser extent, governmental customers. Almost all of the Company's customers are residential or commercial, with sales to industrial customers comprising about 2 percent of the Company's 1995 electric sales. Most governmental customers in the Company's service area are, and for many years have been, served by the New York Power Authority (NYPA). However, if retail wheeling were permitted, the Company's

large-usage commercial customers would also be targets. In any case, competition would be mitigated by the limited capacity of the existing transmission facilities for importing power and energy into the Company's service area. Nevertheless, in a competitive environment, the Company could be disadvantaged by the relatively high costs of its generating facilities and the Company's substantial commitments under its IPP contracts relative to electric prices in a competitive market. Assuming performance by the IPPs, the Company is obligated over the terms of these contracts (which extend for various periods, up to 2034) to make payments that currently are, and are projected to be, uneconomic. See Note G to the financial statements.

Competitive Strategy. The Company's strategy for dealing with competition includes ongoing cost reductions, increased productivity, pursuit of growth opportunities and strengthening of customer relations by providing value-added services. Another major element of the strategy which the Company is promoting with government and regulators is a "level playing field" on which the Company could compete without unfair burdens of regulation or taxation. For example, taxes other than federal income tax represent 21 cents of every dollar the Company bills customers.

PSC Proceeding. The PSC is conducting a generic "competitive opportunities" proceeding to investigate whether and how to introduce increased competition into the electric utility industry in the State.

In June 1995 the PSC adopted principles in this proceeding, which among other things, state that "The current industry structure, in which most power plants are vertically integrated with natural monopoly transmission and distribution, must be thoroughly examined to ensure that it does not impede or obstruct development of effective wholesale or retail competition." With respect to so-called "strandable costs", another principle states "Utilities should have a reasonable opportunity to recover prudent and verifiable expenditures and commitments made pursuant to their legal obligations, consistent with these principles." The principles also indicate that utilities should take all practicable measures to mitigate transition costs.

In October 1995 the investor-owned utility companies of New York State (including the Company) filed a proposal in this proceeding that would restructure the State's electric industry in a carefully planned transition to competition in the wholesale market where bulk electricity would be bought and sold. Numerous other parties, including the PSC staff, have submitted proposals in this proceeding, some of which, if adopted by the PSC, could adversely affect the Company.

In December 1995 the administrative law judge (ALJ) submitted her recommended decision to the PSC. She called for competition to be implemented at the wholesale level with the goal of introducing retail access as quickly as possible, but with caution. The ALJ recommended that utilities be entitled to present a case showing why it would be reasonable for recovery of strandable costs to be allowed. She also advocated a "reasonable opportunity" for consumers to realize savings and pay lower prices.

A PSC order in this proceeding is expected in 1996. The order is not expected to conclude the PSC's review of competition and related issues. It is not possible to predict the outcome of the proceeding or its impact upon the Company. See Note A to the financial statements.

Federal Proceeding. In March 1995 the Federal Energy Regulatory Commission (FERC) proposed new rules under which the Company and other electric utilities would be required to file non-discriminatory open access transmission tariffs that would be available to wholesale sellers and buyers of electric energy, and that would also apply to the Company's and other electric utilities' own wholesale sales of electric energy. As proposed, the new rules would allow utilities to recover legitimate and verifiable wholesale stranded costs. FERC would follow this policy with regard to costs subject to its jurisdiction and urged the states to follow the same policy with regard to costs subject to their jurisdictions.

It is not possible to predict the outcome of this proceeding. The Company participates in the wholesale electric market primarily as a buyer, and in this regard should benefit if rules are adopted which result in lower wholesale prices for its purchases of electricity for its retail customers.

1992 ELECTRIC RATE AGREEMENT In April 1992 the PSC approved an electric rate agreement covering the three-year period April 1, 1992 through March 31, 1995. Under the agreement annual electric rates were increased by $250.5 million (5.0 percent) in April 1992, by $251.2 million (5.0 percent) in April 1993 and by $55.2 million (1.1 percent) in April 1994. The agreement provided for a rate of return on common equity of 11.50 percent for the first rate year and 11.60 percent for the second and third rate years, based on a common equity ratio of 52 percent. In order to settle disputed items, including alleged excess earnings in prior years, the Company's revenue allowance was reduced in each of the three years by $35 million. For calendar years 1994, 1993 and 1992, the Company accrued incentives for attaining certain objectives for the Company's Enlightened Energy program, customer service and

fuel costs of $116.4 million, $69.6 million and $58.1 million, respectively, before federal income tax. For each of the three rate years, the Company's rate of return on electric common equity, excluding incentives and labor productivity, was below the thresholds set in the agreement for sharing with customers.

The agreement introduced a rate-making concept known as the Electric Revenue Adjustment Mechanism (ERAM). The purpose of the ERAM was to eliminate the linkage between customers' energy consumption and Company profits. Under the ERAM rates were based on annual forecasts of electric sales and sales revenues with refund to or recovery from customers of any overages or deficiencies from the forecast in the prior rate year. Implementation of the ERAM removes from Company earnings all variations in electric sales from forecasts, including the effects of year-to-year weather variations, the results of changes in economic conditions, and the impact of the Enlightened Energy program. In 1994 the Company set aside $63.7 million to be refunded to customers for revenue overcollections under the ERAM. In 1993 and 1992 the Company accrued $10.9 million and $130.1 million, respectively, of additional revenues to be recovered from customers under the ERAM.

1995 ELECTRIC RATE AGREEMENT In April 1995 the PSC approved a three-year electric rate agreement effective April 1, 1995. The principal features of the agreement are as follows:

Limited Increases in Base Revenues. There was no increase in base electric revenues for the first rate year of the agreement (the twelve months ending March 31, 1996). However, differences between actual and projected amounts for certain expense items for each rate year will be reconciled and deferred for refund to or recovery from customers in subsequent years. These items include pension and retiree health and life insurance expenses, costs incurred under IPP contracts, and certain Enlightened Energy and renewable energy expenses. Property tax differences will be similarly reconciled and refunded to or recovered from customers, except that the Company will absorb (or retain) 14 percent of any property tax increase or decrease from the forecast amounts.

For the second and third rate years, rates will also be changed to provide for projected costs in each year of pensions and retiree health and life insurance, IPP contracts, and the Enlightened Energy program. Pension and postretirement benefit costs will increase substantially in 1996, reflecting the discount rate and health cost trend rates assumed. See Notes D and E to the financial statements.

Unlike previous multi-year rate agreements, there will be no increases in rates in the second and third rate years to cover general escalation, wage and salary increases or carrying costs on increased utility plant investment. See "Modified ERAM" below for revenue adjustments to reflect changes in numbers of customers.

Return on Equity and Equity Ratio. The allowed rate of return on common equity is 11.1 percent in the first rate year and is to be adjusted for the second and third rate years by adding or subtracting one-half of the change in 30-year Treasury bond rates from a January/February 1995 base, to or from 11.1 percent. The maximum change in the rate of return from the previous rate year is 100 basis points (one percent). A preliminary estimate of the indicated rate of return on equity for the second rate year is between 10.2 and 10.4 percent. A 52 percent common equity ratio is assumed throughout the term of the agreement.

Costs for debt and preferred stock will not be updated from the levels projected for the first rate year.

Earnings Sharing. Following each rate year the Company's actual return on equity will be calculated, using actual capitalization ratios and debt and preferred stock costs, but excluding any earnings from the incentives discussed below. The Company will retain 100 percent of any earnings up to 50 basis points above the allowed rate of return for that rate year. The Company will retain 50 percent of earnings exceeding the allowed rate of return by more than 50 basis points but not more than 150 basis points and the balance will be deferred for customer benefit. The Company will retain 25 percent of earnings that exceed the allowed rate of return by more than 150 basis points; one-third of the balance will be deferred for customer benefit and two-thirds will be applied to reduce rate base balances in a manner to be determined by the Company.

Due principally to increased productivity, the Company estimates the actual rate of return on electric common equity, excluding incentives, for the first rate year will exceed the sharing threshold of 11.6 percent. As a result, in the fourth quarter of 1995 the Company recorded a provision for the future benefit of electric customers of $10.0 million, before federal income tax.

IPP Termination Costs. The rate agreement also provides for full recovery by the Company of all IPP contract termination costs incurred to date, and permits the Company to petition the PSC to defer the costs of new IPP contract terminations or modifications, if any, during the term of the agreement.

Incentive Provisions. The rate agreement permits the Company to earn additional incentive amounts, not subject to the earnings sharing provisions, by attaining certain objectives for the Company's Enlightened Energy program, fuel costs, and customer service. While these incentive mechanisms are similar to those provided under the 1992 electric rate agreement, opportunities for earning incentives are generally less than under the earlier agreement. There would also be penalties for failing to achieve minimum objectives, and there is a penalty-only incentive mechanism designed to encourage the Company to maintain its high level of service reliability.

For calendar year 1995 the Company accrued benefits of $32.7 million (including $17.1 million related to the prior year) and $5.7 million, before federal income tax, for the Enlightened Energy incentive and for electric customer service performance, respectively.

Partial Pass-Through Fuel Adjustment Clause. The PPFAC incentive is continued with certain modifications from the 1992 electric rate agreement. For each rate year of the new agreement there will be a $35 million cap (previously $30 million) on the maximum incentive or penalty, with a "sub-cap" (within the $35 million cap) of $10 million (as previously) for costs associated with generation from the Company's Indian Point 2 nuclear unit. While the cap is higher, the targets established for incentive earnings are generally more difficult than under the prior agreement. For calendar year 1995 the Company earned $19.2 million, before federal income tax, under the PPFAC, $6.5 million of which was earned in the first calendar quarter, under the 1992 agreement.

Modified ERAM. The agreement continues, in modified form, the ERAM introduced in the 1992 electric rate agreement. The new agreement adds to the ERAM a revenue per customer (RPC) mechanism which excludes from adjustment those variances in the Company's electric revenues which result from changes in the number of customers in each electric service classification. In effect, the Company will retain additional revenues attributable to added customers, but will bear the revenue shortfall resulting from lost customers, while other variances from forecast revenues will be deferred for subsequent recovery from or refund to customers, and will not affect the Company's earnings. The ERAM and the RPC mechanism will not apply to delivery service for NYPA.

At the end of each rate year, the forecast average annual amount of revenue per customer in each service classification (the RPC Factor) for that rate year is multiplied by the actual average number of customers in that classification. The net difference between that amount and the actual revenues from all service classifications is deferred for refund to or recovery from customers in the subsequent rate year; the RPC Factor for the following rate year will be adjusted to reflect such net difference. The RPC Factors will also be adjusted in the second and third rate years to reflect any increase or decrease in allowed base revenues for reconciliations and projections discussed above in "Limited Increases in Base Revenues."

For calendar year 1995 the Company set aside $35.3 million, before federal income tax, to be refunded to customers for revenue overcollections under the ERAM, net of $13.3 million earned under the RPC.

Nuclear Decommissioning Expense. See Note A to the financial statements for changes in nuclear decommissioning expense.

Second Rate Year. In February 1996 the Company filed revisions to its electric rates to become effective April 1, 1996 for the second rate year, as required in the agreement. The Company estimated that there would be no material change in rates. The matter is pending before the PSC.

Extension of Agreement. The agreement stipulates that if the Company abstains from filing for a general electric rate increase to take effect at the end of the three-year period, the operation of the rate agreement may be extended beyond March 31, 1998. Any party to the agreement may file a petition to compel the Company to justify continuation of the mechanisms, provisions and formulas beyond March 31, 1998. If the agreement is extended, the provisions for limited rate changes, adjustment of equity return, earnings sharing, incentives, and Modified ERAM will continue in effect until changed by the PSC.

GAS AND STEAM RATE AGREEMENTS In October 1992 the PSC approved two-year gas and steam rate agreements which included annual increases for the first rate year in firm gas and steam rates of $12.3 million (1.9 percent) and $11.8 million (3.6 percent), respectively. In September 1993 the PSC granted the Company permission to increase its firm gas rates for the second rate year by $21.6 million (2.8 percent). In lieu of a steam rate increase of $2.1 million for the second rate year, the PSC authorized the Company to retain certain tax refunds being held by the Company for refund to steam customers. The gas and steam rate agreements were premised upon an allowed equity return of 11.6 percent and a common equity ratio of 52 percent of total capitalization. Earnings above an 11.95 percent return were to be shared equally with customers. For both rate years, the twelve months ended September 30, 1993 and 1994, the Company's rate of return on gas common equity was below the sharing threshold. The Company's rate of return on steam common equity for the first and second rate years was above the sharing threshold, and as a result, the Company recorded a provision for refund to steam customers of $1.7 million in 1993 and $3.6 million in 1994.

In October 1994 the PSC approved three-year rate agreements for gas and steam services. The agreements provide for gas and steam rate increases in the first rate year, the twelve months ended September 30, 1995, of $7.7 million (0.9 percent) and $9.9 million (3.0 percent), respectively, and a methodology for rate changes in the second and third rate years. For both services, the October 1994 increases reflect a 10.9 percent rate of return on common equity and a 52 percent common equity ratio. The agreements contain "excess earnings" provisions giving stockholders the benefit of 100 percent retention of any earnings between 10.9 percent and 11.65 percent, and 50 percent sharing with customers above 11.65 percent. The steam earnings calculation also excludes the effects of net sales increases related to abnormal weather, up to a maximum exclusion for abnormal weather which is the equivalent of 25 basis points in common equity return per year. The gas agreement contains two incentive (or penalty) mechanisms (not subject to the "excess earnings" provisions). In 1995 the Company accrued benefits of $6.1 million and $1.3 million, before federal income tax, for the gas system improvement and customer service incentives, respectively. For the first rate year, the twelve months ended September 30, 1995, the Company's rates of return on common equity for gas and steam were below the threshold for sharing.

Effective October 1, 1995 (the beginning of the second year of the October 1994 three-year gas and steam rate agreements), gas and steam rates were increased by $20.9 million (2.5 percent) and $4.6 million (1.3 percent), respectively. The primary reasons for the gas rate increase were escalation in certain operation and maintenance expenses, return and depreciation on higher plant balances, and recovery of earnings under the incentive provisions of the agreement. The steam rate increase was primarily to cover escalation in operation and maintenance expenses, and return and depreciation on higher plant balances.

CLEAN AIR ACT AMENDMENTS The Clean Air Act amendments of 1990 impose limits on sulfur dioxide emissions from electric generating units. Because the Company uses very low sulfur fuel oil and natural gas as boiler fuels, the sulfur dioxide emissions limits should not affect the Company's operations. The Company will incur increased capital and operating costs to meet the nitrogen oxide emissions limits set by the New York State Department of Environmental Conservation (DEC) under the "Reasonably Available Control Technology" (RACT) provisions of the Clean Air Act. The Company has spent approximately $23 million to comply with the Phase I limitations. The State may further reduce the nitrogen oxide emissions limits under Phase II of the RACT program which is expected to take effect in 1999. New York and nine other member states of the Northeast Ozone Transport Commission have entered into a Memorandum of Understanding which calls for the states to adopt more stringent nitrogen oxide emissions limits for RACT Phases II and III, effective in 1999 and 2003, respectively. The Company estimates that the cost of compliance with these phases could approximate $150 million.

NUCLEAR FUEL DISPOSAL The Company has a contract with the United States Department of Energy (DOE) which provides that, in return for payments being made by the Company to the DOE pursuant to the contract, the DOE, starting in 1998, will take title to the Company's spent nuclear fuel, transport it to a federal repository and store it permanently. Notwithstanding the contract, the DOE has announced that it is not likely to have an operating permanent repository before 2015. The DOE has also taken the position that it is not obligated to begin accepting the spent fuel until it has an appropriate facility for such purpose. In June 1994 the Company and a number of other utilities petitioned the United States Court of Appeals for the District of Columbia for a declaratory judgment that the DOE is unconditionally obligated to begin accepting the spent fuel by 1998, an order directing the DOE to implement a program enabling it to begin acceptance of spent fuel by 1998, and, if warranted,

appropriate relief for the financial burden to the utilities resulting from the DOE's delay. The Company estimates that it now has adequate on-site capacity until 2005 for interim storage of its spent fuel. Absent regulatory or technological developments by 2005, the Company expects that it will require additional on-site or other spent fuel storage facilities. Such additional facilities would require regulatory approvals. In the event that the Company is unable to make appropriate arrangements for the storage of its spent fuel, the Company would be required to curtail the operation of its Indian Point 2 nuclear unit. See discussion of decommissioning in Note A to the financial statements.

SUPERFUND AND ASBESTOS CLAIMS AND OTHER CONTINGENCIES Reference is made to Note F to the financial statements for information concerning potential liabilities of the Company arising from the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("Superfund"), from claims relating to alleged exposure to asbestos, and from certain other contingencies to which the Company is subject.

COLLECTIVE BARGAINING CONTRACT The Company's four-year collective bargaining contract with Local No. 1-2, Utility Workers' Union of America, which represents 66% of the Company's employees, expires in June 1996.

IMPACT OF INFLATION The Company is affected by the decline in the purchasing power of the dollar caused by inflation. Regulation permits the Company to recover through depreciation only the historical cost of its plant assets even though in an inflationary economy the cost to replace the assets upon their retirement will substantially exceed historical cost. However, this is partially offset by the repayment of the Company's long-term debt in dollars of lesser value than the dollars originally borrowed.

RESULTS OF OPERATIONS

Earnings per share were $2.93 in 1995, $2.98 in 1994 and $2.66 in 1993. The average number of common shares outstanding for 1995, 1994 and 1993 was 234.9 million, 234.8 million and 234.0 million, respectively.

Earnings for 1995, 1994 and 1993 reflect electric, gas and steam rate increases, and other provisions of the electric, gas and steam rate agreements discussed above.

OPERATING REVENUES AND FUEL COSTS Operating revenues in 1995 and 1994 increased from the prior year by $163.8 million and by $107.7 million, respectively. The principal increases and decreases in revenue were:

	Increase (Decrease)	
(Millions of Dollars)	1995 Over 1994	1994 Over 1993
Electric, gas and steam rate changes	$ 29.3	$ 115.8
Fuel rider billings*	22.4	(143.3)
Sales volume changes		
Electric**	41.4	56.3
Gas	(11.7)	26.1
Steam	(13.9)	14.4
Gas weather normalization	5.9	(5.6)
Electric:		
ERAM/Modified ERAM accruals	28.4	(74.7)
Recoveries of prior rate year ERAM accruals	83.1	75.9
Rate refund provision	(10.0)	--
Off-system sales	12.5	19.8
Other	(23.6)	23.0
Total	$163.8	$ 107.7

* Excludes costs of fuel, purchased power and gas purchased for resale reflected in base rates.

** Includes Con Edison direct customers and delivery service for NYPA and municipal agencies.

The increase in fuel billings in 1995 reflects higher unit costs of purchased power, offset by lower cost of gas per therm. The decrease in fuel billings in 1994 reflects decreases in the unit costs of both purchased power and fuel used to produce electricity. The cost of gas per therm was 20.2 percent lower in 1995 than in 1994 and was 10.4 percent lower in 1994 than in 1993.

Electric fuel costs decreased $56.1 million in 1995 largely because of the Company's increased power purchases and consequent lower generation; steam fuel costs decreased $7.6 million in 1995 due to lower sendout and lower unit cost of fuel. Electric fuel costs in 1995 and 1994 were affected by the greater availability in 1994 than in 1995 of lower-cost nuclear generation from the Company's Indian Point 2 unit. During 1995 Indian Point 2 underwent a scheduled refueling and maintenance outage and the unit's low cost generation was, therefore, unavailable for part of the year. During 1995 the Company purchased 59 percent of its total electric energy requirements, compared with 51 percent in 1994. Reflecting this increase, including increased purchases of the relatively high cost power that the Company is required to pay for under its IPP contracts, purchased power costs increased by $319.8 million over the 1994 period. Gas purchased for resale decreased $81.4 million in 1995, reflecting the lower unit cost of purchased gas, offset by higher sendout.

Electricity sales volume in the Company's service territory increased 0.7 percent in 1995 and 2.0 percent in 1994. Gas sales volume to firm customers decreased 2.8 percent in 1995 and increased 3.9 percent in 1994. Transportation of customer-owned gas increased 65.3 percent in 1995 and decreased 12.1 percent in 1994, primarily due to variations in the volume of gas transported for NYPA's use as boiler fuel at its Poletti unit. Steam sales volume decreased 4.1 percent in 1995 and increased 4.4 percent in 1994.

The Company's electricity, gas and steam sales vary seasonally in response to weather. Electric peak load occurs in the summer, while gas and steam sales peak in the winter. After adjusting for variations, principally weather and billing days, in each period, electricity sales volume increased 1.2 percent in 1995 and 1.5 percent in 1994. Similarly adjusted, gas sales volume to firm customers increased 0.1 percent in 1995 and 1.6 percent in 1994, and steam sales volume decreased 1.9 percent in 1995 and increased 0.6 percent in 1994. Weather-adjusted sales represent the Company's estimate of the sales that would have been made if historical average weather conditions had prevailed.

Off-system electricity sales increased to 5,035 millions of kilowatthours (kWhrs) in 1995 compared with 1,785 millions of kWhrs in 1994. The increase in 1995 in such sales was due largely to arrangements in which the Company produces electricity for others using gas they provide as fuel. The Company has purchased a substantial portion of this electricity for sale to its own customers.

OTHER OPERATIONS AND MAINTENANCE EXPENSES Other operations and maintenance expenses were unchanged in 1995 and decreased 1.5 percent in 1994. For 1995 lower administrative and general expenses and production expenses at fossil generating stations were offset in part by higher amortization of previously deferred Enlightened Energy program costs and higher production expenses related to the refueling and maintenance outage of the Indian Point 2 nuclear unit in 1995. For 1994 the decrease reflects lower production expenses, principally due to the refueling and maintenance outage of the Indian Point 2 nuclear unit in 1993; there was no outage in 1994. The decrease was offset in part by costs in connection with the settlement of an environmental proceeding (discussed below) and higher health insurance costs.

During 1995 the Company accrued $10 million for additional environmental investigation and site remediation costs pursuant to a 1994 settlement of a DEC civil administrative proceeding against the Company and $5 million for two Superfund sites. In 1994, pursuant to the DEC settlement, the Company paid a $9 million penalty and contributed $5 million to an environmental projects fund. The penalty was charged to miscellaneous income deductions ($2 million in 1994 and $7 million in prior years). The payment to the environmental projects fund was charged to operations and maintenance expenses in 1994. In addition the Company accrued $11.5 million during 1994 for environmental investigation and site remediation costs. See Note F to the financial statements for additional information about the settlement.

TAXES, OTHER THAN FEDERAL INCOME TAX At $1.1 billion, taxes other than federal income tax remain one of the Company's largest operating expenses. The principal components and variations in operating taxes were:

(Millions of Dollars)	1995	Increase (Decrease) 1995 Over 1994	Increase (Decrease) 1994 Over 1993
Property taxes	$ 534.0	$ (5.4)	$(36.8)
State and local taxes on revenues	460.3	(2.2)	(6.3)
Payroll taxes	58.2	.4	(.2)
Other taxes	67.7	(.3)	11.7
Total	$1,120.2*	$(7.5)	$(31.6)

* Including sales taxes on customers' bills, total taxes other than federal income tax billed to customers in 1995 were $1,413.8 million.

The reductions in property taxes in 1995 and 1994 reflect decreases in the share of total New York City property taxes borne by the Company. Under the terms of the current electric, gas and steam rate agreements most of the difference between property taxes included in rates and actual property taxes is being deferred for future recovery from or refund to customers.

OTHER INCOME Other income increased $8.2 million in 1995 and decreased $2.3 million in 1994. For 1995 the increase reflects higher interest on temporary cash investments and for 1994 the decrease reflects lower interest income accrued on ERAM revenue deferrals under the 1992 electric rate agreement.

NET INTEREST CHARGES Interest on long-term debt increased $12.9 million in 1995 and $7.3 million in 1994 principally as a result of new debt issues, offset to a large extent in 1994 by the effect of debt refundings. Other interest increased $9.1 million in 1995 principally as a result of a higher customer deposit rate and interest associated with certain tax settlements.

FEDERAL INCOME TAX Federal income tax decreased $41.0 million in 1995 and increased $73.6 million in 1994 reflecting the changes each year in income before tax and in tax credits. See Note H to the financial statements.

February 27, 1996