

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

- Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934
FOR THE QUARTERLY PERIOD ENDED September 30, 2023
OR
- Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

| Commission File Number | Exact name of registrant as specified in its charter and principal executive office address and telephone number | State of Incorporation | I.R.S. Employer ID. Number |
|------------------------|--|------------------------|----------------------------|
| 1-14514 | Consolidated Edison, Inc. 4 Irving Place, New York, New York 10003 (212) 460-4600 | New York | 13-3965100 |
| 1-01217 | Consolidated Edison Company of New York, Inc. 4 Irving Place, New York, New York 10003 (212) 460-4600 | New York | 13-5009340 |

Securities Registered Pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|---|----------------|---|
| Consolidated Edison, Inc. Common Shares (\$.10 par value) | ED | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Consolidated Edison, Inc. (Con Edison) Yes No
Consolidated Edison Company of New York, Inc. (CECONY) Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Con Edison Yes No
CECONY Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Con Edison
Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting company Emerging growth company
CECONY
Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

| | | | | |
|------------|-----|--------------------------|----|-------------------------------------|
| Con Edison | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| CECONY | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |

As of October 31, 2023, Con Edison had outstanding 345,219,779 Common Shares (\$.10 par value). All of the outstanding common equity of CECONY is held by Con Edison.

Filing Format

This Quarterly Report on Form 10-Q is a combined report being filed separately by two different registrants: Consolidated Edison, Inc. (Con Edison) and Consolidated Edison Company of New York, Inc. (CECONY). CECONY is a wholly-owned subsidiary of Con Edison and, as such, the information in this report about CECONY also applies to Con Edison. As used in this report, the term the “Companies” refers to Con Edison and CECONY. However, CECONY makes no representation as to the information contained in this report relating to Con Edison or the subsidiaries of Con Edison other than itself.

Glossary of Terms

The following is a glossary of abbreviations or acronyms that are used in the Companies' SEC reports:

Con Edison Companies

| | |
|-------------------------|---|
| Con Edison | Consolidated Edison, Inc. |
| CECONY | Consolidated Edison Company of New York, Inc. |
| Con Edison Transmission | Con Edison Transmission, Inc., together with its subsidiaries |
| O&R | Orange and Rockland Utilities, Inc. |
| RECO | Rockland Electric Company |
| The Companies | Con Edison and CECONY |
| The Utilities | CECONY and O&R |

Regulatory Agencies, Government Agencies and Other Organizations

| | |
|--------|---|
| FASB | Financial Accounting Standards Board |
| FERC | Federal Energy Regulatory Commission |
| IRS | Internal Revenue Service |
| NJBPU | New Jersey Board of Public Utilities |
| NYISO | New York Independent System Operator |
| NYPA | New York Power Authority |
| NYSDEC | New York State Department of Environmental Conservation |
| NYSDPS | New York State Department of Public Service |
| NYSPSC | New York State Public Service Commission |
| OTDA | Office of Temporary and Disability Assistance |
| SEC | U.S. Securities and Exchange Commission |

Accounting

| | |
|------|--|
| ASU | Accounting Standards Update |
| GAAP | Generally Accepted Accounting Principles in the United States of America |
| HLBV | Hypothetical Liquidation at Book Value |
| NOL | Net Operating Loss |
| OCI | Other Comprehensive Income |
| VIE | Variable Interest Entity |

Environmental

| | |
|-----------|---|
| GHG | Greenhouse gases |
| Superfund | Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes |

Units of Measure

| | |
|------|--------------------------------|
| Dt | Dekatherms |
| kWh | Kilowatt-hour |
| MMlb | Million pounds |
| MW | Megawatt or thousand kilowatts |
| MWh | Megawatt hour |

Other

| | |
|----------|--|
| COVID-19 | Coronavirus Disease 2019 |
| TCJA | The federal Tax Cuts and Jobs Act of 2017, as enacted on December 22, 2017 |

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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are intended to qualify for the safe-harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements of future expectations and not facts. Words such as “forecasts,” “expects,” “estimates,” “anticipates,” “intends,” “believes,” “plans,” “will,” “target,” “guidance,” “potential,” “consider” and similar expressions identify forward-looking statements. The forward-looking statements reflect information available and assumptions at the time the statements are made, and accordingly speak only as of that time. Actual results or developments might differ materially from those included in the forward-looking statements because of various factors such as those identified in reports the Companies have filed with the Securities and Exchange Commission, including, but not limited to:

- the Companies are extensively regulated and are subject to substantial penalties;
- the Utilities’ rate plans may not provide a reasonable return;
- the Companies may be adversely affected by changes to the Utilities’ rate plans;
- the failure of, or damage to, the Companies’ facilities could adversely affect the Companies;
- a cyber attack could adversely affect the Companies;
- the failure of processes and systems and the performance and failure to retain and attract employees and contractors could adversely affect the Companies;
- the Companies are exposed to risks from the environmental consequences of their operations, including increased costs related to climate change;
- Con Edison’s ability to pay dividends or interest depends on dividends from its subsidiaries;
- changes to tax laws could adversely affect the Companies;
- the Companies require access to capital markets to satisfy funding requirements;
- a disruption in the wholesale energy markets, increased commodity costs or failure by an energy supplier or customer could adversely affect the Companies;
- the Companies may have substantial unfunded pension and other postretirement benefit liabilities;
- the Companies face risks related to health epidemics and other outbreaks;
- the Companies’ strategies may not be effective to address changes in the external business environment;
- the Companies face risks related to supply chain disruption and inflation; and
- the Companies also face other risks that are beyond their control.

The Companies assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Consolidated Edison, Inc.
CONSOLIDATED INCOME STATEMENT (UNAUDITED)

| <i>(Millions of Dollars/Except Share Data)</i> | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|--------------|--|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| OPERATING REVENUES | | | | |
| Electric | \$3,469 | \$3,328 | \$8,309 | \$7,994 |
| Gas | 353 | 453 | 2,354 | 2,345 |
| Steam | 49 | 58 | 425 | 444 |
| Non-utility | 1 | 326 | 131 | 856 |
| TOTAL OPERATING REVENUES | 3,872 | 4,165 | 11,219 | 11,639 |
| OPERATING EXPENSES | | | | |
| Purchased power | 796 | 731 | 1,993 | 1,851 |
| Fuel | 34 | 59 | 241 | 255 |
| Gas purchased for resale | 73 | 185 | 640 | 833 |
| Other operations and maintenance | 933 | 999 | 2,678 | 2,785 |
| Depreciation and amortization | 512 | 525 | 1,506 | 1,593 |
| Taxes, other than income taxes | 801 | 777 | 2,282 | 2,248 |
| TOTAL OPERATING EXPENSES | 3,149 | 3,276 | 9,340 | 9,565 |
| Gain (Loss) on sale of the Clean Energy Businesses | (1) | — | 866 | — |
| OPERATING INCOME | 722 | 889 | 2,745 | 2,074 |
| OTHER INCOME (DEDUCTIONS) | | | | |
| Investment income | 8 | 5 | 23 | 15 |
| Other income | 210 | 101 | 625 | 296 |
| Allowance for equity funds used during construction | 7 | 4 | 20 | 15 |
| Other deductions | (18) | (21) | (57) | (57) |
| TOTAL OTHER INCOME | 207 | 89 | 611 | 269 |
| INCOME BEFORE INTEREST AND INCOME TAX EXPENSE | 929 | 978 | 3,356 | 2,343 |
| INTEREST EXPENSE (INCOME) | | | | |
| Interest on long-term debt | 234 | 246 | 719 | 728 |
| Other interest expense (income) | 39 | (32) | 78 | (119) |
| Allowance for borrowed funds used during construction | (14) | (15) | (39) | (23) |
| NET INTEREST EXPENSE | 259 | 199 | 758 | 586 |
| INCOME BEFORE INCOME TAX EXPENSE | 670 | 779 | 2,598 | 1,757 |
| INCOME TAX EXPENSE | 144 | 160 | 416 | 330 |
| NET INCOME | 526 | 619 | 2,182 | 1,427 |
| Income (Loss) attributable to non-controlling interest | — | 6 | (3) | (43) |
| NET INCOME FOR COMMON STOCK | \$526 | \$613 | \$2,185 | \$1,470 |
| Net income per common share—basic | \$1.53 | \$1.73 | \$6.27 | \$4.15 |
| Net income per common share—diluted | \$1.52 | \$1.72 | \$6.24 | \$4.13 |
| AVERAGE NUMBER OF SHARES OUTSTANDING—BASIC (IN MILLIONS) | 345.0 | 354.6 | 348.4 | 354.4 |
| AVERAGE NUMBER OF SHARES OUTSTANDING—DILUTED (IN MILLIONS) | 346.5 | 355.9 | 349.9 | 355.7 |

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

Consolidated Edison, Inc.**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

| <i>(Millions of Dollars)</i> | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|-------|------------------------------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| NET INCOME | \$526 | \$619 | \$2,182 | \$1,427 |
| (INCOME) LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST | — | (6) | 3 | 43 |
| OTHER COMPREHENSIVE INCOME, NET OF TAXES | | | | |
| Pension and other postretirement benefit plan liability adjustments, net of taxes | — | 1 | 3 | 6 |
| TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAXES | — | 1 | 3 | 6 |
| COMPREHENSIVE INCOME | \$526 | \$614 | \$2,188 | \$1,476 |

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

Consolidated Edison, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the Nine Months Ended September 30,

| <i>(Millions of Dollars)</i> | 2023 | 2022 |
|--|----------------|----------------|
| OPERATING ACTIVITIES | | |
| Net income | \$2,182 | \$1,427 |
| PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME | | |
| Depreciation and amortization | 1,506 | 1,593 |
| Deferred income taxes | 99 | 317 |
| Rate case amortization and accruals | 67 | 55 |
| Net derivative gains | 11 | (161) |
| Pre-tax gain on sale of the Clean Energy Businesses | (866) | — |
| Other non-cash items, net | (87) | 180 |
| CHANGES IN ASSETS AND LIABILITIES | | |
| Accounts receivable – customers | 179 | (140) |
| Allowance for uncollectible accounts – customers | (46) | (12) |
| Materials and supplies, including fuel oil and gas in storage | 53 | (96) |
| Revenue decoupling mechanism receivable | (130) | 23 |
| Other receivables and other current assets | 144 | (120) |
| Unbilled revenue and net unbilled revenue deferrals | 78 | (40) |
| Prepayments | (841) | (588) |
| Accounts payable | (573) | 61 |
| Pensions and retiree benefits obligations, net | (161) | 105 |
| Pensions and retiree benefits contributions | (30) | (34) |
| Accrued taxes | (1) | (10) |
| Accrued interest | 108 | 126 |
| Distributions from equity investments | 23 | 14 |
| Deferred charges, noncurrent assets, leases, net and other regulatory assets | (613) | (550) |
| Deferred credits, noncurrent liabilities and other regulatory liabilities | (31) | 468 |
| Other current liabilities | 110 | — |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 1,181 | 2,618 |
| INVESTING ACTIVITIES | | |
| Utility construction expenditures | (3,097) | (2,844) |
| Cost of removal less salvage | (289) | (247) |
| Non-utility construction expenditures | (141) | (210) |
| Investments in electric and gas transmission projects | (48) | (48) |
| Proceeds from sale of the Clean Energy Businesses, net of cash and cash equivalents sold | 3,927 | — |
| Other investing activities | — | 3 |
| NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES | 352 | (3,346) |
| FINANCING ACTIVITIES | | |
| Net issuance (retirement) of short-term debt | (1,160) | 1,003 |
| Issuance of long-term debt | 500 | — |
| Retirement of long-term debt | (60) | (383) |
| Debt issuance costs | (5) | — |
| Common stock dividends | (829) | (812) |
| Issuance of common shares for stock plans | 41 | 43 |
| Repurchase of common shares | (1,000) | — |
| Distribution to noncontrolling interest | (4) | (28) |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES | (2,517) | (177) |
| CASH, TEMPORARY CASH INVESTMENTS, AND RESTRICTED CASH: | | |
| NET CHANGE FOR THE PERIOD | (984) | (905) |
| BALANCE AT BEGINNING OF PERIOD | 1,530 | 1,146 |
| BALANCE AT END OF PERIOD | \$546 | \$241 |
| LESS: CASH BALANCES HELD FOR SALE | 6 | — |
| BALANCE AT END OF PERIOD EXCLUDING HELD FOR SALE | \$540 | \$241 |
| SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION | | |
| Cash paid/(received) during the period for: | | |
| Interest | \$624 | \$583 |

| | | |
|---|-------|-------|
| Income taxes | \$360 | \$30 |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION | | |
| Construction expenditures in accounts payable | \$419 | \$486 |
| Issuance of common shares for dividend reinvestment | \$20 | \$28 |
| Software licenses acquired but unpaid as of end of period | \$— | \$2 |
| Equipment acquired but unpaid as of end of period | \$11 | \$17 |

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

Consolidated Edison, Inc.
CONSOLIDATED BALANCE SHEET (UNAUDITED)

| <i>(Millions of Dollars)</i> | September 30, 2023 | December 31, 2022 |
|---|-----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and temporary cash investments | \$539 | \$1,282 |
| Accounts receivable – customers, net allowance for uncollectible accounts of \$276 and \$322 in 2023 and 2022, respectively | 2,048 | 2,192 |
| Other receivables, net allowance for uncollectible accounts of \$31 and \$10 in 2023 and 2022, respectively | 418 | 164 |
| Taxes receivable | 3 | 10 |
| Accrued unbilled revenue | 547 | 702 |
| Fuel oil, gas in storage, materials and supplies, at average cost | 455 | 492 |
| Prepayments | 1,110 | 264 |
| Regulatory assets | 180 | 305 |
| Restricted cash | 1 | — |
| Revenue decoupling mechanism receivable | 294 | 164 |
| Fair value of derivative assets | 62 | 59 |
| Assets held for sale | 163 | 7,162 |
| Other current assets | 119 | 176 |
| TOTAL CURRENT ASSETS | 5,939 | 12,972 |
| INVESTMENTS | 933 | 841 |
| UTILITY PLANT, AT ORIGINAL COST | | |
| Electric | 38,283 | 36,819 |
| Gas | 13,986 | 13,378 |
| Steam | 3,029 | 2,935 |
| General | 4,340 | 4,205 |
| TOTAL | 59,638 | 57,337 |
| Less: Accumulated depreciation | 13,865 | 13,069 |
| Net | 45,773 | 44,268 |
| Construction work in progress | 2,748 | 2,484 |
| NET UTILITY PLANT | 48,521 | 46,752 |
| NON-UTILITY PLANT | | |
| Non-utility property, net accumulated depreciation of \$24 and \$23 in 2023 and 2022, respectively | 13 | 13 |
| Construction work in progress | 1 | 1 |
| NET PLANT | 48,535 | 46,766 |
| OTHER NONCURRENT ASSETS | | |
| Goodwill | 408 | 408 |
| Regulatory assets | 4,334 | 3,974 |
| Pension and retiree benefits | 3,384 | 3,269 |
| Operating lease right-of-use asset | 545 | 568 |
| Fair value of derivative assets | 26 | 85 |
| Other deferred charges and noncurrent assets | 301 | 182 |
| TOTAL OTHER NONCURRENT ASSETS | 8,998 | 8,486 |
| TOTAL ASSETS | \$64,405 | \$69,065 |

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

Consolidated Edison, Inc.
CONSOLIDATED BALANCE SHEET (UNAUDITED)

| <i>(Millions of Dollars)</i> | September 30, 2023 | December 31, 2022 |
|--|-----------------------|----------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Long-term debt due within one year | \$650 | \$649 |
| Term loan | — | 400 |
| Notes payable | 1,880 | 2,640 |
| Accounts payable | 1,306 | 1,955 |
| Customer deposits | 401 | 358 |
| Accrued taxes | 85 | 102 |
| Accrued interest | 283 | 153 |
| Accrued wages | 124 | 116 |
| Fair value of derivative liabilities | 86 | 42 |
| Regulatory liabilities | 189 | 374 |
| System benefit charge | 439 | 390 |
| Operating lease liabilities | 114 | 103 |
| Liabilities held for sale | 76 | 3,610 |
| Other current liabilities | 417 | 444 |
| TOTAL CURRENT LIABILITIES | 6,050 | 11,336 |
| NONCURRENT LIABILITIES | | |
| Provision for injuries and damages | 182 | 181 |
| Pensions and retiree benefits | 638 | 577 |
| Superfund and other environmental costs | 996 | 997 |
| Asset retirement obligations | 513 | 500 |
| Fair value of derivative liabilities | 68 | 13 |
| Deferred income taxes and unamortized investment tax credits | 7,992 | 7,641 |
| Operating lease liabilities | 477 | 476 |
| Regulatory liabilities | 5,401 | 6,027 |
| Other deferred credits and noncurrent liabilities | 360 | 281 |
| TOTAL NONCURRENT LIABILITIES | 16,627 | 16,693 |
| LONG-TERM DEBT | 20,650 | 20,147 |
| COMMITMENTS, CONTINGENCIES, AND GUARANTEES (Note B, Note G, and Note H) | | |
| EQUITY | | |
| Common shareholders' equity | 21,078 | 20,687 |
| Noncontrolling interest | — | 202 |
| TOTAL EQUITY (See Statement of Equity) | 21,078 | 20,889 |
| TOTAL LIABILITIES AND EQUITY | \$64,405 | \$69,065 |

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

Consolidated Edison, Inc.
CONSOLIDATED STATEMENT OF EQUITY (UNAUDITED)

| <i>(In Millions, except for dividends per share)</i> | Common Stock | | Additional Paid-In Capital | Retained Earnings | Treasury Stock | | Capital Stock Expense | Accumulated Other Comprehensive Income/(Loss) | Non-controlling Interest | Total |
|--|--------------|--------|----------------------------|-------------------|----------------|-----------|-----------------------|---|--------------------------|----------|
| | Shares | Amount | | | Shares | Amount | | | | |
| BALANCE AS OF DECEMBER 31, 2021 | 354 | \$37 | \$9,710 | \$11,445 | 23 | \$(1,038) | \$(122) | \$5 | \$299 | \$20,336 |
| Net income (loss) | | | | 602 | | | | | (48) | 554 |
| Common stock dividends (\$0.79 per share) | | | | (280) | | | | | | (280) |
| Issuance of common shares - public offering | | | | | | | 1 | | | 1 |
| Issuance of common shares for stock plans | | | 18 | | | | | | | 18 |
| Distributions to noncontrolling interests | | | | | | | | | (6) | (6) |
| BALANCE AS OF MARCH 31, 2022 | 354 | \$37 | \$9,728 | \$11,767 | 23 | \$(1,038) | \$(121) | \$5 | \$245 | \$20,623 |
| Net income (loss) | | | | 255 | | | | | (1) | 254 |
| Common stock dividends (\$0.79 per share) | | | | (280) | | | | | | (280) |
| Issuance of common shares for stock plans | | | 29 | | | | | | | 29 |
| Other comprehensive income | | | | | | | | 5 | | 5 |
| Distributions to noncontrolling interests | | | | | | | | | (10) | (10) |
| BALANCE AS OF JUNE 30, 2022 | 354 | \$37 | \$9,757 | \$11,742 | 23 | \$(1,038) | \$(121) | \$10 | \$234 | \$20,621 |
| Net income | | | | 613 | | | | | 6 | 619 |
| Common stock dividends (\$0.79 per share) | | | | (280) | | | | | | (280) |
| Issuance of common shares - public offering | 1 | | | | | | | | | — |
| Issuance of common shares for stock plans | | | 27 | | | | | | | 27 |
| Other comprehensive income | | | | | | | | 1 | | 1 |
| Distributions to noncontrolling interests | | | | | | | | | (12) | (12) |
| BALANCE AS OF SEPTEMBER 30, 2022 | 355 | \$37 | \$9,784 | \$12,075 | 23 | \$(1,038) | \$(121) | \$11 | \$228 | \$20,976 |
| BALANCE AS OF DECEMBER 31, 2022 | 355 | \$37 | \$9,803 | \$11,985 | 23 | \$(1,038) | \$(122) | \$22 | \$202 | \$20,889 |
| Net income (loss) | | | | 1,433 | | | | | (3) | 1,430 |
| Common stock dividends (\$0.81 per share) | | | | (288) | | | | | | (288) |
| Issuance of common shares for stock plans | | | 15 | | | | | | | 15 |
| Common stock repurchases | (9) | | (200) | | 9 | (808) | | | | (1,008) |
| Other comprehensive income | | | | | | | | 4 | | 4 |
| Distributions to noncontrolling interests | | | | | | | | | (4) | (4) |
| Disposal of the Clean Energy Businesses | | | | | | | | | (195) | (195) |
| BALANCE AS OF MARCH 31, 2023 | 346 | \$37 | \$9,618 | \$13,130 | 32 | \$(1,846) | \$(122) | \$26 | \$— | \$20,843 |
| Net income | | | | 226 | | | | | | 226 |
| Common stock dividends (\$0.81 per share) | | | | (281) | | | | | | (281) |
| Issuance of common shares for stock plans | | | 20 | | | | | | | 20 |
| Common stock repurchases | (2) | | 169 | | 2 | (171) | | | | (2) |
| Other comprehensive loss | | | | | | | | (1) | | (1) |
| BALANCE AS OF JUNE 30, 2023 | 344 | \$37 | \$9,807 | \$13,075 | 34 | \$(2,017) | \$(122) | \$25 | \$— | \$20,805 |
| Net income | | | | 526 | | | | | | 526 |

| | | | | | | | | | | |
|---|-----|------|---------|----------|----|-----------|---------|------|-----|----------|
| Common stock dividends (\$0.81 per share) | | | | (280) | | | | | | (280) |
| Issuance of common shares for stock plans | 1 | | 27 | | | | | | | 27 |
| BALANCE AS OF SEPTEMBER 30, 2023 | 345 | \$37 | \$9,834 | \$13,321 | 34 | \$(2,017) | \$(122) | \$25 | \$— | \$21,078 |

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

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

| <i>(Millions of Dollars)</i> | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|--------------|--|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| OPERATING REVENUES | | | | |
| Electric | \$3,223 | \$3,077 | \$7,722 | \$7,401 |
| Gas | 318 | 414 | 2,140 | 2,127 |
| Steam | 49 | 58 | 425 | 444 |
| TOTAL OPERATING REVENUES | 3,590 | 3,549 | 10,287 | 9,972 |
| OPERATING EXPENSES | | | | |
| Purchased power | 719 | 643 | 1,802 | 1,639 |
| Fuel | 34 | 59 | 241 | 255 |
| Gas purchased for resale | 62 | 113 | 518 | 582 |
| Other operations and maintenance | 834 | 807 | 2,341 | 2,267 |
| Depreciation and amortization | 485 | 441 | 1,428 | 1,341 |
| Taxes, other than income taxes | 777 | 748 | 2,207 | 2,159 |
| TOTAL OPERATING EXPENSES | 2,911 | 2,811 | 8,537 | 8,243 |
| OPERATING INCOME | 679 | 738 | 1,750 | 1,729 |
| OTHER INCOME (DEDUCTIONS) | | | | |
| Investment and other income | 191 | 93 | 566 | 280 |
| Allowance for equity funds used during construction | 6 | 4 | 17 | 13 |
| Other deductions | (13) | (16) | (33) | (48) |
| TOTAL OTHER INCOME | 184 | 81 | 550 | 245 |
| INCOME BEFORE INTEREST AND INCOME TAX EXPENSE | 863 | 819 | 2,300 | 1,974 |
| INTEREST EXPENSE (INCOME) | | | | |
| Interest on long-term debt | 220 | 201 | 656 | 600 |
| Other interest expense | 32 | 15 | 75 | 25 |
| Allowance for borrowed funds used during construction | (13) | (14) | (36) | (21) |
| NET INTEREST EXPENSE | 239 | 202 | 695 | 604 |
| INCOME BEFORE INCOME TAX EXPENSE | 624 | 617 | 1,605 | 1,370 |
| INCOME TAX EXPENSE | 109 | 124 | 297 | 232 |
| NET INCOME | \$515 | \$493 | \$1,308 | \$1,138 |

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

Consolidated Edison Company of New York, Inc.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

| <i>(Millions of Dollars)</i> | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|-------|--|---------|
| | 2023 | 2022 | 2023 | 2022 |
| NET INCOME | \$515 | \$493 | \$1,308 | \$1,138 |
| OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAXES | | | | |
| Pension and other postretirement benefit plan liability adjustments, net of taxes | — | — | (1) | 1 |
| TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAXES | — | — | (1) | 1 |
| COMPREHENSIVE INCOME | \$515 | \$493 | \$1,307 | \$1,139 |

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

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

| | For the Nine Months Ended September 30, | |
|--|---|----------------|
| (Millions of Dollars) | 2023 | 2022 |
| OPERATING ACTIVITIES | | |
| Net income | \$1,308 | \$1,138 |
| PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME | | |
| Depreciation and amortization | 1,428 | 1,341 |
| Deferred income taxes | 674 | 235 |
| Rate case amortization and accruals | 52 | 41 |
| Other non-cash items, net | (75) | 173 |
| CHANGES IN ASSETS AND LIABILITIES | | |
| Accounts receivable – customers | 185 | (134) |
| Allowance for uncollectible accounts – customers | (45) | (7) |
| Materials and supplies, including fuel oil and gas in storage | 36 | (71) |
| Revenue decoupling mechanism receivable | (128) | 24 |
| Other receivables and other current assets | (115) | 42 |
| Unbilled revenue and net unbilled revenue deferrals | 77 | 16 |
| Accounts receivable from affiliated companies | (400) | (66) |
| Prepayments | (699) | (559) |
| Accounts payable | (408) | (12) |
| Accounts payable to affiliated companies | 7 | 4 |
| Pensions and retiree benefits obligations, net | (161) | 101 |
| Pensions and retiree benefits contributions | (28) | (22) |
| Accrued taxes | (42) | (3) |
| Accrued taxes to affiliated companies | (89) | 2 |
| Accrued interest | 128 | 109 |
| System benefit charge | 48 | (4) |
| Deferred charges, noncurrent assets, leases, net and other regulatory assets | (598) | (553) |
| Deferred credits, noncurrent liabilities and other regulatory liabilities | (15) | 409 |
| Other current liabilities | 81 | (13) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 1,221 | 2,191 |
| INVESTING ACTIVITIES | | |
| Utility construction expenditures | (2,894) | (2,687) |
| Cost of removal less salvage | (284) | (242) |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | (3,178) | (2,929) |
| FINANCING ACTIVITIES | | |
| Net issuance (retirement) of short-term debt | (502) | 428 |
| Issuance of long-term debt | 500 | — |
| Debt issuance costs | (5) | (1) |
| Capital contribution by Con Edison | 1,720 | 150 |
| Dividend to Con Edison | (792) | (734) |
| NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES | 921 | (157) |
| CASH AND TEMPORARY CASH INVESTMENTS | | |
| NET CHANGE FOR THE PERIOD | (1,036) | (895) |
| BALANCE AT BEGINNING OF PERIOD | 1,056 | 920 |
| BALANCE AT END OF PERIOD | \$20 | \$25 |
| SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION | | |
| Cash paid/(received) during the period for: | | |
| Interest | \$538 | \$466 |
| Income taxes | \$90 | \$60 |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION | | |
| Construction expenditures in accounts payable | \$399 | \$414 |
| Software licenses acquired but unpaid as of end of period | \$— | \$2 |
| Equipment acquired but unpaid as of end of period | \$11 | \$17 |

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

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

| <i>(Millions of Dollars)</i> | September 30, 2023 | December 31, 2022 |
|---|-----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and temporary cash investments | \$20 | \$1,056 |
| Accounts receivable – customers, net allowance for uncollectible accounts of \$269 and \$314 in 2023 and 2022, respectively | 1,959 | 2,099 |
| Other receivables, net allowance for uncollectible accounts of \$27 and \$7 in 2023 and 2022, respectively | 300 | 147 |
| Taxes receivable | 2 | 5 |
| Accrued unbilled revenue | 505 | 573 |
| Accounts receivable from affiliated companies | 446 | 46 |
| Fuel oil, gas in storage, materials and supplies, at average cost | 404 | 440 |
| Prepayments | 922 | 223 |
| Regulatory assets | 163 | 286 |
| Revenue decoupling mechanism receivable | 292 | 164 |
| Fair value of derivative assets | 56 | 51 |
| Other current assets | 97 | 157 |
| TOTAL CURRENT ASSETS | 5,166 | 5,247 |
| INVESTMENTS | 571 | 539 |
| UTILITY PLANT, AT ORIGINAL COST | | |
| Electric | 36,029 | 34,636 |
| Gas | 12,908 | 12,338 |
| Steam | 3,030 | 2,935 |
| General | 4,052 | 3,879 |
| TOTAL | 56,019 | 53,788 |
| Less: Accumulated depreciation | 12,864 | 12,047 |
| Net | 43,155 | 41,741 |
| Construction work in progress | 2,501 | 2,268 |
| NET UTILITY PLANT | 45,656 | 44,009 |
| NON-UTILITY PROPERTY | | |
| Non-utility property, net accumulated depreciation of \$25 in 2023 and 2022 | 2 | 2 |
| NET PLANT | 45,658 | 44,011 |
| OTHER NONCURRENT ASSETS | | |
| Regulatory assets | 4,057 | 3,669 |
| Operating lease right-of-use asset | 543 | 567 |
| Pension and retiree benefits | 3,299 | 3,184 |
| Fair value of derivative assets | 26 | 80 |
| Other deferred charges and noncurrent assets | 267 | 148 |
| TOTAL OTHER NONCURRENT ASSETS | 8,192 | 7,648 |
| TOTAL ASSETS | \$59,587 | \$57,445 |

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

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

| <i>(Millions of Dollars)</i> | September 30, 2023 | December 31, 2022 |
|---|-----------------------|----------------------|
| LIABILITIES AND SHAREHOLDER'S EQUITY | | |
| CURRENT LIABILITIES | | |
| Notes payable | \$1,798 | \$2,300 |
| Accounts payable | 1,194 | 1,763 |
| Accounts payable to affiliated companies | 24 | 17 |
| Customer deposits | 383 | 341 |
| Accrued taxes | 48 | 93 |
| Accrued taxes to affiliated companies | — | 89 |
| Accrued interest | 262 | 134 |
| Accrued wages | 113 | 105 |
| Fair value of derivative liabilities | 79 | 35 |
| Regulatory liabilities | 153 | 308 |
| System benefit charge | 399 | 351 |
| Operating lease liabilities | 113 | 103 |
| Other current liabilities | 374 | 397 |
| TOTAL CURRENT LIABILITIES | 4,940 | 6,036 |
| NONCURRENT LIABILITIES | | |
| Provision for injuries and damages | 179 | 177 |
| Pensions and retiree benefits | 589 | 526 |
| Superfund and other environmental costs | 902 | 903 |
| Asset retirement obligations | 512 | 499 |
| Fair value of derivative liabilities | 60 | 9 |
| Deferred income taxes and unamortized investment tax credits | 8,060 | 7,144 |
| Operating lease liabilities | 476 | 475 |
| Regulatory liabilities | 4,890 | 5,481 |
| Other deferred credits and noncurrent liabilities | 283 | 237 |
| TOTAL NONCURRENT LIABILITIES | 15,951 | 15,451 |
| LONG-TERM DEBT | 19,583 | 19,080 |
| COMMITMENTS AND CONTINGENCIES (Note B and Note G) | | |
| SHAREHOLDER'S EQUITY (See Statement of Shareholder's Equity) | 19,113 | 16,878 |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | \$59,587 | \$57,445 |

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

Consolidated Edison Company of New York, Inc.
CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY (UNAUDITED)

| <i>(In Millions)/Except Share Data</i> | Common Stock | | Additional Paid-In Capital | Retained Earnings | Repurchased Con Edison Stock | Capital Stock Expense | Accumulated Other Comprehensive Income/(Loss) | Total |
|--|--------------|--------|----------------------------------|----------------------|------------------------------------|-----------------------------|--|----------|
| | Shares | Amount | | | | | | |
| BALANCE AS OF DECEMBER 31, 2021 | 235 | \$589 | \$7,269 | \$9,478 | \$(962) | \$(62) | \$— | \$16,312 |
| Net income | | | | 475 | | | | 475 |
| Common stock dividend to Con Edison | | | | (245) | | | | (245) |
| Capital contribution by Con Edison | | | 75 | | | | | 75 |
| Other comprehensive income | | | | | | | 1 | 1 |
| BALANCE AS OF MARCH 31, 2022 | 235 | \$589 | \$7,344 | \$9,708 | \$(962) | \$(62) | \$1 | \$16,618 |
| Net income | | | | 170 | | | | 170 |
| Common stock dividend to Con Edison | | | | (245) | | | | (245) |
| Capital contribution by Con Edison | | | 25 | | | | | 25 |
| BALANCE AS OF JUNE 30, 2022 | 235 | \$589 | \$7,369 | \$9,633 | \$(962) | \$(62) | \$1 | \$16,568 |
| Net income | | | | 493 | | | | 493 |
| Common stock dividend to Con Edison | | | | (244) | | | | (244) |
| Capital contribution by Con Edison | | | 50 | | | | | 50 |
| BALANCE AS OF SEPTEMBER 30, 2022 | 235 | \$589 | \$7,419 | \$9,882 | \$(962) | \$(62) | \$1 | \$16,867 |
| BALANCE AS OF DECEMBER 31, 2022 | 235 | \$589 | \$7,419 | \$9,890 | \$(962) | \$(62) | \$4 | \$16,878 |
| Net income | | | | 604 | | | | 604 |
| Common stock dividend to Con Edison | | | | (264) | | | | (264) |
| Capital contribution by Con Edison | | | 1,675 | | | | | 1,675 |
| Other comprehensive loss | | | | | | | (1) | (1) |
| BALANCE AS OF MARCH 31, 2023 | 235 | \$589 | \$9,094 | \$10,230 | \$(962) | \$(62) | \$3 | \$18,892 |
| Net income | | | | 189 | | | | 189 |
| Common stock dividend to Con Edison | | | | (264) | | | | (264) |
| Capital contribution by Con Edison | | | 26 | | | | | 26 |
| BALANCE AS OF JUNE 30, 2023 | 235 | \$589 | \$9,120 | \$10,155 | \$(962) | \$(62) | \$3 | \$18,843 |
| Net income | | | | 515 | | | | 515 |
| Common stock dividend to Con Edison | | | | (264) | | | | (264) |
| Capital contribution by Con Edison | | | 19 | | | | | 19 |
| BALANCE AS OF SEPTEMBER 30, 2023 | 235 | \$589 | \$9,139 | \$10,406 | \$(962) | \$(62) | \$3 | \$19,113 |

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

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

General

These combined notes accompany and form an integral part of the separate interim consolidated financial statements of each of the two separate registrants: Consolidated Edison, Inc. and its subsidiaries (Con Edison) and Consolidated Edison Company of New York, Inc. and its subsidiaries (CECONY). CECONY is a subsidiary of Con Edison and as such its financial condition and results of operations and cash flows, that are presented separately in the CECONY consolidated financial statements, are also consolidated, along with those of Orange and Rockland Utilities, Inc. (O&R), Con Edison Transmission, Inc. (together with its subsidiaries, Con Edison Transmission) and its former subsidiary, Con Edison Clean Energy Businesses, Inc. (together with its subsidiaries, the Clean Energy Businesses), in Con Edison's consolidated financial statements. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T. The term "Utilities" is used in these notes to refer to CECONY and O&R.

As used in these notes, the term "Companies" refers to Con Edison and CECONY and, except as otherwise noted, the information in these combined notes relates to each of the Companies. However, CECONY makes no representation as to information relating to Con Edison or the subsidiaries of Con Edison other than itself.

The separate interim consolidated financial statements of each of the Companies are unaudited but, in the opinion of their respective managements, reflect all adjustments (which include only normally recurring adjustments) necessary for a fair statement of the results for the interim periods presented. The Companies' separate interim consolidated financial statements should be read together with their separate audited financial statements (including the combined notes thereto) included in Item 8 of their combined Annual Report on Form 10-K for the year ended December 31, 2022 and their separate unaudited financial statements (including the combined notes thereto) included in Part 1, Item 1 of their combined Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2023 and June 30, 2023.

Con Edison has two regulated utility subsidiaries: CECONY and O&R. CECONY provides electric service and gas service in New York City and Westchester County and steam service in parts of Manhattan. O&R, along with its regulated utility subsidiary, provides electric service in southeastern New York, and northern New Jersey, and gas service in southeastern New York. Con Edison Transmission invests in and seeks to develop electric transmission projects and manages investments in gas pipeline and storage facilities. See "Investments" in Note A.

Note A – Summary of Significant Accounting Policies and Other Matters

Accounting Policies

The accounting policies of Con Edison and its subsidiaries conform to generally accepted accounting principles in the United States of America (GAAP). For the Utilities, these accounting principles include the accounting rules for regulated operations and the accounting requirements of the Federal Energy Regulatory Commission (FERC) and the state regulators having jurisdiction.

Investments

Con Edison's investments consist primarily of the investments of Con Edison Transmission that are accounted for under the equity method and the fair value of the Utilities' supplemental retirement income plan and deferred income plan assets.

Investment in Mountain Valley Pipeline, LLC (MVP)

In January 2016, a subsidiary of Con Edison Transmission acquired a 12.5 percent interest in MVP, a company developing a proposed 300-mile gas transmission project (the Mountain Valley Pipeline) in West Virginia and Virginia. During 2019, Con Edison exercised its right to limit, and did limit, its cash contributions to the joint venture to approximately \$530 million, that reduced Con Edison Transmission's interest in MVP to 11.3 percent, 10.2 percent and 9.6 percent as of December 31, 2020, 2021 and 2022, respectively. As of September 30, 2023, Con Edison Transmission's interest in MVP is 8.8 percent and is expected to be reduced to as low as 7.3 percent based on the Mountain Valley Pipeline's current cost estimate and Con Edison Transmission's previous capping of its cash contributions. As of December 31, 2022 and September 30, 2023, the Mountain Valley Pipeline was approximately 94 percent complete.

In June 2023, the President of the United States signed the Fiscal Responsibility Act of 2023. Section 324 of the legislation approved all permits and authorizations necessary for the construction and initial operation of the Mountain Valley Pipeline. In mid-August 2023, construction of the Mountain Valley Pipeline resumed after resolution of certain legal challenges. In October 2023, the operator of the Mountain Valley Pipeline indicated that it is now

targeting an in-service date for the project in the first quarter of 2024 at an overall project cost of approximately \$7,200 million excluding allowance for funds used during construction. At September 30, 2023, Con Edison Transmission's carrying value of its investment in the Mountain Valley Pipeline was \$111 million and its cash contributions to the joint venture amounted to \$530 million.

There is risk that the fair value of Con Edison's investment in MVP may be further or fully impaired in the future. Assumptions and estimates used to test Con Edison's investment in MVP for impairment may change if adverse developments impacting the construction of the Mountain Valley Pipeline were to occur which could then result in a material adverse effect on the fair value of Con Edison's investment in MVP.

Reclassification

Certain prior period amounts have been reclassified within the Companies' Consolidated Statements of Cash Flows to conform with the current period presentation.

Earnings Per Common Share

Con Edison presents basic and diluted earnings per share (EPS) on the face of its consolidated income statement. Basic EPS is calculated by dividing earnings available to common shareholders ("Net income for common stock" on Con Edison's consolidated income statement) by the weighted average number of Con Edison Common Shares (\$.10 par value) (Common Shares) outstanding during the period. In the calculation of diluted EPS, weighted average shares outstanding are increased for additional shares that would be outstanding if potentially dilutive securities were converted to common stock.

Potentially dilutive securities for Con Edison consist of restricted stock units and deferred stock units for which the average market price of the Common Shares for the period was greater than the estimated vesting price.

For the three and nine months ended September 30, 2023 and 2022, basic and diluted EPS for Con Edison are calculated as follows:

| <i>(Millions of Dollars, except per share amounts/Shares in Millions)</i> | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|--|--------|---|---------|
| | 2023 | 2022 | 2023 | 2022 |
| Net income for common stock | \$526 | \$613 | \$2,185 | \$1,470 |
| Weighted average common shares outstanding – basic | 345.0 | 354.6 | 348.4 | 354.4 |
| Add: Incremental shares attributable to effect of potentially dilutive securities | 1.5 | 1.3 | 1.5 | 1.3 |
| Adjusted weighted average common shares outstanding – diluted | 346.5 | 355.9 | 349.9 | 355.7 |
| Net Income per common share – basic | \$1.53 | \$1.73 | \$6.27 | \$4.15 |
| Net Income per common share – diluted | \$1.52 | \$1.72 | \$6.24 | \$4.13 |

Changes in Accumulated Other Comprehensive Income/(Loss) by Component

For the three and nine months ended September 30, 2023 and 2022, changes to accumulated other comprehensive income/(loss) (OCI) for Con Edison and CECONY are as follows:

| <i>(Millions of Dollars)</i> | For the Three Months Ended September 30, | | | |
|--|--|------|--------|------|
| | Con Edison | | CECONY | |
| | 2023 | 2022 | 2023 | 2022 |
| Beginning balance, accumulated OCI, net of taxes (a) | \$25 | \$10 | \$3 | \$1 |
| Amounts reclassified from accumulated OCI related to pension plan liabilities, net of tax (a)(b) | — | 1 | — | — |
| Current period OCI, net of taxes | — | 1 | — | — |
| Ending balance, accumulated OCI, net of taxes (a) | \$25 | \$11 | \$3 | \$1 |

- (a) Tax reclassified from accumulated OCI is reported in the income tax expense line item of the consolidated income statement.
- (b) For the portion of unrecognized pension and other postretirement benefit costs relating to the Utilities, costs are recorded into, and amortized out of, regulatory assets and liabilities instead of OCI. The net actuarial losses and prior service costs recognized during the period are included in the computation of total periodic pension and other postretirement benefit costs. See Notes E and F. For Con Edison in 2023, amounts reclassified also include accumulated OCI of the Clean Energy Businesses that were sold on March 1, 2023. See Note S.

For the Nine Months Ended September 30,

| <i>(Millions of Dollars)</i> | Con Edison | | CECONY | |
|--|------------|------|--------|------|
| | 2023 | 2022 | 2023 | 2022 |
| Beginning balance, accumulated OCI, net of taxes (a) | \$22 | \$5 | \$4 | \$— |
| OCI before reclassifications, net of tax of \$(1) for Con Edison in 2022 | 1 | 4 | (1) | — |
| Amounts reclassified from accumulated OCI related to pension plan liabilities, net of tax of \$(1) for Con Edison in 2022 (a)(b) | 2 | 2 | — | 1 |
| Current period OCI, net of taxes | 3 | 6 | (1) | 1 |
| Ending balance, accumulated OCI, net of taxes (a) | \$25 | \$11 | \$3 | \$1 |

- (a) Tax reclassified from accumulated OCI is reported in the income tax expense line item of the consolidated income statement.
- (b) For the portion of unrecognized pension and other postretirement benefit costs relating to the Utilities, costs are recorded into, and amortized out of, regulatory assets and liabilities instead of OCI. The net actuarial losses and prior service costs recognized during the period are included in the computation of total periodic pension and other postretirement benefit costs. See Notes E and F. For Con Edison in 2023, amounts reclassified also include accumulated OCI of the Clean Energy Businesses that were sold on March 1, 2023. See Note S.

Reconciliation of Cash, Temporary Cash Investments and Restricted Cash

Cash, temporary cash investments and restricted cash are presented on a combined basis in the Companies' consolidated statements of cash flows. At September 30, 2023 and 2022, cash, temporary cash investments and restricted cash for Con Edison and CECONY were as follows:

| <i>(Millions of Dollars)</i> | At September 30, | | | |
|--|------------------|-------|--------|------|
| | Con Edison | | CECONY | |
| | 2023 | 2022 | 2023 | 2022 |
| Cash and temporary cash investments | \$539 | \$78 | \$20 | \$25 |
| Restricted cash (a) | 6 | 163 | — | — |
| Total cash, temporary cash investments and restricted cash | \$545 | \$241 | \$20 | \$25 |

- (a) Con Edison restricted cash included cash of the Clean Energy Businesses' renewable electric project subsidiaries (\$5 million and \$163 million at September 30, 2023 and 2022, respectively) that, under the related project debt agreements, was restricted to being used for normal operating expenditures, debt service, and required reserves until the various maturity dates of the project debt. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S. Con Edison retained one deferred project, Broken Bow II, a 75MW nameplate capacity wind power project located in Nebraska. Con Edison's restricted cash for the 2023 period includes restricted cash of Broken Bow II that continued to be classified as held for sale as of September 30, 2023. See Note T.

Assets Held for Sale

Generally, a long-lived asset or business to be sold is classified as held for sale in the period in which management, with approval from the Board of Directors, commits to a plan to sell, and a sale is expected to be completed within one year. During the first nine months of 2022, Con Edison considered strategic alternatives with respect to the Clean Energy Businesses. As described further in Note S, on October 1, 2022, Con Edison's management received authority to commit to a plan to sell the Clean Energy Businesses and entered into a purchase and sale agreement. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses with the exception of two tax equity interests and one deferred project, Broken Bow II. Broken Bow II continued to be classified as held for sale as of September 30, 2023. See Note S and Note T. Con Edison records assets and liabilities, once held for sale, at the lower of their carrying value or their estimated fair value less cost to sell, and also stops recording depreciation on assets held for sale.

Fair value is the amount at which an asset, liability or business could be bought or sold in a current transaction between willing parties and may be estimated using a number of techniques, or may be observable using quoted market prices. Con Edison used a market approach consisting of the contractual sales price adjusted for estimated working capital and other contractual purchase price adjustments to determine the fair value of the Clean Energy Businesses in October 2022, and subtracted estimated costs to sell from that calculated fair value. The resulting net fair value of the Clean Energy Businesses exceeded the carrying value of the Clean Energy Businesses, and accordingly no impairments were noted.

The sale of the Clean Energy Businesses did not represent a strategic shift that had a major effect on Con Edison, and as such, did not qualify for treatment as a discontinued operation.

For further information, see Note T.

Note B – Regulatory Matters

Rate Plans

In April 2023, the New York State Public Service Commission (NYSPSC) approved CECONY's December 2022 petition seeking cost recovery approval for a proposed clean energy hub in Brooklyn, New York (Brooklyn Clean Energy Hub) at an estimated cost of \$810 million, that is in addition to the capital expenditures approved in the CECONY joint proposal discussed below. The Brooklyn Clean Energy Hub has an estimated in-service date of December 2027 and addresses a 2028 reliability need. The Brooklyn Clean Energy Hub provides the flexibility for offshore wind resources to interconnect to it during construction and after it commences operation.

In August 2023, CECONY filed a petition with the NYSPSC requesting authorization and cost recovery to construct two new substations in Jamaica, Queens (the Reliable Clean City - Idlewild Project) by May 2028 to meet anticipated reliability needs and to support New York State's electrification and the Climate Leadership and Community Protection Act (CLCPA) goals. CECONY estimates that construction will cost \$1,200 million. CECONY proposed cost recovery through a surcharge or base rates, depending on the in-service date and the timing of future rate filings. CECONY's petition is subject to approval by the NYSPSC.

CECONY - Electric and Gas

In July 2023, the NYSPSC approved the February 2023 joint proposal among CECONY, the New York State Department of Public Service (NYSDPS) and other parties for electric and gas rate plans for the three-year period January 1, 2023 through December 31, 2025. The CECONY electric and gas rate plans reflect a 9.25 percent return on common equity and a common equity ratio of 48 percent. The electric rate plan provides for rate increases of \$442 million, \$518 million and \$382 million, effective January 1, 2023, 2024 and 2025, respectively. The gas rate plan provides for rate increases of \$217 million, \$173 million and \$122 million, effective January 1, 2023, 2024 and 2025, respectively. The base rate increases will be implemented with increases of \$457 million in each of the three rate years for electric and with increases of \$187 million in each of the three rate years for gas in order to levelize the customer bill impact. The CECONY rate plans provide for total capital expenditures over the three-year rate period of \$8,513 million and \$3,297 million for electric and gas, respectively. Pursuant to the CECONY electric and gas rate plans, new rates were effective as of January 1, 2023 and CECONY reflected the provisions of the February 2023 joint proposal in its financial statements beginning January 1, 2023. The new base rates were implemented on August 1, 2023 and make-whole recovery for January 1, 2023 to July 31, 2023 will be collected via a surcharge through 2024 for electric and through 2025 for gas, including a carrying charge on the outstanding balance.

CECONY - Steam

In September 2023, CECONY, the NYSDPS and other parties entered into a Joint Proposal for a CECONY steam rate plan for the three-year period November 1, 2023 through October 31, 2026. The Joint Proposal is subject to approval by the NYSPSC. The following table contains a summary of the steam Joint Proposal.

CECONY – Steam

| | |
|---|--|
| Effective period | November 2023 – October 2026 |
| Base rate changes | Yr. 1 – \$110 million (a) Yr. 2 – \$44 million (a) Yr. 3 – \$45 million (a) |
| Capital expenditures | Yr. 1 - \$106 million Yr. 2 - \$107 million Yr. 3 - \$105 million |
| Amortizations to income of net regulatory liabilities | Yr. 1 – \$15 million (b) Yr. 2 – \$3 million (b) Yr. 3 – \$3 million (b) |
| Weather Normalization Adjustment | Implementation of a weather normalization adjustment that adjusts base rates to reflect normal weather conditions during the heating season. |
| Recoverable energy costs | Continuation of current rate recovery of purchased power and fuel costs. |
| Negative revenue adjustments | Potential charges if certain performance targets relating to service, reliability, safety and other matters are not met: Yr. 1 - \$3.7 million Yr. 2 - \$3.8 million Yr. 3 - \$3.8 million |
| Regulatory reconciliations | Reconciliation of uncollectible expenses and late payment charges (c) and expenses for pension and other postretirement benefits, variable-rate debt, property taxes (d), municipal infrastructure support costs (e), the impact of new laws and environmental site investigation and remediation to amounts reflected in rates. (f) |
| Net utility plant reconciliations | Yr. 1 - \$2,025 million Yr. 2 - \$2,029 million Yr. 3 - \$2,015 million |
| Average rate base | Yr. 1 - \$1,799 million Yr. 2 - \$1,848 million Yr. 3 - \$1,882 million |
| Weighted average cost of capital (after-tax) | Yr. 1 - 6.78 percent Yr. 2 - 6.81 percent Yr. 3 - 6.83 percent |
| Authorized return on common equity | 9.25 percent |
| Earnings sharing | Most earnings above an annual earnings threshold of 9.75 percent are to be applied to reduce regulatory assets for environmental remediation and other costs accumulated in the rate year. |
| Cost of long-term debt | Yr. 1 – 4.51 percent Yr. 2 – 4.58 percent Yr. 3 – 4.62 percent |
| Common equity ratio | 48 percent |

- (a) The base rate increases will be implemented with increases of \$77.8 million in Yr. 1; \$77.8 million in Yr. 2; and \$77.8 million in Yr. 3 to levelize the customer bill impact. New rates will be effective as of November 1, 2023. CECONY will begin billing customers at the new levelized rate once the Joint Proposal is approved by the NYSPSC. Any shortfall in revenues due to the timing of billing to customers will be collected through a surcharge.
- (b) Amounts reflect amortization of the tax savings under the federal Tax Cuts and Jobs Act of 2017 (TCJA) for the unprotected portion of the regulatory liability for excess deferred income taxes allocable to CECONY’s steam customers (the entire \$24 million in Yr.1), the protected portion of the regulatory liability for excess deferred income taxes allocable to CECONY’s steam customers over the remaining lives of the related assets (\$3 million in Yr. 1; \$5 million in Yr. 2; and \$6 million in Yr. 3) and the non-plant portion of the regulatory asset for deficient deferred income taxes allocable to CECONY’s steam customers (the entire \$11 million in Yr.1).
- (c) CECONY will defer the difference between its actual write-offs of uncollectible expenses and late payment fees (from January 1, 2020 through October 31, 2026) to amounts reflected in rates, with recovery/refund from or to customers via surcharge/sur-credit. Surcharge recoveries for write-offs of uncollectible expenses and late payment fees will each be subject to an annual cap that produces no more than a half percent (0.5 percent) total customer bill impact (estimated to be \$2.5 million, \$3.0 million, \$3.5 million for Yr. 1, Yr. 2 and Yr. 3, respectively). Amounts in excess of the annual surcharge cap in a specific year may be rolled forward for recovery and will count towards the following year’s surcharge cap. Amounts in excess of the surcharge cap will be deferred as a regulatory asset for recovery in CECONY’s next steam base rate case.

- (d) Deferrals for property taxes are limited to 90 percent of the difference from amounts reflected in rates, subject to an annual maximum for the remaining difference of not more than a maximum number of basis points impact on return on common equity (Yr. 1 – 10.0 basis points; Yr. 2 – 7.5 basis points; and Yr. 3 – 5.0 basis points), with recovery/refund from or to customers via surcharge/sur-credit. Surcharge recoveries will be subject to an annual cap that produces no more than a half percent (0.5 percent) total customer bill impact (estimated to be \$2.5 million, \$3.0 million, \$3.5 million for Yr. 1, Yr. 2 and Yr. 3, respectively). Amounts in excess of the annual surcharge cap in a specific year may be rolled forward for recovery and will count towards the following year's surcharge cap. Amounts in excess of the surcharge cap will be deferred as a regulatory asset for recovery in CECONY's next steam base rate case.
- (e) In general, if actual expenses for municipal infrastructure support (other than company labor) are below the amounts reflected in rates, CECONY will defer the difference for credit to customers, and if the actual expenses are above the amount reflected in rates, CECONY will defer for recovery from customers 80 percent of the difference subject to a maximum deferral, subject to certain conditions, of 30 percent of the amount reflected in the rate plan.
- (f) In addition, the NYSDPS continues its focused operations audit to investigate CECONY's income tax accounting. The audit is investigating CECONY's inadvertent understatement of a portion, the amount of which may be material, of its calculation of total federal income tax expense for ratemaking purposes. The understatement was related to the tax accounting treatment of its plant retirement-related cost of removal. As a result of such understatement, CECONY accumulated significant income tax regulatory assets that were not reflected in CECONY's steam rate plans prior to November 1, 2023. A prospective correction is set forth for steam rates in the joint proposal.

Pursuant to the Joint Proposal, CECONY may file petitions for approval of future decarbonization projects and may defer/capitalize up to \$3 million in total incremental operation and maintenance and/or capital costs for preliminary work on future decarbonization projects until there is a NYSPSC order on cost recovery.

Rockland Electric Company (RECO)

In October 2023, FERC approved a July 2023 settlement agreement among RECO, the New Jersey Division of Rate Counsel and the NJBPU that resolves all issues set for hearing and increases RECO's annual transmission revenue requirement from \$16.9 million to \$18.2 million, effective August 30, 2022 through December 31, 2023 and to \$20.7 million, effective January 1, 2024.

In May 2023, RECO filed a petition with the NJBPU requesting permission to defer costs of \$5.1 million related to major storms during 2022 and 2023 until RECO's next base rate case.

COVID-19 Regulatory Matters

Governors, public utility commissions and other regulatory agencies in the states in which the Utilities operate have issued orders related to the COVID-19 pandemic that impact the Utilities as described below.

New York Regulation

In March 2020, a former New York State governor declared a State Disaster Emergency for the State of New York due to the COVID-19 pandemic and signed the "New York State on PAUSE" executive order that temporarily closed all non-essential businesses statewide. The former governor then lifted these closures over time and ended the emergency declaration in June 2021. As a result of the emergency declaration, and due to economic conditions, the NYSPSC and the Utilities have worked to mitigate the potential impact of the COVID-19 pandemic on the Utilities, their customers and other stakeholders.

In March 2020, the Utilities began suspending service disconnections, certain collection notices, final bill collection agency activity, new late payment charges and certain other fees for all customers. The Utilities also began providing payment extensions for all customers that were scheduled to be disconnected prior to the start of the COVID-19 pandemic. In June 2020, the state of New York enacted a law prohibiting New York utilities, including CECONY and O&R, from disconnecting residential customers, and starting in May 2021 small business customers, during the COVID-19 state of emergency, that ended in June 2021. However, such prohibitions were in effect until December 21, 2021 for residential and small business customers who experienced a change in financial circumstances due to the COVID-19 pandemic.

In November 2021, the NYSPSC issued an order establishing a surcharge recovery mechanism for CECONY to collect, commencing December 1, 2021 through December 31, 2022, \$43 million and \$7 million for electric and gas, respectively, of late payment charges and fees that were not billed for the year ended December 31, 2020. CECONY recorded such amounts as revenue for the year ended December 31, 2021, as permitted under the accounting rules for regulated utilities, and also accrued such amounts as a current asset at December 31, 2021. Pursuant to the November 2021 order, CECONY also established a recovery mechanism to collect, commencing January 2023 through December 2023, \$19 million and \$4 million for electric and gas, respectively, of late payment charges and fees that were not billed for the year ended December 31, 2021 and CECONY recorded such amounts

as revenue for the year ended December 31, 2021, as permitted under the accounting rules for regulated utilities, and also accrued such amounts as a current asset at December 31, 2021. In addition, pursuant to the November 2021 order, CECONY established a reserve of \$7 million toward addressing customer arrearages for the year ended December 31, 2021 and that, pursuant to the June 2022 NYSPSC Phase 1 Order (as discussed below), was used to fund a portion of the COVID-19 arrears assistance program for low-income customers. The November 2021 order also established a surcharge or sur-credit mechanism for any late payment charges and fee deferrals, subject to offsetting related savings resulting from the COVID-19 pandemic, for 2022 starting in January 2024 over a twelve-month period. The current CECONY electric and gas rate plans include the impact of the 2022 late payment charges and fee deferrals in the proposed revenue requirements, superseding the provisions in the November 2021 order.

CECONY's and O&R's rate plans that were in effect through 2022 and 2021, respectively, allowed them to defer costs resulting from a change in legislation, regulation and related actions that have taken effect during the term of the rate plans once the costs exceed a specified threshold. CECONY's and O&R's current rate plans have deferral provisions related to uncollectible expenses. CECONY's 2023 - 2025 rate plans include reconciliation of late payment charges (from January 1, 2023 through December 31, 2025) and write-offs of customer accounts receivable balances (from January 1, 2020 through December 31, 2025) to amounts reflected in rates, with recovery/refund from or to customers via surcharge/sur-credit. Surcharge recoveries for late payment charges and write-offs of accounts receivable balances will, collectively, be subject to separate annual caps for electric and gas that produce no more than a half percent (0.5 percent) total customer bill impact per commodity (estimated for electric to be \$57.3 million, \$60.3 million, \$62.6 million for 2023, 2024 and 2025, respectively, and for gas to be \$14.8 million, \$15.9 million and \$16.8 million for 2023, 2024 and 2025, respectively). Amounts in excess of the surcharge caps will be deferred as a regulatory asset for recovery in CECONY's next base rate cases. O&R's 2022 - 2024 rate plans include reconciliation of late payment charges to amounts reflected in rates for years 2022 through 2024, with full recovery/refund via surcharge/sur-credit once the annual variance equals or exceeds 5 basis points of return on equity and reconciliation of write-offs of customer accounts receivable balances to amounts reflected in rates from January 1, 2020 through December 31, 2024, with full recovery/refund via surcharge/sur-credit once the annual variance equals or exceeds 5 basis points of return on equity. The total reserve increases to the allowance for uncollectible accounts from January 1, 2020 through September 30, 2023 reflecting the impact of the COVID-19 pandemic for CECONY electric and gas operations and O&R electric and gas operations were \$205 million and \$2 million, respectively. CECONY's and O&R's rate plans also provide for an allowance for write-offs of customer accounts receivable balances. The amounts by which actual write-offs of customer accounts receivable balances exceeded the allowances reflected in rates were deferred pursuant to CECONY's and O&R's New York rate plans. Such differences were \$55 million and \$2 million for CECONY and O&R, respectively, from March 1, 2020 through September 30, 2023.

In June 2020, the NYSPSC directed CECONY to implement a summer cooling credit program to help mitigate the cost of staying home and operating air conditioning for health-vulnerable low-income customers due to the limited availability of public cooling facilities as a result of the COVID-19 social distancing measures. The \$63.4 million cost of the program is being recovered over a five-year period that began January 2021.

In April 2021, New York passed a law that created a program that allows eligible residential renters in New York who require assistance with rent and utility bills to have up to twelve months of electric and gas utility bill arrears forgiven, provided that such arrears were accrued on or after March 13, 2020. The program is administered by the State Office of Temporary and Disability Assistance (OTDA) in coordination with the NYSDPS (the OTDA Program). Under the OTDA Program, CECONY and O&R qualify for a refundable tax credit for New York gross-receipts tax equal to the amount of arrears waived by the Utilities in the year that the arrears are waived and certified by the NYSPSC. OTDA may also use the program funds to provide additional Home Energy Assistance Program payments to the Utilities on behalf of low-income customers.

In April 2022, New York approved the 2022-2023 state budget, that included \$250 million for addressing statewide residential utility customers' arrears balances accrued from March 7, 2020 through March 1, 2022. In June 2022, the NYSPSC issued an order implementing a COVID-19 arrears assistance program that provides credits towards reducing the arrears balances of low-income electric and gas customers of CECONY and O&R (Phase 1 Order). Pursuant to the Phase 1 Order, CECONY and O&R agreed not to seek recovery of incremental financing costs incurred associated with low-income customers' arrears from March 2020 through March 2022 of \$11 million, most of which is attributable to CECONY, in addition to the \$7 million reserve established by CECONY for the year ended December 31, 2021, pursuant to the November 2021 order, described above.

For the year ended December 31, 2022, CECONY and O&R issued total credits of \$359.9 million and \$6.1 million, respectively, towards reducing customers' accounts receivable balances. For the year ended December 31, 2022, the total credits for CECONY were comprised of: \$164.5 million pursuant to the New York funding; \$108.4 million

pursuant to the Phase 1 Order, that will be recovered over a four-year period via a surcharge mechanism that began September 1, 2022; the \$7 million reserve for CECONY described above; and \$80.0 million in qualified tax credits and payments pursuant to the OTDA Program described above. For the year ended December 31, 2022, the total credits for O&R were comprised of: \$1.6 million pursuant to the New York funding; \$3.2 million pursuant to the Phase 1 Order, that will be recovered over a one-year period via a surcharge mechanism that began September 1, 2022; and \$1.3 million in qualified tax credits and payments pursuant to the OTDA Program described above.

In January 2023, the NYSPSC issued an order implementing a COVID-19 arrears assistance program that provides credits towards reducing the arrears balances of residential and small commercial electric and gas customers of CECONY and O&R (Phase 2 Order). The Phase 2 Order authorizes a surcharge mechanism for recovery of the eligible credit amounts over a ten-year period commencing after credits are issued for CECONY and over a one-year period commencing after credits are issued for O&R. Pursuant to the Phase 2 Order, CECONY and O&R agreed not to seek recovery of incremental financing costs incurred associated with arrears from March 2020 through December 2022 estimated to be \$46 million, most of which is attributable to CECONY.

For the three months ended September 30, 2023, CECONY and O&R issued total net credits of \$4.9 million and \$0.2 million, respectively, towards reducing customers' account receivable balances. Total net credits were comprised of qualified tax credits and payments pursuant to the OTDA Program.

For the nine months ended September 30, 2023, CECONY and O&R issued total net credits of \$348.4 million and \$2.8 million, respectively, towards reducing customers' account receivable balances. For the nine months ended September 30, 2023, the total credits for CECONY were comprised of: \$13.2 million pursuant to the Phase 1 Order, \$327.6 million pursuant to the Phase 2 Order, and \$7.6 million in qualified tax credits and payments pursuant to the OTDA Program. For the nine months ended September 30, 2023, the total credits for O&R were comprised of: \$0.1 million pursuant to the Phase 1 Order, \$2.1 million pursuant to the Phase 2 Order, and \$0.6 million in qualified tax credits and payments pursuant to the OTDA Program.

The Utilities' rate plans have revenue decoupling mechanisms in their New York electric and gas businesses that largely reconcile actual energy delivery revenues to the authorized delivery revenues approved by the NYSPSC per month and reconcile the deferred balances semi-annually under CECONY's electric rate plan (January through June and July through December, respectively) and annually under CECONY's gas rate plan and O&R's New York electric and gas rate plans (January through December). Differences are accrued with interest each month for CECONY's and O&R's New York electric customers and after the annual deferral period ends for CECONY's and O&R's New York gas customers for refund to, or recovery from customers, as applicable. Generally, the refund to or recovery from customers begins August and February of each year over an ensuing six-month period for CECONY's electric customers and February of each year over an ensuing twelve-month period for CECONY's gas and O&R's New York electric and gas customers.

New Jersey Regulation

In March 2020, New Jersey Governor Murphy declared a Public Health Emergency and State of Emergency for the State of New Jersey. In June 2021, the Governor ended the emergency declaration. As a result of the emergency declaration, and due to economic conditions, the NJBPU and RECO have worked to mitigate the potential impact of the COVID-19 pandemic on RECO, its customers and other stakeholders. In March 2020, RECO began suspending late payment charges, terminations for non-payment, and no access fees during the COVID-19 pandemic. The suspension of these fees continued through July 31, 2021 and were not material.

In July 2020, the NJBPU authorized RECO and other New Jersey utilities to create a COVID-19-related regulatory asset by deferring prudently incurred incremental costs related to the COVID-19 pandemic beginning on March 9, 2020. Through a series of orders, the NJBPU extended such deferrals through March 15, 2023. Pursuant to a June 2023 order from the NJBPU, RECO will defer its COVID-19 regulatory asset of \$0.3 million and seek recovery in its next base rate case.

Gas Safety

In April 2020, the NYSPSC issued an order that extended the deadlines to complete certain gas inspections by all New York gas utilities, including CECONY and O&R, from April 1, 2020 to August 1, 2020. The deadlines were subsequently extended to September 2, 2020 and June 1, 2022. CECONY and O&R have taken all reasonable measures to complete such inspections. As of June 1, 2022, O&R completed all of its required inspections. As of June 1, 2022, CECONY substantially completed its required inspections and continues to make progress on completing such required inspections. CECONY is unable to estimate the amount or range of its possible loss, if any, related to this matter. At September 30, 2023, CECONY had not accrued a liability related to this matter.

Other Regulatory Matters

In October 2023, CECONY and O&R replaced their separate existing customer billing and information systems with a single new customer billing and information system. In April 2023, CECONY filed a petition with the NYSPSC for permission to capitalize incremental costs (estimated at \$75 million) for the new system above a \$421 million limit on capital expenditures included in CECONY's 2020 – 2022 electric and gas rate plans, subject to NYSPSC review. At September 30, 2023, CECONY's incurred costs for the new system were \$452.9 million. O&R's 2022 - 2024 electric and gas rate plans do not include a limit on capitalization of new system costs.

In January 2018, the NYSPSC issued an order initiating a focused operations audit of the Utilities' financial accounting for income taxes. The audit is investigating the Utilities' inadvertent understatement of a portion, the amount of which may be material, of their calculation of total federal income tax expense for ratemaking purposes. The understatement was related to the calculation of plant retirement-related cost of removal. As a result of such understatement, the Utilities accumulated significant income tax regulatory assets that were not reflected in O&R's rate plans prior to 2014, CECONY's electric and gas rate plans prior to 2015 and 2016, respectively, and a prospective correction is set forth for steam rates in CECONY's September 2023 joint proposal. This understatement of historical income tax expense materially reduced the amount of revenue collected from the Utilities' customers in the past. As part of the audit, the Utilities plan to pursue a private letter ruling from the Internal Revenue Service (IRS) that is expected to confirm, among other things, that in order to comply with IRS normalization rules, such understatement may not be corrected through a write-down of a portion of the regulatory asset and must be corrected through an increase in future years' revenue requirements. The regulatory asset (\$1,116 million and \$19 million for CECONY and O&R, respectively, as of September 30, 2023) and (\$1,150 million and \$22 million for CECONY and O&R, respectively, as of December 31, 2022 and which is not earning a return) is netted against the future income tax regulatory liability on the Companies' consolidated balance sheet. The Utilities are unable to estimate the amount or range of their possible loss, if any, related to this matter. At September 30, 2023, the Utilities had not accrued a liability related to this matter.

Regulatory Assets and Liabilities

Regulatory assets and liabilities at September 30, 2023 and December 31, 2022 were comprised of the following items:

| <i>(Millions of Dollars)</i> | Con Edison | | CECONY | |
|---|------------|---------|---------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| Regulatory assets | | | | |
| Unrecognized pension and other postretirement costs | \$125 | \$78 | \$125 | \$78 |
| Environmental remediation costs | 983 | 991 | 899 | 906 |
| Revenue taxes | 468 | 436 | 448 | 417 |
| Deferred storm costs | 221 | 270 | 129 | 173 |
| Municipal infrastructure support costs | 20 | 29 | 20 | 29 |
| Brooklyn Queens Demand Management (BQDM) program | 31 | 33 | 31 | 33 |
| Meadowlands heater odorization project | 24 | 27 | 24 | 27 |
| Recoverable Demonstration project costs | 18 | 17 | 18 | 16 |
| Gate station upgrade project | 14 | 14 | 14 | 14 |
| System peak reduction and energy efficiency programs | 868 | 783 | 860 | 780 |
| Unamortized loss on reacquired debt | 9 | 11 | 8 | 10 |
| Deferred derivative losses - long term | 99 | 31 | 89 | 26 |
| Property tax reconciliation | 195 | 121 | 195 | 121 |
| Legacy meters | 17 | 20 | — | — |
| Gas service line deferred costs | 49 | 99 | 49 | 99 |
| COVID - 19 customer arrears relief programs | 418 | 104 | 415 | 101 |
| Pension and other postretirement benefits deferrals | 56 | 279 | 41 | 240 |
| Preferred stock redemption | 18 | 19 | 18 | 19 |
| MTA power reliability deferral | 69 | 92 | 69 | 92 |
| Non-wire alternative projects | 20 | 22 | 20 | 22 |
| COVID - 19 pandemic deferrals | 333 | 292 | 329 | 288 |
| Electric vehicle make ready | 59 | 33 | 55 | 30 |
| Other | 220 | 173 | 201 | 148 |
| Regulatory assets – noncurrent | 4,334 | 3,974 | 4,057 | 3,669 |
| Deferred derivative losses - short term | 137 | 184 | 132 | 178 |
| Recoverable energy costs | 43 | 121 | 31 | 108 |
| Regulatory assets – current | 180 | 305 | 163 | 286 |
| Total Regulatory Assets | \$4,514 | \$4,279 | \$4,220 | \$3,955 |
| Regulatory liabilities | | | | |
| Future income tax* | 1,583 | 1,753 | 1,450 | 1,616 |
| Allowance for cost of removal less salvage | 1,368 | 1,315 | 1,181 | 1,137 |
| Net unbilled revenue deferrals | 214 | 204 | 214 | 204 |
| Energy efficiency portfolio standard unencumbered funds | 5 | 5 | 7 | 7 |
| Settlement of prudence proceeding | 8 | 10 | 8 | 10 |
| Earnings sharing - electric, gas and steam | 13 | 13 | 10 | 10 |
| System benefit charge carrying charge | 87 | 73 | 83 | 69 |
| BQDM and Demonstration project reconciliations | 15 | 23 | 15 | 21 |
| Pension and other postretirement benefit deferrals | 194 | 144 | 146 | 98 |
| Property tax refunds | 35 | 35 | 35 | 35 |
| COVID - 19 pandemic uncollectible reconciliation deferral | 1 | 12 | 1 | 12 |
| Late payment charge deferral | 160 | 127 | 155 | 123 |
| Unrecognized pension and other postretirement costs | 1,276 | 1,638 | 1,197 | 1,536 |
| Net proceeds from sale of property | 54 | 69 | 52 | 69 |
| Sales and use tax refunds | 29 | 37 | 27 | 36 |
| Workers' compensation | 15 | 11 | 15 | 11 |
| Deferred derivative gains - long term | 17 | 145 | 17 | 130 |
| Other | 327 | 413 | 277 | 357 |
| Regulatory liabilities – noncurrent | 5,401 | 6,027 | 4,890 | 5,481 |
| Refundable energy costs | 99 | 34 | 70 | — |
| Revenue decoupling mechanism | — | 29 | — | 21 |
| Deferred derivative gains - short term | 90 | 311 | 83 | 287 |
| Regulatory liabilities – current | 189 | 374 | 153 | 308 |
| Total Regulatory Liabilities | \$5,590 | \$6,401 | \$5,043 | \$5,789 |

* See "Other Regulatory Matters," above.

In general, the Utilities receive or are being credited with a return at the Other Customer-Provided Capital rate for regulatory assets that have not been included in rate base, and receive or are being credited with a return at the pre-tax weighted average cost of capital once the asset is included in rate base. Similarly, the Utilities pay to or credit customers with a return at the Other Customer-Provided Capital rate for regulatory liabilities that have not been included in rate base, and pay to or credit customers with a return at the pre-tax weighted average cost of capital once the liability is included in rate base. The Other Customer-Provided Capital rate for the nine months ended September 30, 2023 and 2022 was 5.20 percent and 1.75 percent, respectively.

In general, the Utilities are receiving or being credited with a return on their regulatory assets for which a cash outflow has been made (\$2,406 million and \$2,304 million for Con Edison, and \$2,233 million and \$2,097 million for CECONY at September 30, 2023 and December 31, 2022, respectively). Regulatory assets of RECO for which a cash outflow has been made (\$19 million and \$21 million at September 30, 2023 and December 31, 2022, respectively) are not receiving or being credited with a return. RECO recovers regulatory assets over a period of up to four years or until they are addressed in its next base rate case in accordance with the rate provisions approved by the NJBPU. Regulatory liabilities are treated in a consistent manner.

Regulatory assets that represent future financial obligations and were deferred in accordance with the Utilities' rate plans or orders issued by state regulators do not earn a return until such time as a cash outlay has been made. Regulatory liabilities are treated in a consistent manner. At September 30, 2023 and December 31, 2022, regulatory assets for Con Edison and CECONY that did not earn a return consisted of the following items:

Regulatory Assets Not Earning a Return*

| <i>(Millions of Dollars)</i> | Con Edison | | CECONY | |
|---|------------|---------|---------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| Unrecognized pension and other postretirement costs | \$125 | \$78 | \$125 | \$78 |
| Environmental remediation costs | 983 | 987 | 899 | 903 |
| Revenue taxes | 494 | 414 | 474 | 397 |
| COVID-19 Deferral for Uncollectible Accounts Receivable | 207 | 253 | 205 | 249 |
| Deferred derivative losses - current | 137 | 184 | 133 | 178 |
| Deferred derivative losses - long term | 99 | 31 | 89 | 26 |
| Other | 63 | 28 | 62 | 27 |
| Total | \$2,108 | \$1,975 | \$1,987 | \$1,858 |

*This table presents regulatory assets not earning a return for which no cash outlay has been made.

The recovery periods for regulatory assets for which a cash outflow has not been made and that do not earn a return have not yet been determined, except as noted below, and are expected to be determined pursuant to the Utilities' future rate plans to be filed or orders issued by the state regulators in connection therewith.

The Utilities recover unrecognized pension and other postretirement costs over 10 years, and the portion of investment gains or losses recognized in expense over 15 years, pursuant to NYSPSC policy.

The deferral for revenue taxes represents the New York State metropolitan transportation business tax surcharge on the cumulative temporary differences between the book and tax basis of assets and liabilities of the Utilities, as well as the difference between taxes collected and paid by the Utilities to fund mass transportation. The Utilities recover the majority of the revenue taxes over the remaining book lives of the electric and gas plant assets, as well as the steam plant assets for CECONY.

The Utilities recover deferred derivative losses – current within one year, and noncurrent generally within three years.

Note C – Capitalization

In February 2023, CECONY issued \$500 million aggregate principal amount of 5.20 percent debentures, due 2033.

In March 2023, Con Edison entered into accelerated share repurchase agreements (ASR Contracts) with two dealers to repurchase \$1,000 million in aggregate of Con Edison's Common Shares (\$.10 par value) (Common Shares). Pursuant to the ASR Contracts, Con Edison made payments of \$1,000 million in aggregate to the dealers and received initial deliveries of 8,730,766 Common Shares in aggregate that were recorded in treasury stock at fair value based on the closing price on March 6, 2023 of \$91.63 per Common Share or \$800 million. The remaining \$200 million was recorded as additional paid-in-capital, representing the value of the forward contract to purchase additional shares.

The final settlements of the transactions under the ASR Contracts occurred during the second quarter of 2023. At final settlement, the dealers delivered an additional 1,812,497 Common Shares in aggregate to Con Edison. The number of Common Shares received from the dealers was based on the volume-weighted average share price of

Common Shares during the term of the applicable transaction, less a discount. Upon receipt of the additional Common Shares, Con Edison transferred \$169 million from additional paid-in-capital to treasury stock, reflecting the fair value of the Common Shares delivered to Con Edison.

In October 2023, O&R agreed to issue in December 2023 \$50 million aggregate principal amount of 6.59 percent debentures, due 2053.

The carrying amounts and fair values of long-term debt at September 30, 2023 and December 31, 2022 were:

| <i>(Millions of Dollars)</i> | 2023 | | 2022 | |
|---|-----------------|--------------|-----------------|--------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Long-Term Debt (including current portion) (a) | | | | |
| Con Edison | \$21,300 (c) | \$17,726 (c) | \$20,796 (b) | \$18,234 (b) |
| CECONY | \$19,583 | \$16,213 | \$19,080 | \$16,699 |

- (a) Amounts shown are net of unamortized debt expense and unamortized debt discount of \$200 million and \$192 million for Con Edison and CECONY, respectively, as of September 30, 2023 and \$202 million and \$195 million for Con Edison and CECONY, respectively, as of December 31, 2022.
- (b) Amounts shown exclude the debt of the Clean Energy Businesses, that were classified as held for sale as of December 31, 2022. The carrying value and fair value of the Clean Energy Businesses' long-term debt, including the current portion, as of December 31, 2022 was \$2,645 million and \$2,489 million, respectively. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.
- (c) Amounts shown exclude an immaterial amount of debt of Broken Bow II, a deferred project, that was classified as held for sale as of December 31, 2022 and September 30, 2023. See Note S and Note T.

The fair values of the Companies' long-term debt have been estimated primarily using available market information and at September 30, 2023 are classified as Level 2 liabilities. See Note O.

Note D – Short-Term Borrowing

In March 2023, Con Edison and the Utilities entered into a \$2,500 million credit agreement (the Credit Agreement), that replaced the December 2016 credit agreement, under which banks are committed to provide loans and letters of credit on a revolving credit basis. The Credit Agreement expires in March 2028, unless extended for up to two additional one-year terms. There is a maximum of \$2,500 million of credit available to CECONY and \$800 million (subject to increase up to \$1,000 million) available to Con Edison, including up to \$900 million of letters of credit. The Credit Agreement supports the Companies' commercial paper programs. Loans and letters of credit issued under the Credit Agreement may also be used for other general corporate purposes. Any borrowings under the Credit Agreement would generally be at variable interest rates.

In March 2023, Con Edison repaid \$200 million and \$400 million that it borrowed in January 2023 and June 2022, respectively, under a 364-Day Senior Unsecured Term Loan Credit Agreement that Con Edison entered into in June 2022 that was amended in November 2022.

In March 2023, CECONY entered into a 364-Day Revolving Credit Agreement (the CECONY Credit Agreement) that replaced the CECONY 2022 364-Day Credit Agreement, under which banks are committed to provide loans up to \$500 million on a revolving credit basis. The CECONY Credit Agreement expires in March 2024 and supports CECONY's commercial paper program. Loans and letters of credit issued under the CECONY Credit Agreement may also be used for other general corporate purposes. Any borrowings under the CECONY Credit Agreement would generally be at variable interest rates.

At September 30, 2023, Con Edison had \$1,880 million of commercial paper outstanding of which \$1,798 million was outstanding under CECONY's program. The weighted average interest rate at September 30, 2023 was 5.5 percent for both Con Edison and CECONY. At December 31, 2022, Con Edison had \$2,640 million of commercial paper outstanding of which \$2,300 million was outstanding under CECONY's program. The weighted average interest rate at December 31, 2022 was 4.8 percent for both Con Edison and CECONY.

At September 30, 2023 and December 31, 2022, no loans were outstanding under the Companies' Credit Agreement and December 2016 credit agreement, respectively, and no loans were outstanding under the CECONY Credit Agreement and the CECONY 2022 364-Day Credit Agreement, respectively. An immaterial amount of letters of credit were outstanding under the Credit Agreement and the December 2016 credit agreement as of September 30, 2023 and December 31, 2022, respectively.

The banks' commitments under the Credit Agreement and the CECONY Credit Agreement are subject to certain conditions, including that there be no event of default. The commitments are not subject to maintenance of credit rating levels or the absence of a material adverse change. Upon a change of control of, or upon an event of default by one of the Companies under the Credit Agreement or by CECONY under the CECONY Credit Agreement, the banks may terminate their commitments with respect to that company, declare any amounts owed by that company under the Credit Agreement or the CECONY Credit Agreement, respectively, immediately due and payable and for the Credit Agreement, require that company to provide cash collateral relating to the letters of credit issued for it under the Credit Agreement. Events of default for a company include that company exceeding at any time of a ratio of consolidated debt to consolidated total capital of 0.65 to 1; that company having liens on its assets in an aggregate amount exceeding 10 percent of its consolidated net tangible assets, subject to certain exceptions; that company or any of its material subsidiaries failing to make one or more payments in respect of material financial obligations (in excess of an aggregate \$150 million of debt or derivative obligations other than non-recourse debt) of that company; the occurrence of an event or condition which results in the acceleration of the maturity of any material debt (in excess of an aggregate \$150 million of debt other than non-recourse debt) of that company or enables the holders of such debt to accelerate the maturity thereof; and other customary events of default. Interest and fees charged for the revolving credit facilities and any loans made or letters of credit issued under the Credit Agreement reflect the Companies' respective credit ratings.

Note E – Pension Benefits

Total Periodic Benefit Cost

The components of the Companies' total periodic benefit cost/(credit) for the three and nine months ended September 30, 2023 and 2022 were as follows:

| <i>(Millions of Dollars)</i> | For the Three Months Ended September 30, | | | |
|--|--|-------|---------|-------|
| | Con Edison | | CECONY | |
| | 2023 | 2022 | 2023 | 2022 |
| Service cost – including administrative expenses | \$40 | \$72 | \$38 | \$67 |
| Interest cost on projected benefit obligation | 162 | 126 | 153 | 119 |
| Expected return on plan assets | (279) | (292) | (265) | (277) |
| Recognition of net actuarial loss/(gain) | (58) | 94 | (55) | 89 |
| Recognition of prior service credit | (4) | (4) | (5) | (5) |
| TOTAL PERIODIC BENEFIT CREDIT | \$(139) | \$(4) | \$(134) | \$(7) |
| Cost capitalized | (19) | (32) | (18) | (30) |
| Reconciliation to rate level | 72 | 63 | 66 | 59 |
| Total expense (credit) recognized | \$(86) | \$27 | \$(86) | \$22 |

| <i>(Millions of Dollars)</i> | For the Nine Months Ended September 30, | | | |
|--|---|--------|---------|--------|
| | Con Edison | | CECONY | |
| | 2023 | 2022 | 2023 | 2022 |
| Service cost – including administrative expenses | \$122 | \$215 | \$113 | \$202 |
| Interest cost on projected benefit obligation | 486 | 379 | 458 | 357 |
| Expected return on plan assets | (837) | (876) | (795) | (832) |
| Recognition of net actuarial loss/(gain) | (174) | 283 | (164) | 268 |
| Recognition of prior service credit | (12) | (12) | (15) | (15) |
| TOTAL PERIODIC BENEFIT CREDIT | \$(415) | \$(11) | \$(403) | \$(20) |
| Cost capitalized | (61) | (100) | (58) | (95) |
| Reconciliation to rate level | 218 | 192 | 202 | 182 |
| Total expense (credit) recognized | \$(258) | \$81 | \$(259) | \$67 |

Components of net periodic benefit cost other than service cost are presented outside of operating income on the Companies' consolidated income statements, and only the service cost component is eligible for capitalization. Accordingly, the service cost component is included in the line "Other operations and maintenance" and the non-service cost components are included in the lines "Investment and other income" and "Other deductions" in the Companies' consolidated income statements.

Expected Contributions

Based on estimates as of September 30, 2023, the Companies expect to make contributions to the pension plans during 2023 of \$22 million (of which \$19 million is to be made by CECONY). The Companies' policy is to fund the total periodic benefit cost of the qualified plan to the extent tax deductible and to also contribute to the non-qualified supplemental plans. No funding is anticipated for the qualified plan during 2023, and during the first nine months of 2023, the Companies contributed \$15 million to the non-qualified supplemental pension plans, \$13 million of which was contributed by CECONY. CECONY also contributed \$10 million to the external trust for its non-qualified supplemental plan.

Note F – Other Postretirement Benefits

Total Periodic Benefit Cost

The components of the Companies' total periodic other postretirement benefit cost/(credit) for the three and nine months ended September 30, 2023 and 2022 were as follows:

| <i>(Millions of Dollars)</i> | For the Three Months Ended September 30, | | | |
|--|--|-------|--------|-------|
| | Con Edison | | CECONY | |
| | 2023 | 2022 | 2023 | 2022 |
| Service cost - including administrative expenses | \$4 | \$5 | \$3 | \$4 |
| Interest cost on projected other postretirement benefit obligation | 14 | 8 | 12 | 8 |
| Expected return on plan assets | (18) | (18) | (14) | (14) |
| Recognition of net actuarial gain | (4) | (4) | (2) | (3) |
| Recognition of prior service credit | — | — | — | — |
| TOTAL PERIODIC OTHER POSTRETIREMENT CREDIT | \$(4) | \$(9) | \$(1) | \$(5) |
| Cost capitalized | (2) | (2) | (2) | (2) |
| Reconciliation to rate level | 1 | 7 | — | 6 |
| Total credit recognized | \$(5) | \$(4) | \$(3) | \$(1) |

| <i>(Millions of Dollars)</i> | For the Nine Months Ended September 30, | | | |
|--|---|--------|--------|--------|
| | Con Edison | | CECONY | |
| | 2023 | 2022 | 2023 | 2022 |
| Service cost - including administrative expenses | \$11 | \$14 | \$9 | \$11 |
| Interest cost on projected other postretirement benefit obligation | 43 | 26 | 37 | 23 |
| Expected return on plan assets | (53) | (54) | (42) | (43) |
| Recognition of net actuarial gain | (12) | (11) | (6) | (7) |
| Recognition of prior service credit | (1) | (1) | — | — |
| TOTAL PERIODIC OTHER POSTRETIREMENT CREDIT | \$(12) | \$(26) | \$(2) | \$(16) |
| Cost capitalized | (5) | (6) | (4) | (5) |
| Reconciliation to rate level | 2 | 22 | (2) | 18 |
| Total credit recognized | \$(15) | \$(10) | \$(8) | \$(3) |

For information about the presentation of the components of other postretirement benefit costs, see Note E.

Contributions

As of September 30, 2023, the Companies contributed \$15 million (all of which was made by CECONY) to the other postretirement benefit plans in 2023. The Companies' policy is to fund the total periodic benefit cost of the plans to the extent tax deductible.

Note G – Environmental Matters

Superfund Sites

Hazardous substances, such as asbestos, polychlorinated biphenyls and coal tar, have been used or generated in the course of operations of the Utilities and their predecessors and are present at sites and in facilities and equipment they currently or previously owned, including sites at which gas was manufactured or stored.

The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes (Superfund) impose joint and several liability, regardless of fault, upon generators of hazardous substances for investigation and remediation costs (which include costs of demolition, removal, disposal, storage, replacement, containment and monitoring) and natural resource damages. Liability under these laws can be material and may be imposed for contamination from past acts, even though such past acts may have been lawful at the time they occurred. The sites at which the Utilities have been asserted to have liability under these laws, including their manufactured gas plant sites and any neighboring areas to which contamination may have migrated, are referred to herein as “Superfund Sites.”

For Superfund Sites where there are other potentially responsible parties and the Utilities are not managing the site investigation and remediation, the accrued liability represents an estimate of the amount the Utilities will need to pay to investigate and, where determinable, discharge their related obligations. For Superfund Sites (including the manufactured gas plant sites) for which one of the Utilities is managing the investigation and remediation, the accrued liability represents an estimate of the company's share of the undiscounted cost to investigate the sites and, for sites that have been investigated in whole or in part, the cost to remediate the sites, if remediation is necessary and if a reasonable estimate of such cost can be made. Remediation costs are estimated in light of the information available, applicable remediation standards and experience with similar sites.

The accrued liabilities and regulatory assets related to Superfund Sites at September 30, 2023 and December 31, 2022 were as follows:

| <i>(Millions of Dollars)</i> | Con Edison | | CECONY | |
|------------------------------|------------|-------|--------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| Accrued Liabilities: | | | | |
| Manufactured gas plant sites | \$874 | \$876 | \$780 | \$782 |
| Other Superfund Sites | 122 | 121 | 121 | 121 |
| Total | \$996 | \$997 | \$901 | \$903 |
| Regulatory assets | \$983 | \$991 | \$899 | \$906 |

Most of the accrued Superfund Site liability relates to sites that have been investigated, in whole or in part. However, for some of the sites, the extent and associated cost of the required remediation has not yet been determined. As investigations progress and information pertaining to the required remediation becomes available, the Utilities expect that additional liability may be accrued, the amount of which is not presently determinable but may be material. The Utilities are permitted to recover or defer as regulatory assets (for subsequent recovery through rates) prudently incurred site investigation and remediation costs.

Environmental remediation costs incurred related to Superfund Sites for the three and nine months ended September 30, 2023 and 2022 were as follows:

| <i>(Millions of Dollars)</i> | For the Three Months Ended September 30, | | | |
|------------------------------|--|------|--------|------|
| | Con Edison | | CECONY | |
| | 2023 | 2022 | 2023 | 2022 |
| Remediation costs incurred | \$1 | \$3 | \$1 | \$3 |

| <i>(Millions of Dollars)</i> | For the Nine Months Ended September 30, | | | |
|------------------------------|---|------|--------|------|
| | Con Edison | | CECONY | |
| | 2023 | 2022 | 2023 | 2022 |
| Remediation costs incurred | \$8 | \$17 | \$8 | \$16 |

Insurance and other third-party recoveries received by Con Edison or CECONY were immaterial for the three and nine months ended September 30, 2023 and 2022.

In 2022, Con Edison and CECONY estimated that for their manufactured gas plant sites (including CECONY's Astoria site), the aggregate undiscounted potential liability for the investigation and remediation of coal tar and/or other environmental contaminants could range up to \$3,140 million and \$2,990 million, respectively. These estimates were based on the assumption that there is contamination at all sites, including those that have not yet been fully investigated and additional assumptions about the extent of the contamination and the type and extent of the remediation that may be required. Actual experience may be materially different.

Asbestos Proceedings

Suits have been brought in New York State and federal courts against the Utilities and many other defendants, wherein a large number of plaintiffs sought large amounts of compensatory and punitive damages for deaths and injuries allegedly caused by exposure to asbestos at various premises of the Utilities. The suits that have been resolved, that are many, have been resolved without any payment by the Utilities, or for amounts that were not, in the aggregate, material to them. The amounts specified in all the remaining thousands of suits total billions of dollars; however, the Utilities believe that these amounts are greatly exaggerated, based on the disposition of previous claims. At September 30, 2023, Con Edison and CECONY have accrued their estimated aggregate undiscounted potential liabilities for these suits and additional suits that may be brought over the next 15 years as shown in the following table. These estimates were based upon a combination of modeling, historical data analysis and risk factor assessment. Courts have begun, and unless otherwise determined on appeal may continue, to apply different standards for determining liability in asbestos suits than the standard that applied historically. As a result, the Companies currently believe that there is a reasonable possibility of an exposure to loss in excess of the liability accrued for the suits. The Companies are unable to estimate the amount or range of such loss. In addition, certain current and former employees have claimed or are claiming workers' compensation benefits based on alleged disability from exposure to asbestos. CECONY is permitted to defer as regulatory assets (for subsequent recovery through rates) costs incurred for its asbestos lawsuits and workers' compensation claims.

The accrued liability for asbestos suits and workers' compensation proceedings (including those related to asbestos exposure) and the amounts deferred as regulatory assets or liabilities for the Companies at September 30, 2023 and December 31, 2022 were as follows:

| <i>(Millions of Dollars)</i> | Con Edison | | CECONY | |
|--|------------|------|--------|------|
| | 2023 | 2022 | 2023 | 2022 |
| Accrued liability – asbestos suits | \$8 | \$8 | \$7 | \$7 |
| Regulatory assets – asbestos suits | \$8 | \$8 | \$7 | \$7 |
| Accrued liability – workers' compensation | \$57 | \$61 | \$55 | \$59 |
| Regulatory liabilities – workers' compensation | \$12 | \$11 | \$15 | \$11 |

Note H – Material Contingencies

Manhattan Explosion and Fire

On March 12, 2014, two multi-use five-story tall buildings located on Park Avenue between 116th and 117th Streets in Manhattan were destroyed by an explosion and fire. CECONY had delivered gas to the buildings through service lines from a distribution main located below ground on Park Avenue. Eight people died and more than 50 people were injured. Additional buildings were also damaged. The National Transportation Safety Board (NTSB) investigated. The parties to the investigation included CECONY, the City of New York, the Pipeline and Hazardous Materials Safety Administration and the NYSPSC. In June 2015, the NTSB issued a final report concerning the incident, its probable cause and safety recommendations. The NTSB determined that the probable cause of the incident was (1) the failure of a defective fusion joint at a service tee (which joined a plastic service line to a plastic distribution main) installed by CECONY that allowed gas to leak from the distribution main and migrate into a building where it ignited and (2) a breach in a city sewer line that allowed groundwater and soil to flow into the sewer, resulting in a loss of support for the distribution main, that caused it to sag and overstressed the defective fusion joint. The NTSB also made safety recommendations, including recommendations to CECONY that addressed its procedures for the preparation and examination of plastic fusions, training of its staff on conditions for notifications to the city's Fire Department and extension of its gas main isolation valve installation program. In February 2017, the NYSPSC approved a settlement agreement with CECONY related to the NYSPSC's investigations of the incident and the practices of qualifying persons to perform plastic fusions. Pursuant to the agreement, CECONY provided \$27 million of future benefits to customers (for which it accrued a regulatory liability) and did not recover from customers \$126 million of costs for gas emergency response activities that it had previously incurred and expensed. Lawsuits are pending against CECONY seeking generally unspecified damages and, in some cases, punitive damages, for wrongful death, personal injury, property damage and business interruption. CECONY notified its insurers of the incident and believes that the policies in force at the time of the incident will cover CECONY's costs, in excess of a required retention (the amount of which is not material), to satisfy any liability it may have for damages in connection with the incident. During 2020, CECONY accrued its estimated liability for the suits of \$40 million and an insurance receivable in the same amount, and such estimated liability and receivable did not change as of September 30, 2023.

Other Contingencies

For additional contingencies, see "COVID-19 Regulatory Matters" and "Other Regulatory Matters" in Note B, Note G and "Uncertain Tax Positions" in Note J.

Guarantees

Con Edison has entered into various agreements providing financial or performance assurance to third parties on behalf of its subsidiaries. In addition, Con Edison has provided guarantees to third parties on behalf of its former subsidiary, the Clean Energy Businesses, that are in the process of being transferred to the buyer of the Clean Energy Businesses, RWE Aktiengesellschaft (RWE). Maximum amounts guaranteed by Con Edison totaled \$218 million and \$2,412 million at September 30, 2023 and December 31, 2022, respectively.

A summary, by type and term, of Con Edison's total guarantees under these agreements at September 30, 2023 is as follows:

| Guarantee Type | 0 – 3 years | 4 – 10 years | > 10 years | Total |
|---|------------------------------|--------------|------------|-------|
| | <i>(Millions of Dollars)</i> | | | |
| Con Edison Transmission | \$78 | \$— | \$— | \$78 |
| Guarantees on behalf of the Clean Energy Businesses (a) | 100 | — | 31 | 131 |
| Broken Bow II | — | — | 9 | 9 |
| Total | \$178 | \$— | \$40 | \$218 |

(a) On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T. Guarantee amount shown represents guarantees issued on behalf of the Clean Energy Businesses that remain outstanding at September 30, 2023. Prior to and following the sale, RWE, with Con Edison's assistance, engaged in the process of transferring responsibility for these guarantees from Con Edison to RWE and that process is ongoing. Pursuant to the purchase and sale agreement, RWE is obligated to reimburse and hold harmless Con Edison for any payments Con Edison makes under guarantees issued by Con Edison on behalf of the Clean Energy Businesses. As of September 30, 2023, no such payments have been, or are probable of being, made.

Con Edison Transmission — Con Edison has guaranteed payment by Con Edison Transmission of the contributions Con Edison Transmission agreed to make to New York Transco LLC (New York Transco). Con Edison Transmission owns a 45.7 percent interest in New York Transco's New York Energy Solution project, the majority of

which has been completed. Guarantee amount shown includes the maximum possible required amount of Con Edison Transmission's contributions for the remainder of this project as calculated based on the assumptions that the project is completed at 175 percent of its estimated remaining costs and New York Transco does not use any debt financing for the project.

Broken Bow II — Con Edison has guaranteed obligations on behalf of its indirect subsidiary, Broken Bow II, associated with its investment in a wind energy facility. Broken Bow II is held for sale as of September 30, 2023. See Note T.

Note I – Leases

Operating lease cost and cash paid for amounts included in the measurement of lease liabilities for the three and nine months ended September 30, 2023 and 2022 were as follows:

| <i>(Millions of Dollars)</i> | For the Three Months Ended September 30, | | | |
|------------------------------|--|------|--------|------|
| | Con Edison | | CECONY | |
| | 2023 | 2022 | 2023 | 2022 |
| Operating lease cost | \$17 | \$22 | \$17 | \$17 |
| Operating lease cash flows | \$6 | \$11 | \$6 | \$5 |

| <i>(Millions of Dollars)</i> | For the Nine Months Ended September 30, | | | |
|------------------------------|---|------|--------|------|
| | Con Edison (a) | | CECONY | |
| | 2023 | 2022 | 2023 | 2022 |
| Operating lease cost | \$53 | \$66 | \$49 | \$50 |
| Operating lease cash flows | \$17 | \$28 | \$14 | \$13 |

(a) Amounts for Con Edison include amounts for the Clean Energy Businesses through February 2023. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.

As of September 30, 2023 and December 31, 2022, assets recorded as finance leases were \$2 million for Con Edison and \$1 million for CECONY, and the accumulated amortization associated with finance leases for Con Edison and CECONY were \$2 million and \$1 million as of September 30, 2023, respectively, and \$5 million and \$2 million as of December 31, 2022, respectively.

For the three and nine months ended September 30, 2023 and 2022, finance lease costs and cash flows for Con Edison and CECONY were immaterial.

Right-of-use assets obtained in exchange for operating lease obligations for Con Edison and CECONY were \$9 million for the three months ended September 30, 2023 and \$11 million for the nine months ended September 30, 2023. Right-of-use assets obtained in exchange for operating lease obligations for Con Edison and CECONY were \$5 million and \$3 million, respectively, for the three months ended September 30, 2022 and \$76 million and \$67 million, respectively, for the nine months ended September 30, 2022.

Other information related to leases for Con Edison and CECONY at September 30, 2023 and December 31, 2022 were as follows:

| | Con Edison | | CECONY | |
|--|------------|------------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Weighted Average Remaining Lease Term: | | | | |
| Operating leases (a)(b) | 11.6 years | 12.3 years | 11.6 years | 12.4 years |
| Finance leases | 6.5 years | 7.2 years | 2.9 years | 2.3 years |
| Weighted Average Discount Rate: | | | | |
| Operating leases (a)(b) | 3.7% | 3.7% | 3.7% | 3.7% |
| Finance leases | 3.0% | 1.9% | 3.0% | 1.0% |

- (a) Amounts for Con Edison exclude operating leases of the Clean Energy Businesses, inclusive of Broken Bow II, that were classified as held for sale as of December 31, 2022. Including the operating leases of the Clean Energy Businesses would result in a weighted average remaining lease term of 18.3 years and a weighted average discount rate of 4.4 percent as of December 31, 2022. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.
- (b) Amounts for Con Edison in 2023 exclude the operating lease of Broken Bow II, that was classified as held for sale as of September 30, 2023. Including the operating lease of Broken Bow II would result in a weighted average remaining lease term of 11.7 years and a weighted average discount rate of 3.8% as of September 30, 2023. See Note T.

Future minimum lease payments under non-cancellable leases at September 30, 2023 were as follows:

| <i>(Millions of Dollars)</i> | Con Edison | | CECONY | |
|--|------------------|----------------|------------------|----------------|
| | Operating Leases | Finance Leases | Operating Leases | Finance Leases |
| Year Ending September 30, (b) | | | | |
| 2024 | \$65 | \$1 | \$65 | \$1 |
| 2025 | 66 | — | 65 | — |
| 2026 | 65 | — | 65 | — |
| 2027 | 65 | — | 65 | — |
| 2028 | 60 | — | 60 | — |
| All years thereafter | 419 | 1 | 419 | — |
| Total future minimum lease payments | \$740 | \$2 | \$739 | \$1 |
| Less: imputed interest | (149) | — | (149) | — |
| Total | \$591 | \$2 | \$590 | \$1 |
| Reported as of September 30, 2023 | | | | |
| Operating lease liabilities (current) (a) | \$114 | \$— | \$114 | \$— |
| Operating lease liabilities (noncurrent) (a) | 477 | — | 476 | — |
| Other noncurrent liabilities | — | 2 | — | 1 |
| Total | \$591 | \$2 | \$590 | \$1 |

- (a) Amounts exclude operating lease liabilities of Broken Bow II (\$7 million) that are classified as current liabilities held for sale on Con Edison's consolidated balance sheet as of September 30, 2023. See Note T.
- (b) Amounts exclude future minimum operating lease payments of Broken Bow II, of \$3 million in total for years ended September 30, 2024 through 2028, and \$10 million for all years thereafter, and imputed interest of \$6 million.

The Utilities are lessors under certain leases whereby the Utilities own real estate and distribution poles and lease portions of them to others. Revenue under such leases was immaterial for Con Edison and CECONY for the three and nine months ended September 30, 2023 and 2022.

Note J – Income Tax

Con Edison's income tax expense was \$144 million for the three months ended September 30, 2023 and \$160 million for the three months ended September 30, 2022. The decrease in income tax expense is primarily due to lower income before income tax expense and higher flow-through of COVID-19 assistance benefits for uncollectible accounts, offset in part by changes in state apportionments resulting in higher state income taxes and lower renewable energy tax credits.

CECONY's income tax expense was \$109 million for the three months ended September 30, 2023 and \$124 million for the three months ended September 30, 2022. The decrease in income tax expense is primarily due to higher flow-through of COVID-19 assistance benefits for uncollectible accounts and a favorable tax adjustment from a prior year tax return primarily due to an increase in the general business tax credits, offset in part by higher income before income tax expense and higher reserve for injuries and damages.

Reconciliation of the difference between income tax expense and the amount computed by applying the prevailing statutory income tax rate to income before income taxes for the three months ended September 30, 2023 and 2022 is as follows:

| | For the Three Months Ended September 30, | | | |
|--|--|------------|------------|------------|
| | Con Edison | | CECONY | |
| (% of Pre-tax income) | 2023 | 2022 | 2023 | 2022 |
| STATUTORY TAX RATE | | | | |
| Federal | 21% | 21% | 21% | 21% |
| Changes in computed taxes resulting from: | | | | |
| State income tax, net of federal income tax benefit | 8 | 6 | 5 | 5 |
| Amortization of excess deferred federal income taxes | (6) | (6) | (7) | (7) |
| Cost of removal | 1 | 1 | 1 | 1 |
| Renewable energy credits | — | (1) | — | — |
| Allowance for uncollectible accounts, net of COVID-19 assistance | (2) | — | (2) | 1 |
| Impacts from the sale of the Clean Energy Businesses: | | | | |
| State taxes on sale of subsidiary, net of federal income tax benefit | 1 | — | — | — |
| Other | (2) | — | (1) | (1) |
| Effective tax rate | 21 % | 21% | 17% | 20% |

Con Edison's income tax expense was \$416 million for the nine months ended September 30, 2023 and \$330 million for the nine months ended September 30, 2022. The increase in income tax expense is primarily due to higher income before income tax expense due to the gain on the sale of the Clean Energy Businesses (\$214 million), lower renewable energy tax credits (\$13 million), offset in part by higher flow-through of COVID-19 assistance benefits for uncollectible accounts (\$19 million), tax benefits from the recognition of deferred unamortized investment tax credits (\$105 million), and changes in state apportionments, net of federal income taxes (\$27 million).

CECONY's income tax expense was \$297 million for the nine months ended September 30, 2023 and \$232 million for the nine months ended September 30, 2022. The increase in income tax expense is primarily due to higher income before income tax expense, lower flow-through tax benefits in 2023 for plant-related items, lower research and development credits from prior years, a remeasurement of state deferred tax assets and liabilities as a result of the enacted New York State legislation and a decrease in the amortization of excess deferred federal income taxes due to the TCJA, offset in part by lower allowance for uncollectible accounts and higher flow-through of COVID-19 assistance benefits for uncollectible accounts.

Reconciliation of the difference between income tax expense and the amount computed by applying the prevailing statutory income tax rate to income before income taxes for the nine months ended September 30, 2023 and 2022 is as follows:

| | For the Nine Months Ended September 30, | | | |
|---|---|------------|------------|------------|
| | Con Edison | | CECONY | |
| (% of Pre-tax income) | 2023 | 2022 | 2023 | 2022 |
| STATUTORY TAX RATE | | | | |
| Federal | 21% | 21% | 21% | 21% |
| Changes in computed taxes resulting from: | | | | |
| State income tax, net of federal income tax benefit | 5 | 6 | 5 | 5 |
| Taxes attributable to non-controlling interest | — | 1 | — | — |
| Cost of removal | 1 | 1 | 2 | 2 |
| Other plant-related items | — | — | (1) | (1) |
| Renewable energy credits | (1) | (2) | — | — |
| Amortization of excess deferred federal income taxes | (5) | (8) | (8) | (10) |
| Impacts from the sale of the Clean Energy Businesses: | | | | |
| Changes in state apportionments, net of federal income taxes | (1) | — | — | — |
| Deferred unamortized investment tax credit recognized on sale of subsidiary | (4) | — | — | — |
| Other | — | — | — | — |
| Effective tax rate | 16% | 19% | 19% | 17% |

On March 1, 2023, Con Edison completed the sale of the Clean Energy Businesses, which was accounted for as a stock sale for GAAP purposes and a deemed sale of assets and liquidation for tax purposes. Con Edison's pre-tax gain on the sale of the Clean Energy Businesses was \$866 million (\$784 million, net of tax) for the nine months ended September 30, 2023. The sale included all assets, operations and projects of the Clean Energy Businesses with the exception of tax equity interests and a deferred project, that were treated as distributions to Con Edison. See Note S and Note T.

In April 2023, the IRS released Revenue Procedure 2023-15, which provides a safe harbor method of accounting that taxpayers may use to determine whether certain expenditures to maintain, repair, replace, or improve natural gas transmission and distribution property must be capitalized as improvements by the taxpayer or currently deducted for federal income tax purposes. This revenue procedure also provides procedures for taxpayers to obtain automatic consent to change their method of accounting to the safe harbor method of accounting permitted by this revenue procedure. Con Edison recorded a reduction in its current tax payable and an increase in accumulated deferred tax liabilities of \$228 million (\$204 million for CECONY) to reflect the cumulative impact of this change in accounting method for the Utilities.

In May 2023, New York State passed a law that extended the increase in the corporate franchise tax rate from 6.5 percent to 7.25 percent for another three-year period, through tax year 2026, for taxpayers with taxable income greater than \$5 million. The law also temporarily extended the business capital tax through tax year 2026, not to exceed an annual maximum tax liability of \$5 million per taxpayer, with a corporation paying the higher of its franchise or income tax liability during the same period. New York State also passed a law establishing a permanent rate of 30 percent for the metropolitan transportation business tax surcharge. As a result of the sale of the Clean Energy Businesses in 2023, Con Edison has New York State taxable income in excess of \$5 million after using its entire New York State NOL carryforward, and therefore, the group is subject to the higher 7.25 percent rate (9.425 percent with the surcharge rate) on its taxable income for tax year 2023. As a result of this legislation, CECONY remeasured its deferred tax assets and liabilities that would reverse before 2027 and recorded state deferred income tax expense (net of federal benefit) and an increase in accumulated deferred tax liabilities of \$10 million for the nine months ended September 30, 2023, all of which was recorded in the second quarter of 2023.

Uncertain Tax Positions

At September 30, 2023, the estimated liability for uncertain tax positions for Con Edison was \$10 million (\$7 million for CECONY). For the nine months ended September 30, 2023, Con Edison recognized \$2 million of income tax expense mostly related to research and development credits on the Clean Energy Businesses. In the third quarter of 2023, Con Edison settled with the IRS on the research and development credits related to the Clean Energy Businesses for the 2016-2020 tax years which resulted in a reduction in both uncertain tax positions and related deferred tax assets for general business credit carryovers of \$12 million. In addition, CECONY reversed \$4 million in uncertain tax positions related to the same tax years that reduced its effective tax rate. Con Edison reasonably expects to resolve within the next twelve months approximately \$9 million of various federal uncertainties due to the expected completion of ongoing tax examinations, of which the entire amount, if recognized, would reduce Con Edison's effective tax rate. The amount related to CECONY is \$5 million, that, if recognized, would reduce CECONY's effective tax rate. The total amount of unrecognized tax benefits, if recognized, that would reduce Con Edison's effective tax rate is \$10 million, with \$7 million attributable to CECONY.

In October 2023, Con Edison reached a settlement with New York State and closed its open examinations for the 2010-2014 tax years and paid \$6 million in interest and \$4 million in income taxes after applying the remaining \$12 million of a special deposit made in 2013. New York State tax returns for 2015-2021 remain open.

The Companies recognize interest on liabilities for uncertain tax positions in interest expense and would recognize penalties, if any, in operating expenses in the Companies' consolidated income statements. For the nine months ended September 30, 2023 and 2022, the Companies recognized an immaterial amount of interest expense and no penalties for uncertain tax positions in their consolidated income statements. At September 30, 2023 and December 31, 2022, the Companies recognized an immaterial amount of accrued interest on their consolidated balance sheets.

Note K – Revenue Recognition

The following table presents, for the three and nine months ended September 30, 2023 and 2022, revenue from contracts with customers as defined in Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers," as well as additional revenue from sources other than contracts with customers, disaggregated by major source.

| | For the Three Months Ended September 30, 2023 | | | For the Three Months Ended September 30, 2022 | | |
|-------------------------------|---|--------------------|--------------------------|---|--------------------|--------------------------|
| (Millions of Dollars) | Revenues from contracts with customers | Other revenues (a) | Total operating revenues | Revenues from contracts with customers | Other revenues (a) | Total operating revenues |
| CECONY | | | | | | |
| Electric | \$3,195 | \$28 | \$3,223 | \$3,165 | \$(88) | \$3,077 |
| Gas | 338 | (20) | 318 | 409 | 5 | 414 |
| Steam | 46 | 3 | 49 | 55 | 3 | 58 |
| Total CECONY | \$3,579 | \$11 | \$3,590 | \$3,629 | \$(80) | \$3,549 |
| O&R | | | | | | |
| Electric | 242 | 4 | 246 | 256 | (4) | 252 |
| Gas | 31 | 4 | 35 | 29 | 10 | 39 |
| Total O&R | \$273 | \$8 | \$281 | \$285 | \$6 | \$291 |
| Clean Energy Businesses (c) | | | | | | |
| Renewables | — | — | — | 197 | — | 197 |
| Energy services | — | — | — | 13 | — | 13 |
| Develop/Transfer Projects | — | — | — | 37 | — | 37 |
| Other | — | — | — | — | 78 | 78 |
| Total Clean Energy Businesses | \$— | \$— | \$— | \$247 | \$78 | \$325 |
| Con Edison Transmission | 1 | — | 1 | 1 | — | 1 |
| Other (b) | — | — | — | — | (1) | (1) |
| Total Con Edison | \$3,853 | \$19 | \$3,872 | \$4,162 | \$3 | \$4,165 |

- (a) For the Utilities, this includes primarily revenue or negative revenue adjustments from alternative revenue programs, such as the revenue decoupling mechanisms under their New York electric and gas rate plans (see "Rate Plans" in Note B). For the Clean Energy Businesses, this includes revenue from wholesale services. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.

- (b) Other includes the parent company, Con Edison's tax equity investments, the deferred project held for sale and consolidated adjustments. See Note T.
- (c) On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.

| | For the Nine Months Ended September 30, 2023 | | | For the Nine Months Ended September 30, 2022 | | |
|--------------------------------------|--|--------------------|--------------------------|--|--------------------|--------------------------|
| (Millions of Dollars) | Revenues from contracts with customers | Other revenues (a) | Total operating revenues | Revenues from contracts with customers | Other revenues (a) | Total operating revenues |
| CECONY | | | | | | |
| Electric | \$7,449 | \$273 | \$7,722 | \$7,525 | \$(124) | \$7,401 |
| Gas | 2,117 | 23 | 2,140 | 2,090 | 37 | 2,127 |
| Steam | 414 | 11 | 425 | 436 | 8 | 444 |
| Total CECONY | \$9,980 | \$307 | \$10,287 | \$10,051 | \$(79) | \$9,972 |
| O&R | | | | | | |
| Electric | \$574 | \$14 | \$588 | \$595 | \$(1) | \$594 |
| Gas | 211 | 4 | 215 | 217 | 2 | 219 |
| Total O&R | \$785 | \$18 | \$803 | \$812 | \$1 | \$813 |
| Clean Energy Businesses (c) | | | | | | |
| Renewables | \$68 | \$— | \$68 | \$524 | \$— | \$524 |
| Energy services | 7 | — | 7 | 57 | — | 57 |
| Develop/Transfer Projects | 7 | — | 7 | 56 | — | 56 |
| Other | — | 47 | 47 | — | 220 | 220 |
| Total Clean Energy Businesses | \$82 | \$47 | \$129 | \$637 | \$220 | \$857 |
| Con Edison Transmission | \$3 | \$— | \$3 | \$3 | — | \$3 |
| Other (b) | — | (3) | (3) | — | (6) | (6) |
| Total Con Edison | \$10,850 | \$369 | \$11,219 | \$11,503 | \$136 | \$11,639 |

- (a) For the Utilities, this includes primarily revenue or negative revenue adjustments from alternative revenue programs, such as the revenue decoupling mechanisms under their New York electric and gas rate plans (see "Rate Plans" in Note B). For the Clean Energy Businesses, this includes revenue from wholesale services. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.
- (b) Other includes the parent company, Con Edison's tax equity investments, the deferred project held for sale and consolidated adjustments. See Note T.
- (c) On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.

Use of the Percentage-of-Completion Method

Sales and profits on each percentage-of-completion contract at the Clean Energy Businesses were recorded each month based on the ratio of actual cumulative costs incurred to the total estimated costs at completion of the contract, multiplied by the total estimated contract revenue, less cumulative revenues recognized in prior periods (the "cost-to-cost" method). The impact of revisions of contract estimates, that may result from contract modifications, performance or other reasons, were recognized on a cumulative catch-up basis in the period in which the revisions are made. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S.

| | 2023 | | 2022 | |
|------------------------------------|-------------------------------|----------------------|-------------------------------|----------------------|
| (Millions of Dollars) | Unbilled contract revenue (a) | Unearned revenue (b) | Unbilled contract revenue (a) | Unearned revenue (b) |
| Beginning balance as of January 1, | \$80 | \$3 | \$35 | \$7 |
| Additions (c) | 2 | — | 103 | — |
| Subtractions (c) | 78 | 3 (d) | 81 | 4 (d) |
| Ending balance as of September 30, | \$4 (e) | \$— | \$57 | \$3 |

- (a) Unbilled contract revenue represents accumulated incurred costs and earned profits on contracts (revenue arrangements), that have been recorded as revenue, but have not yet been billed to customers, and which represent contract assets as defined in Topic 606. Substantially all accrued unbilled contract revenue is expected to be collected within one year. Unbilled contract revenue arises from the cost-to-cost method of revenue recognition. Unbilled contract revenue from fixed-price type contracts is converted to billed receivables when amounts

are invoiced to customers according to contractual billing terms, that generally occur when deliveries or other performance milestones are completed.

- (b) Unearned revenue represents a liability for billings to customers in excess of earned revenue, that are contract liabilities as defined in Topic 606.
- (c) Additions for unbilled contract revenue and subtractions for unearned revenue represent additional revenue earned. Additions for unearned revenue and subtractions for unbilled contract revenue represent billings. Activity also includes appropriate balance sheet classification for the period. Of the subtractions in 2023, \$21 million and \$1 million relate to the sale of the Clean Energy Businesses for unbilled contract revenue and unearned revenue, respectively. See (e) below.
- (d) Of the subtractions from unearned revenue, \$3 million and \$4 million were included in the balances as of January 1, 2023 and 2022, respectively.
- (e) Following the sale of the Clean Energy Businesses, Con Edison received substantially all contract revenue, net of certain costs incurred, for a battery storage project located in Imperial County, California. See Note S.

Note L – Current Expected Credit Losses

Allowance for Uncollectible Accounts

The Utilities' "Account receivable – customers" balance consists of utility bills due (bills are generally due the month following billing) from customers who have energy delivered, generated, or services provided by the Utilities. The balance also reflects the Utilities' purchase of receivables from energy service companies to support the retail choice programs.

"Other receivables" balance generally reflects costs billed by the Utilities for goods and services provided to external parties, such as accommodation work for private parties and certain governmental entities, real estate rental and pole attachments.

The Companies develop expected loss estimates using past events data and consider current conditions and future reasonable and supportable forecasts. Changes to the Utilities' reserve balances that result in write-offs of customer accounts receivable balances above existing rate allowances are not reflected in rates during the term of the current rate plans. For the Utilities' customer accounts receivable allowance for uncollectible accounts, past events considered include write-offs relative to customer accounts receivable; current conditions include macro-and micro-economic conditions related to trends in the local economy, bankruptcy rates and aged customer accounts receivable balances, among other factors; and forecasts about the future include assumptions related to the level of write-offs and recoveries. Generally, the Utilities write off customer accounts receivable as uncollectible 90 days after the account is turned off for non-payment, or the account is closed during the collection process. See "COVID-19 Regulatory Matters" in Note B.

Other receivables allowance for uncollectible accounts is calculated based on a historical average of collections relative to total other receivables, including current receivables. Current macro- and micro-economic conditions are also considered when calculating the current reserve. Probable outcomes of pending litigation, whether favorable or unfavorable to the Companies, are also included in the consideration.

Starting in 2020, the potential economic impact of the COVID-19 pandemic was also considered in forward-looking projections related to write-off and recovery rates and resulted in increases to the allowance for uncollectible accounts. The increases/(decreases) to the allowance for customer uncollectible accounts for Con Edison and CECONY were \$1 million and \$3 million, respectively, for the three months ended September 30, 2023 and \$(46) million and \$(45) million, respectively, for the nine months ended September 30, 2023. The decreases primarily resulted from the credits issued pursuant to the New York State COVID-19 arrears assistance programs. See "COVID-19 Regulatory Matters" in Note B. The decreases to the allowance for customer uncollectible accounts for Con Edison and CECONY were \$31 million and \$27 million, respectively, for the three months ended September 30, 2022 and \$12 million and \$7 million, respectively, for the nine months ended September 30, 2022.

Customer accounts receivable and the associated allowance for uncollectible accounts are included in the line "Accounts receivable – customers" on the Companies' consolidated balance sheets. Other receivables and the associated allowance for uncollectible accounts are included in "Other receivables" on the consolidated balance sheets.

The table below presents a roll forward by major portfolio segment type for the three and nine months ended September 30, 2023 and 2022:

For the Three Months Ended September 30,

| <i>(Millions of Dollars)</i> | Con Edison | | | | CECONY | | | |
|------------------------------|------------------------------------|-------|-------------------|------|------------------------------------|-------|-------------------|------|
| | Accounts receivable - customers | | Other receivables | | Accounts receivable - customers | | Other receivables | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Allowance for credit losses | | | | | | | | |
| Beginning Balance at July 1, | \$275 | \$336 | \$28 | \$9 | \$266 | \$324 | \$24 | \$7 |
| Recoveries | 3 | 4 | — | — | 3 | 4 | — | — |
| Write-offs | (43) | 2 | (4) | (2) | (41) | 4 | (3) | (1) |
| Reserve adjustments | 41 | (37) | 7 | 2 | 41 | (35) | 6 | 1 |
| Ending Balance September 30, | \$276 | \$305 | \$31 | \$9 | \$269 | \$297 | \$27 | \$7 |

For the Nine Months Ended September 30,

| <i>(Millions of Dollars)</i> | Con Edison | | | | CECONY | | | |
|---------------------------------|------------------------------------|-------|-------------------|------|------------------------------------|-------|-------------------|------|
| | Accounts receivable - customers | | Other receivables | | Accounts receivable - customers | | Other receivables | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Allowance for credit losses | | | | | | | | |
| Beginning Balance at January 1, | \$322 | \$317 | \$10 | \$22 | \$314 | \$304 | \$7 | \$19 |
| Recoveries | 11 | 13 | — | — | 10 | 12 | — | — |
| Write-offs | (135) | (62) | (5) | (5) | (130) | (56) | (3) | (3) |
| Reserve adjustments | 78 | 37 | 26 | (8) | 75 | 37 | 23 | (9) |
| Ending Balance September 30, | \$276 | \$305 | \$31 | \$9 | \$269 | \$297 | \$27 | \$7 |

Note M – Financial Information by Business Segment

Con Edison's principal business segments are CECONY's regulated utility activities, O&R's regulated utility activities and Con Edison Transmission. CECONY's principal business segments are its regulated electric, gas and steam utility activities. The financial data for the business segments for the three and nine months ended September 30, 2023 and 2022 were as follows:

For the Three Months Ended September 30,

| <i>(Millions of Dollars)</i> | Operating revenues | | Inter-segment revenues | | Depreciation and amortization | | Operating income/(loss) | |
|------------------------------|--------------------|---------|------------------------|------|-------------------------------|-------|-------------------------|-------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| CECONY | | | | | | | | |
| Electric | \$3,223 | \$3,077 | \$4 | \$5 | \$352 | \$324 | \$867 | \$843 |
| Gas | 318 | 414 | 2 | 2 | 108 | 93 | (108) | (40) |
| Steam | 49 | 58 | 19 | 19 | 25 | 24 | (80) | (65) |
| Consolidation adjustments | — | — | (25) | (26) | — | — | — | — |
| Total CECONY | \$3,590 | \$3,549 | \$— | \$— | \$485 | \$441 | \$679 | \$738 |
| O&R | | | | | | | | |
| Electric | \$246 | \$252 | \$— | \$— | \$19 | \$18 | 59 | \$61 |
| Gas | 35 | 39 | — | — | 7 | 7 | (11) | (10) |
| Total O&R | \$281 | \$291 | \$— | \$— | \$26 | \$25 | \$48 | \$51 |
| Clean Energy Businesses (a) | \$— | \$325 | \$— | \$— | \$— | \$60 | — | \$104 |
| Con Edison Transmission | 1 | 1 | — | — | 1 | — | (2) | (2) |
| Other (b) | — | (1) | — | — | — | (1) | (3) | (2) |
| Total Con Edison | \$3,872 | \$4,165 | \$— | \$— | \$512 | \$525 | \$722 | \$889 |

- (a) On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. As a result of this sale, the Clean Energy Businesses are no longer a principal segment. See Note S and Note T.
- (b) Other includes the parent company, Con Edison's tax equity investments, the deferred project held for sale and consolidation adjustments. Other does not represent a business segment. See Note T.

For the Nine Months Ended September 30,

| <i>(Millions of Dollars)</i> | Operating revenues | | Inter-segment revenues | | Depreciation and amortization | | Operating income/(loss) | |
|------------------------------------|--------------------|-----------------|------------------------|------------|-------------------------------|----------------|-------------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| CECONY | | | | | | | | |
| Electric | \$7,722 | \$7,401 | \$14 | \$14 | \$1,035 | \$994 | \$1,292 | \$1,233 |
| Gas | 2,140 | 2,127 | 6 | 6 | 319 | 275 | 533 | 511 |
| Steam | 425 | 444 | 55 | 57 | 74 | 72 | (75) | (15) |
| Consolidation adjustments | — | — | (75) | (77) | — | — | — | — |
| Total CECONY | \$10,287 | \$9,972 | \$— | \$— | \$1,428 | \$1,341 | \$1,750 | \$1,729 |
| O&R | | | | | | | | |
| Electric | \$588 | \$594 | \$— | \$— | \$56 | \$53 | \$73 | \$85 |
| Gas | 215 | 219 | — | — | 22 | 20 | 27 | 25 |
| Total O&R | \$803 | \$813 | \$— | \$— | \$78 | \$73 | \$100 | \$110 |
| Clean Energy Businesses (a) | \$129 | \$857 | \$— | \$— | \$— | \$178 | \$37 | \$248 |
| Con Edison Transmission | 3 | 3 | — | — | 1 | 1 | (6) | (8) |
| Other (b) | (3) | (6) | — | — | (1) | — | 864 | (5) |
| Total Con Edison | \$11,219 | \$11,639 | \$— | \$— | \$1,506 | \$1,593 | \$2,745 | \$2,074 |

(a) On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. As a result of this sale, the Clean Energy Businesses are no longer a principal segment. See Note S and Note T.

(b) Other includes the parent company, Con Edison's tax equity investments, the deferred project held for sale and consolidation adjustments. Other does not represent a business segment. See Note T.

Note N – Derivative Instruments and Hedging Activities

Con Edison's subsidiaries hedge market price fluctuations associated with physical purchases and sales of electricity, natural gas, steam and, to a lesser extent, refined fuels by using derivative instruments including futures, forwards, basis swaps, options, transmission congestion contracts and financial transmission rights contracts. These are economic hedges, for which the Utilities do not elect hedge accounting. The Companies use economic hedges to manage commodity price risk in accordance with provisions set by state regulators. The volume of hedging activity at the Utilities is dependent upon the forecasted volume of physical commodity supply to meet customer needs, and program costs or benefits are recovered from or credited to full-service customers, respectively. Derivatives are recognized on the consolidated balance sheet at fair value (see Note O), unless an exception is available under the accounting rules for derivatives and hedging. Qualifying derivative contracts that have been designated as normal purchases or normal sales contracts are not reported at fair value under the accounting rules. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.

The fair values of the Companies' derivatives including the offsetting of assets and liabilities on the consolidated balance sheet at September 30, 2023 and December 31, 2022 were:

| (Millions of Dollars) | 2023 | | | 2022 | | |
|--|---|----------------------|--|---|----------------------|--|
| | Gross Amounts of Recognized Assets/ (Liabilities) | Gross Amounts Offset | Net Amounts of Assets/ (Liabilities) (a) | Gross Amounts of Recognized Assets/ (Liabilities) | Gross Amounts Offset | Net Amounts of Assets/ (Liabilities) (a) |
| Balance Sheet Location | | | | | | |
| Con Edison | | | | | | |
| Fair value of derivative assets | | | | | | |
| Current | \$115 | \$(63) | \$52 (b) | \$378 | \$(332) | \$46 (b) |
| Noncurrent | 63 | (37) | 26 | 193 | (108) | 85 |
| Total fair value of derivative assets held and used | 178 | (100) | 78 | 571 | (440) | 131 |
| Current - assets held for sale (d) | — | — | — | 93 | (8) | 85 (c)(d) |
| Noncurrent - assets held for sale (d) | — | — | — | 83 | 11 | 94 (c)(d) |
| Total fair value of derivative assets | \$178 | \$(100) | \$78 | \$747 | \$(437) | \$310 |
| Fair value of derivative liabilities | | | | | | |
| Current | \$(135) | \$64 | \$(71) (b) | \$(198) | \$166 | \$(32) (b) |
| Noncurrent | (108) | 40 | (68) | (49) | 36 | (13) |
| Total fair value of derivative liabilities held and used | \$(243) | \$104 | \$(139) | \$(247) | \$202 | \$(45) |
| Current - liabilities held for sale (d) | — | — | — | (31) | 6 | (25) (d) |
| Noncurrent - liabilities held for sale (d) | — | — | — | (3) | (8) | (11) (d) |
| Total fair value of derivative liabilities | \$(243) | \$104 | \$(139) | \$(281) | \$200 | \$(81) |
| Net fair value derivative assets/(liabilities) | \$(65) | \$4 | \$(61) | \$466 | \$(237) | \$229 |
| CECONY | | | | | | |
| Fair value of derivative assets | | | | | | |
| Current | \$107 | \$(60) | \$47 (b) | \$350 | \$(312) | \$38 (b) |
| Noncurrent | 60 | (34) | 26 | 176 | (96) | 80 |
| Total fair value of derivative assets | \$167 | \$(94) | \$73 | \$526 | \$(408) | \$118 |
| Fair value of derivative liabilities | | | | | | |
| Current | \$(129) | \$61 | \$(68) (b) | \$(189) | \$160 | \$(29) |
| Noncurrent | (98) | 38 | (60) | (43) | 34 | (9) |
| Total fair value of derivative liabilities | \$(227) | \$99 | \$(128) | \$(232) | \$194 | \$(38) |
| Net fair value derivative assets/(liabilities) | \$(60) | \$5 | \$(55) | \$294 | \$(214) | \$80 |

- (a) Derivative instruments and collateral were offset on the consolidated balance sheet as applicable under the accounting rules. The Companies enter into master agreements for their commodity derivatives. These agreements typically provide offset in the event of contract termination. In such case, generally the non-defaulting party's payable will be offset by the defaulting party's payable. The non-defaulting party will customarily notify the defaulting party within a specific time period and come to an agreement on the early termination amount.
- (b) At September 30, 2023, margin deposits for Con Edison (\$10 million and \$(15) million) were classified as derivative assets and derivative liabilities, respectively, and for CECONY (\$9 million and \$(11) million) were classified as derivative assets and derivative liabilities, respectively, on the consolidated balance sheet, but not included in the table. At December 31, 2022 margin deposits for Con Edison and CECONY of \$13 million were classified as derivative assets, and \$(10) million and \$(6) million, respectively) were classified as derivative liabilities on the consolidated balance sheet, but not included in the table. Margin is collateral, typically cash, that the holder of a derivative instrument is required to deposit in order to transact on an exchange and to cover its potential losses with its broker or the exchange.
- (c) Includes amounts for interest rate swaps of \$75 million in noncurrent assets, \$31 million in current assets. At December 31, 2022, the Clean Energy Businesses had interest rate swaps with notional amounts of \$982 million. The expiration dates of the swaps ranged from 2025-2041.
- (d) Amounts represent derivative assets and liabilities included in current assets and current liabilities held for sale, respectively, on Con Edison's consolidated balance sheet as of December 31, 2022. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.

The Utilities generally recover their prudently incurred fuel, purchased power and gas costs, including hedging gains and losses, in accordance with rate provisions approved by the applicable state utility regulators. In accordance with the accounting rules for regulated operations, the Utilities record a regulatory asset or regulatory liability to defer recognition of unrealized gains and losses on their electric and gas derivatives. As gains and losses are realized in future periods, they will be recognized as purchased power, gas and fuel costs in the Companies' consolidated income statements.

The Clean Energy Businesses recorded realized and unrealized gains and losses on their derivative contracts in gas purchased for resale and non-utility revenue in the reporting period in which they occurred. The Clean Energy Businesses recorded changes in the fair value of their interest rate swaps in other interest expense at the end of each reporting period. Management believes that these derivative instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices and interest rates. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.

The following table presents the realized and unrealized gains or losses on derivatives that have been deferred or recognized in earnings for the three and nine months ended September 30, 2023 and 2022:

| | | For the Three Months Ended September 30, | | | |
|---|--|---|-------------|---------------|-------------|
| | | Con Edison | | CECONY | |
| <i>(Millions of Dollars)</i> | Balance Sheet Location | 2023 | 2022 | 2023 | 2022 |
| Pre-tax gains/(losses) deferred in accordance with accounting rules for regulated operations: | | | | | |
| Current | Regulatory liabilities | \$(11) | \$31 | \$(9) | \$30 |
| Noncurrent | Regulatory liabilities | (11) | 23 | (9) | 17 |
| Total deferred gains/(losses) | | \$(22) | \$54 | \$(18) | \$47 |
| Current | Regulatory assets | \$22 | \$41 | \$20 | \$37 |
| Current | Recoverable energy costs | (98) | 168 | (94) | 152 |
| Noncurrent | Regulatory assets | (34) | 49 | (29) | 45 |
| Total deferred gains/(losses) | | \$(110) | \$258 | \$(103) | \$234 |
| Net deferred gains/(losses) | | \$(132) | \$312 | \$(121) | \$281 |
| Income Statement Location | | | | | |
| Pre-tax gains/(losses) recognized in income | | | | | |
| | Gas purchased for resale | \$— | \$(2) | \$— | \$— |
| | Non-utility revenue | — | (1) | — | — |
| | Other operations and maintenance expense | 1 | (1) | 1 | (1) |
| | Other interest expense (a) | — | 49 | — | — |
| Total pre-tax gains/(losses) recognized in income | | \$1 | \$45 | \$1 | \$(1) |

(a) Comprised of amounts related to interest rate swaps of the Clean Energy Businesses. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.

| | | For the Nine Months Ended September 30, | | | |
|---|--|--|-------------|---------------|-------------|
| | | Con Edison | | CECONY | |
| <i>(Millions of Dollars)</i> | Balance Sheet Location | 2023 | 2022 | 2023 | 2022 |
| Pre-tax gains/(losses) deferred in accordance with accounting rules for regulated operations: | | | | | |
| Current | Regulatory liabilities | \$(221) | \$379 | \$(203) | \$350 |
| Noncurrent | Regulatory liabilities | (128) | 91 | (113) | 79 |
| Total deferred gains/(losses) | | \$(349) | \$470 | \$(316) | \$429 |
| Current | Regulatory assets | \$47 | \$50 | \$45 | \$45 |
| Current | Recoverable energy costs | (474) | 357 | (449) | 324 |
| Noncurrent | Regulatory assets | (68) | 19 | (63) | 18 |
| Total deferred gains/(losses) | | \$(495) | \$426 | \$(467) | \$387 |
| Net deferred gains/(losses) | | \$(844) | \$896 | \$(783) | \$816 |
| Income Statement Location | | | | | |
| Pre-tax gains/(losses) recognized in income | | | | | |
| | Gas purchased for resale | \$4 | \$1 | \$— | \$— |
| | Non-utility revenue | 17 | (23) | — | — |
| | Other operations and maintenance expense | 1 | 4 | 1 | 4 |
| | Other interest expense (a) | 5 | 158 | — | — |
| Total pre-tax gains/(losses) recognized in income | | \$27 | \$140 | \$1 | \$4 |

(a) Comprised of amounts related to interest rate swaps of the Clean Energy Businesses. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.

The following table presents the hedged volume of Con Edison's and CECONY's commodity derivative transactions at September 30, 2023:

| | Electric Energy (MWh) (a)(b) | Capacity (MW) (a) | Natural Gas (Dt) (a)(b) | Refined Fuels (gallons) |
|------------|---------------------------------|-------------------|----------------------------|----------------------------|
| Con Edison | 30,376,045 | 49,800 | 353,360,000 | 2,520,000 |
| CECONY | 27,714,325 | 39,000 | 334,950,000 | 2,520,000 |

- (a) Volumes are reported net of long and short positions, except natural gas collars where the volumes of long positions are reported.
(b) Excludes electric congestion and gas basis swap contracts that are associated with electric and gas contracts and hedged volumes.

The Companies are exposed to credit risk related to transactions entered into primarily for the various energy supply and hedging activities by the Utilities. Credit risk relates to the loss that may result from a counterparty's nonperformance. The Companies use credit policies to manage this risk, including an established credit approval process, monitoring of counterparty limits, netting provisions within agreements, collateral or prepayment arrangements, credit insurance and credit default swaps. The Companies measure credit risk exposure as the replacement cost for open energy commodity and derivative positions plus amounts owed from counterparties for settled transactions. The replacement cost of open positions represents unrealized gains, net of any unrealized losses where the Companies have a legally enforceable right to offset.

At September 30, 2023, Con Edison and CECONY had \$76 million and \$72 million, respectively, of credit exposure in connection with open energy supply net receivables and hedging activities, net of collateral. Con Edison's net credit exposure consisted of \$6 million with investment-grade counterparties, \$18 million with commodity exchange brokers, and \$52 million with non-investment grade/non-rated counterparties. CECONY's net credit exposure consisted of \$3 million with commodity exchange brokers, \$17 million with investment-grade counterparties and \$52 million with non-investment grade/non-rated counterparties. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.

The collateral requirements associated with, and settlement of, derivative transactions are included in net cash flows from operating activities in the Companies' consolidated statement of cash flows. Most derivative instrument contracts contain provisions that may require a party to provide collateral on its derivative instruments that are in a net liability position. The amount of collateral to be provided will depend on the fair value of the derivative instruments and the party's credit ratings.

The following table presents the aggregate fair value of the Companies' derivative instruments with credit-risk-related contingent features that are in a net liability position, the collateral posted for such positions and the additional collateral that would have been required to be posted had the lowest applicable credit rating been reduced one level and to below investment grade at September 30, 2023:

| (Millions of Dollars) | Con Edison (a) | CECONY (a) |
|---|----------------|------------|
| Aggregate fair value – net liabilities | \$133 | \$125 |
| Collateral posted | 73 | 67 |
| Additional collateral (b) (downgrade one level from current ratings) | 51 | 46 |
| Additional collateral (b)(c) (downgrade to below investment grade from current ratings) | 137 | 126 |

- (a) Non-derivative transactions for the purchase and sale of electricity and gas and qualifying derivative instruments, that have been designated as normal purchases or normal sales, are excluded from the table. These transactions primarily include purchases of electricity from independent system operators. In the event the Utilities are no longer extended unsecured credit for such purchases, the Companies would be required to post \$1 million of additional collateral at September 30, 2023. For certain other such non-derivative transactions, the Companies would have been required to post collateral under certain circumstances, including in the event counterparties had reasonable grounds for insecurity.
(b) The Companies measure the collateral requirements by taking into consideration the fair value amounts of derivative instruments that contain credit-risk-related contingent features that are in a net liability position plus amounts owed to counterparties for settled transactions and amounts required by counterparties for minimum financial security. The fair value amounts represent unrealized losses, net of any unrealized gains where the Companies have a legally enforceable right to offset.
(c) Derivative instruments that are net assets have been excluded from the table. At September 30, 2023, if Con Edison had been downgraded to below investment grade, it would have been required to post additional collateral for such derivative instruments of \$19 million.

Note O – Fair Value Measurements

The accounting rules for fair value measurements and disclosures define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is

determined based on inputs, that refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or generally unobservable firm inputs. The Companies often make certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, and the risks inherent in the inputs to valuation techniques. The Companies use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The accounting rules for fair value measurements and disclosures established a fair value hierarchy, that prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The rules require that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and their placement within the fair value hierarchy. The Companies classify fair value balances based on the fair value hierarchy defined by the accounting rules for fair value measurements and disclosures as follows:

- Level 1 – Consists of assets or liabilities whose value is based on unadjusted quoted prices in active markets at the measurement date. An active market is one in which transactions for assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes contracts traded on active exchange markets valued using unadjusted prices quoted directly from the exchange.
- Level 2 – Consists of assets or liabilities valued using industry standard models and based on prices, other than quoted prices within Level 1, that are either directly or indirectly observable as of the measurement date. The industry standard models consider observable assumptions including time value, volatility factors and current market and contractual prices for the underlying commodities, in addition to other economic measures. This category includes contracts traded on active exchanges or in over-the-counter markets priced with industry standard models.
- Level 3 – Consists of assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date. Unobservable inputs are developed based on the best available information and subject to cost benefit constraints. This category includes contracts priced using models that are internally developed and contracts placed in illiquid markets. It also includes contracts that expire after the period of time for which quoted prices are available and internal models are used to determine a significant portion of the value.

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2023 and December 31, 2022 are summarized below.

| (Millions of Dollars) | 2023 | | | | | 2022 | | | | |
|-------------------------------------|--------------|--------------|-------------|------------------------|--------------|--------------|--------------|-------------|------------------------|--------------|
| | Level 1 | Level 2 | Level 3 | Netting Adjustment (e) | Total | Level 1 | Level 2 | Level 3 | Netting Adjustment (e) | Total |
| Con Edison | | | | | | | | | | |
| Derivative assets: | | | | | | | | | | |
| Commodity (a)(b)(c) | \$21 | \$137 | \$5 | \$(75) | \$88 | \$84 | \$476 | \$2 | \$(420) | \$142 |
| Commodity held for sale (g) | — | — | — | — | — | 6 | 34 | 31 | 2 | 73 |
| Interest rate swaps (a)(b)(c)(f)(g) | — | — | — | — | — | — | 106 | — | — | 106 |
| Other (a)(b)(d) | 462 | 121 | — | — | 583 | 437 | 116 | — | — | 553 |
| Total assets | \$483 | \$258 | \$5 | \$(75) | \$671 | \$527 | \$732 | \$33 | \$(418) | \$874 |
| Derivative liabilities: | | | | | | | | | | |
| Commodity (a)(b)(c) | \$16 | \$196 | \$15 | \$(72) | \$155 | \$18 | \$204 | \$16 | \$(184) | \$54 |
| Commodity held for sale (g) | — | — | — | — | — | 8 | 24 | 2 | 2 | 36 |
| Total liabilities | \$16 | \$196 | \$15 | \$(72) | \$155 | \$26 | \$228 | \$18 | \$(182) | \$90 |
| CECONY | | | | | | | | | | |
| Derivative assets: | | | | | | | | | | |
| Commodity (a)(b)(c) | \$21 | \$130 | \$3 | \$(73) | \$81 | \$83 | \$434 | \$2 | \$(388) | \$131 |
| Other (a)(b)(d) | 450 | 114 | — | — | 564 | 422 | 110 | — | — | 532 |
| Total assets | \$471 | \$244 | \$3 | \$(73) | \$645 | \$505 | \$544 | \$2 | \$(388) | \$663 |
| Derivative liabilities: | | | | | | | | | | |
| Commodity (a)(b)(c) | \$15 | \$187 | \$10 | \$(73) | \$139 | \$18 | \$198 | \$8 | \$(180) | \$44 |
| Total liabilities | \$15 | \$187 | \$10 | \$(73) | \$139 | \$18 | \$198 | \$8 | \$(180) | \$44 |

- (a) The Companies' policy is to review the fair value hierarchy and recognize transfers into and transfers out of the levels at the end of each reporting period. Con Edison and CECONY had \$10 million of commodity derivative assets transferred from level 3 to level 2 during the nine months ended September 30, 2023 because of availability of observable market data due to the decrease in the terms of certain contracts from beyond three years as of December 31, 2022 to less than three years as of September 30, 2023. Con Edison and CECONY had an immaterial amount of derivative liabilities and \$10 million and \$9 million of commodity derivative assets, respectively, transferred from level 3 to level 2 during the year ended December 31, 2022 because of availability of observable market data due to the decrease in the terms of certain contracts from beyond three years as of September 30, 2022 to less than three years as of December 31, 2022.
- (b) Level 2 assets and liabilities include investments held in the deferred compensation plan and/or non-qualified retirement plans, exchange-traded contracts where there is insufficient market liquidity to warrant inclusion in Level 1, and certain over-the-counter derivative instruments for electricity, refined products and natural gas. Derivative instruments classified as Level 2 are valued using industry standard models that incorporate corroborated observable inputs, such as pricing services or prices from similar instruments that trade in liquid markets, time value and volatility factors.
- (c) The accounting rules for fair value measurements and disclosures require consideration of the impact of nonperformance risk (including credit risk) from a market participant perspective in the measurement of the fair value of assets and liabilities. At September 30, 2023 and December 31, 2022, the Companies determined that nonperformance risk would have no material impact on their financial position or results of operations.
- (d) Other assets are comprised of assets such as life insurance contracts within the deferred compensation plan and non-qualified retirement plans.
- (e) Amounts represent the impact of legally-enforceable master netting agreements that allow the Companies to net gain and loss positions and cash collateral held or placed with the same counterparties.
- (f) See Note N.
- (g) On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.

The employees in the Companies' risk management group develop and maintain the Companies' valuation policies and procedures for, and verify pricing and fair value valuation of, commodity derivatives. Under the Companies' policies and procedures, multiple independent sources of information are obtained for forward price curves used to value commodity derivatives. Fair value and changes in fair value of commodity derivatives are reported monthly to the Companies' risk committees, comprised of officers and employees of the Companies that oversee energy hedging at the Utilities. The risk management group reports to the Companies' Vice President and Treasurer.

| | Fair Value of Level 3 at September 30, 2023 (Millions of Dollars) | Valuation Techniques | Unobservable Inputs | Range |
|-----------------------------------|---|-------------------------|---|-----------------------------|
| Con Edison – Commodity | | | | |
| Electricity | \$(6) | Discounted Cash Flow | Forward energy prices (a) | \$33.95-\$137.60 per MWh |
| Electricity | (5) | Discounted Cash Flow | Forward capacity prices (a) | \$1.90-\$11.75 per kW-month |
| Transmission Congestion Contracts | 1 | Discounted Cash Flow | Inter-zonal forward price curves adjusted for historical zonal losses (b) | \$0.09-\$3.80 per MWh |
| Total Con Edison—Commodity | \$(10) | | | |
| CECONY – Commodity | | | | |
| Electricity | \$(4) | Discounted Cash Flow | Forward energy prices (a) | \$37.55-\$137.60 per MWh |
| Electricity | (4) | Discounted Cash Flow | Forward capacity prices (a) | \$1.90-\$11.75 per kW-month |
| Transmission Congestion Contracts | 1 | Discounted Cash Flow | Inter-zonal forward price curves adjusted for historical zonal losses (b) | \$0.09-\$3.80 per MWh |
| Total CECONY—Commodity | \$(7) | | | |

(a) Generally, increases/(decreases) in this input in isolation would result in a higher/(lower) fair value measurement.

(b) Generally, increases/(decreases) in this input in isolation would result in a lower/(higher) fair value measurement.

The table listed below provides a reconciliation of the beginning and ending net balances for assets and liabilities measured at fair value as of September 30, 2023 and 2022 and classified as Level 3 in the fair value hierarchy:

| (Millions of Dollars) | For the Three Months Ended September 30, | | | |
|---|--|------|--------|--------|
| | Con Edison | | CECONY | |
| | 2023 | 2022 | 2023 | 2022 |
| Beginning balance as of July 1, | \$(7) | \$9 | \$(4) | \$(11) |
| Included in earnings | 2 | (10) | 1 | (1) |
| Included in regulatory assets and liabilities | (3) | 14 | (3) | 11 |
| Purchases | — | 1 | — | — |
| Settlements | (2) | 2 | (1) | 1 |
| Transfer out of level 3 | — | — | — | — |
| Ending balance as of September 30, | \$(10) | \$16 | \$(7) | \$— |

| (Millions of Dollars) | For the Nine Months Ended September 30, | | | |
|---|---|--------|--------|-------|
| | Con Edison | | CECONY | |
| | 2023 | 2022 | 2023 | 2022 |
| Beginning balance as of January 1, | \$15 | \$(11) | \$(6) | \$(7) |
| Included in earnings | (2) | 13 | (1) | (3) |
| Included in regulatory assets and liabilities | 16 | 7 | 10 | 5 |
| Purchases | — | 3 | — | — |
| Settlements | — | 3 | — | 4 |
| Decrease due to the sale of the Clean Energy Businesses (a) | (29) | — | — | — |
| Transfer out of level 3 | (10) | 1 | (10) | 1 |
| Ending balance as of September 30, | \$(10) | \$16 | \$(7) | \$— |

(a) On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.

For the Utilities, realized gains and losses on Level 3 commodity derivative assets and liabilities are reported as part of purchased power, gas and fuel costs. The Utilities generally recover these costs in accordance with rate provisions approved by the applicable state public utilities regulators. Unrealized gains and losses for commodity derivatives are generally deferred on the consolidated balance sheet in accordance with the accounting rules for regulated operations.

For the Clean Energy Businesses, realized and unrealized gains and losses on Level 3 commodity derivative assets and liabilities are reported in non-utility revenues on the consolidated income statement. The Clean Energy Businesses recorded an \$8 million loss. For the three months ended September 30, 2022 and a \$17 million loss and \$20 million gain for the nine months ended September 30, 2023 and 2022, respectively. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses and amounts for 2023 are shown through the date of sale. See Note S and Note T.

Note P – Variable Interest Entities

The accounting rules for consolidation address the consolidation of a variable interest entity (VIE) by a business enterprise that is the primary beneficiary. A VIE is an entity that does not have a sufficient equity investment at risk to permit it to finance its activities without additional subordinated financial support, or whose equity investors lack the characteristics of a controlling financial interest. The primary beneficiary is the business enterprise that has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and either absorbs a significant amount of the VIE's losses or has the right to receive benefits that could be significant to the VIE.

The Companies enter into arrangements including leases, partnerships and electricity purchase agreements, with various entities. As a result of these arrangements, the Companies retain or may retain a variable interest in these entities.

CECONY

CECONY has an ongoing long-term electricity purchase agreement with Brooklyn Navy Yard Cogeneration Partners, LP, a potential VIE. In 2022, a request was made of this counterparty for information necessary to determine whether the entity was a VIE and whether CECONY is the primary beneficiary; however, the information was not made available. The payments for this contract constitute CECONY's maximum exposure to loss with respect to the potential VIE.

Clean Energy Businesses

On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses, including CED Nevada Virginia and the Tax Equity Projects, defined below. See Note S.

In connection with the sale, Con Edison retained a tax equity interest valued at \$20 million in two renewable electric projects located in Virginia that is accounted for as an equity method investment and that represents the maximum exposure to loss for this investment. See Note S. The earnings of the projects, once in service, are determined using the hypothetical liquidation at book value (HLBV) method of accounting and resulted in losses of \$4 million (\$3 million, after tax) and \$8 million (\$6 million, after tax) for the three and nine months ended September 30, 2023, respectively. Con Edison is not the primary beneficiary since the power to direct the activities that most significantly impact the economics of the renewable electric projects is not held by Con Edison.

Con Edison also retained its \$11 million equity interest in the Crane solar project that was valued at \$0 as of September 30, 2023 and that is accounted for as an equity method investment. See Note S. The earnings of the project are determined using the HLBV method of accounting and were not material for the three and nine months ended September 30, 2023 or 2022. Con Edison is not the primary beneficiary since the power to direct the activities that most significantly impact the economics of the renewable electric project is not held by Con Edison.

HLBV Accounting

Con Edison has determined that the use of HLBV accounting is reasonable and appropriate to attribute income and loss to the tax equity investors. Using the HLBV method, Con Edison's earnings from the projects are adjusted to reflect the income or loss allocable to the tax equity investors calculated based on how the project would allocate and distribute its cash if it were to sell all of its assets for their carrying amounts and liquidate at a particular point in time. Under the HLBV method, Con Edison calculates the liquidation value allocable to the tax equity investors at the beginning and end of each period based on the contractual liquidation waterfall and adjusts its income for the period to reflect the change in the liquidation value allocable to the tax equity investors.

CED Nevada Virginia

In February 2021, a subsidiary of the Clean Energy Businesses entered into an agreement relating to certain projects (CED Nevada Virginia) with a noncontrolling tax equity investor to which a percentage of earnings, tax attributes and cash flows will be allocated. CED Nevada Virginia is a consolidated entity in which Con Edison had less than a 100 percent membership interest at December 31, 2022 and has no interest subsequent to the sale of

the Clean Energy Business on March 1, 2023. Con Edison was the primary beneficiary since the power to direct the activities that most significantly impact the economics of CED Nevada Virginia was held by Con Edison. The HLBV method of accounting resulted in an immaterial amount of income/(loss) for Con Edison and the tax equity investor for the nine months ended September 30, 2023; the amounts for the three and nine months ended September 30, 2022 are presented below. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S.

| | For the Three Months Ended September 30, | For the Nine Months Ended September 30, |
|---|---|--|
| <i>(Millions of Dollars)</i> | 2022 | 2022 |
| Income/(Loss) attributable to tax equity investor | \$6 | \$(36) |
| Income/(Loss) attributable to tax equity investor after tax | 5 | (27) |
| Income/(Loss) attributable to Con Edison | (7) | 32 |
| Income/(Loss) attributable to Con Edison after tax | (5) | 24 |

Tax Equity Projects

In 2018, the Clean Energy Businesses completed its acquisition of Sempra Solar Holdings, LLC. Included in the acquisition were certain operating projects (Tax Equity Projects) with a noncontrolling tax equity investor to which a percentage of earnings, tax attributes and cash flows are allocated. The Tax Equity Projects were consolidated entities in which Con Edison had less than a 100 percent membership interest at December 31, 2022 and has no interest in subsequent to the sale of the Clean Energy Businesses on March 1, 2023. Con Edison was the primary beneficiary since the power to direct the activities that most significantly impact the economics of the Tax Equity Projects was held by Con Edison. Electricity generated by the Tax Equity Projects is sold to utilities and municipalities pursuant to long-term power purchase agreements. The HLBV method of accounting resulted in an immaterial amount of income/(loss) for Con Edison and the tax equity investor for the nine months ended September 30, 2023; the amounts for the three and nine months ended September 30, 2022 are presented below. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S.

| | For the Three Months Ended September 30, | For the Nine Months Ended September 30, |
|---|---|--|
| <i>(Millions of Dollars)</i> | 2022 | 2022 |
| Income/(Loss) attributable to tax equity investor | \$— | \$(7) |
| Income/(Loss) attributable to tax equity investor after tax | — | (5) |
| Income/(Loss) attributable to Con Edison | 16 | 44 |
| Income/(Loss) attributable to Con Edison after tax | 12 | 33 |

At December 31, 2022, Con Edison's consolidated balance sheet included the following amounts associated with its VIEs:

| <i>(Millions of Dollars)</i> | Tax Equity Projects | | |
|-------------------------------|------------------------------|---|-------------------------------|
| | Great Valley Solar (c)(d) | Copper Mountain - Mesquite Solar (c)(e) | CED Nevada Virginia (c)(f) |
| | 2022 | 2022 | 2022 |
| Assets held for sale (a) | \$305 | \$580 | \$686 |
| Total assets (a) | \$305 | \$580 | \$686 |
| Liabilities held for sale (b) | 20 | 81 | 331 |
| Total liabilities (b) | \$20 | \$81 | \$331 |

- (a) The assets of the Tax Equity Projects and CED Nevada Virginia represent assets of a consolidated VIE that can be used only to settle obligations of the consolidated VIE. Amounts shown for 2022 are included in current assets held for sale on Con Edison's consolidated balance sheet as of December 31, 2022. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T. For the disposal of the noncontrolling interest, see Con Edison's Consolidated Statement of Equity.
- (b) The liabilities of the Tax Equity Projects and CED Nevada Virginia represent liabilities of a consolidated VIE for which creditors do not have recourse to the general credit of the primary beneficiary. Amounts shown for 2022 are included in current liabilities held for sale on Con Edison's consolidated balance sheet as of December 31, 2022. On March 1, 2023, Con Edison completed the sale of substantially all of the

assets of the Clean Energy Businesses. See Note S and Note T. For the disposal of the noncontrolling interest, see Con Edison's Consolidated Statement of Equity.

- (c) Con Edison did not provide any financial or other support during the year that was not previously contractually required.
- (d) Great Valley Solar consists of the Great Valley Solar 1, Great Valley Solar 2, Great Valley Solar 3 and Great Valley Solar 4 projects, for which the noncontrolling interest of the tax equity investor was \$67 million at December 31, 2022.
- (e) Copper Mountain - Mesquite Solar consists of the Copper Mountain Solar 4, Mesquite Solar 2 and Mesquite Solar 3 projects for which the noncontrolling interest of the tax equity investor was \$94 million at December 31, 2022.
- (f) CED Nevada Virginia consists of the Copper Mountain Solar 5, Battle Mountain Solar and Water Strider Solar projects for which the noncontrolling interest of the tax equity investor was \$39 million at December 31, 2022.

Note Q – Related Party Transactions

The NYSPSC generally requires that the Utilities and Con Edison's other subsidiaries be operated as separate entities. The Utilities and the other subsidiaries are required to have separate operating employees and operating officers of the Utilities may not be operating officers of the other subsidiaries. The Utilities may provide administrative and other services to, and receive such services from, Con Edison and its other subsidiaries only pursuant to cost allocation procedures approved by the NYSPSC. Transfers of assets between the Utilities and Con Edison or its other subsidiaries may be made only as approved by the NYSPSC. The debt of the Utilities is to be raised directly by the Utilities and not derived from Con Edison. Without the prior permission of the NYSPSC, the Utilities may not make loans to, guarantee the obligations of, or pledge assets as security for the indebtedness of Con Edison or its other subsidiaries. The NYSPSC limits the dividends that the Utilities may pay Con Edison to not more than 100 percent of their respective income available for dividends calculated on a two-year rolling average basis. Excluded from the calculation of "income available for dividends" are non-cash charges to income resulting from accounting changes or charges to income resulting from significant unanticipated events. The restriction also does not apply to dividends paid in order to transfer to Con Edison proceeds from major transactions, such as asset sales, or to dividends reducing each utility subsidiary's equity ratio to a level appropriate to its business risk. As a result, substantially all of the net assets of CECONY and O&R (\$19,113 million and \$1,057 million, respectively), at September 30, 2023, are considered restricted net assets. The NYSPSC may impose additional measures to separate, or "ring fence," the Utilities from Con Edison and its other subsidiaries.

The costs of administrative and other services provided by CECONY to, and received by it from, Con Edison and its other subsidiaries for the three and nine months ended September 30, 2023 and 2022 were as follows:

| | For the Three Months Ended September 30, | |
|------------------------------|--|------|
| | CECONY | |
| <i>(Millions of Dollars)</i> | 2023 | 2022 |
| Cost of services provided | \$39 | \$35 |
| Cost of services received | \$21 | \$19 |

| | For the Nine Months Ended September 30, | |
|------------------------------|---|-------|
| | CECONY (a) | |
| <i>(Millions of Dollars)</i> | 2023 | 2022 |
| Cost of services provided | \$105 | \$101 |
| Cost of services received | \$61 | \$56 |

(a) On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T.

In addition, CECONY and O&R have joint gas supply arrangements in connection with which CECONY sold to O&R, \$14 million and \$26 million of natural gas for the three months ended September 30, 2023 and 2022, respectively, and \$60 million and \$97 million for the nine months ended September 30, 2023 and 2022, respectively. These amounts are net of the effect of related hedging transactions.

At September 30, 2023 and December 31, 2022, CECONY's net receivable (payable) from/to Con Edison for income taxes was \$418 million and \$(89) million, respectively.

The Utilities perform work and incur expenses on behalf of New York Transco. Con Edison Transmission has a 45.7 percent interest in New York Transco's New York Energy Solution project and a 41.7 percent interest in New York Transco's share of the Propel NY Energy project that is jointly owned with the New York Power Authority. The Utilities bill New York Transco for such work and expenses in accordance with established policies. For the three months ended September 30, 2023 and 2022, the amounts billed by the Utilities to New York Transco were

\$1 million and \$2 million, respectively, and for the nine months ended September 30, 2023 and 2022, the amounts were \$7 million and \$6 million, respectively.

CECONY has a 20-year transportation contract with the Mountain Valley Pipeline, LLC (MVP) for 250,000 dekatherms per day of capacity. Con Edison Transmission has an interest in MVP. See "Investments - Investment in Mountain Valley Pipeline, LLC (MVP)" in Note A. In October 2017, the Environmental Defense Fund and the Natural Resource Defense Council requested the NYSPSC to prohibit CECONY from recovering costs under its MVP contract unless CECONY can demonstrate that the contract is in the public interest. CECONY advised the NYSPSC that it would respond to the request if the NYSPSC opened a proceeding to consider this request. CECONY has not incurred costs under the contract.

FERC has authorized CECONY to lend funds to O&R for a period of no more than 12 months, in an amount not to exceed \$250 million, at prevailing market rates. At September 30, 2023 and December 31, 2022 there were no outstanding loans to O&R.

The Clean Energy Businesses had financial electric capacity contracts with CECONY and O&R. For the three and nine months ended September 30, 2022, the Clean Energy Businesses realized gains of \$1 million and \$2 million, respectively, under these contracts. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. As a result of the sale, the Clean Energy Businesses are no longer recognized as a related party. See Note S and Note T.

Note R – New Financial Accounting Standards

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting (ASU 2020-04). In 2017, the United Kingdom's Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit the London Interbank Offered Rate (LIBOR), a benchmark interest rate referenced in a variety of agreements, after 2021. The United Kingdom's Financial Conduct Authority (the UK FCA) ceased publication of U.S. Dollar LIBOR after December 31, 2021 for one-week and two-month U.S. Dollar LIBOR tenors, and on June 30, 2023 it ceased publishing the overnight and twelve-month U.S. Dollar LIBOR. The UK FCA expects to cease publishing the one-month, three-month and six-month U.S. Dollar LIBOR after September 2024. ASU 2020-04 provides entities with optional expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another reference rate expected to be discontinued. In January 2021, the FASB issued amendments to the guidance through ASU 2021-01 to include all contract modifications and hedging relationships affected by reference rate reform, including those that do not directly reference LIBOR or another reference rate expected to be discontinued, and clarify which optional expedients may be applied to them. As the Companies continue to modify contracts that contain references to LIBOR to allow for the use of an alternative rate, they have applied the practical expedient to not assess each change for a contract modification. The guidance can be applied prospectively. The optional relief is temporary and generally cannot be applied to contract modifications and hedging relationships entered into or evaluated after December 31, 2022. On December 31, 2022, ASU 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848 was issued, which extended the period of time entities can utilize the reference rate reform relief guidance under ASU 2020-04 from December 31, 2022 to December 31, 2024. The Companies do not expect the new guidance to have a material impact on their financial position, results of operations and liquidity.

In March 2023, the FASB issued amendments to the guidance on accounting for Investments—Equity Method and Joint Ventures (Topic 323) through ASU 2023-02. The amendments would expand the use of the proportional amortization method of income recognition. The Companies do not expect the new guidance to have a material impact on their financial position, results of operations and liquidity.

Note S – Dispositions

During the first nine months of 2022, Con Edison considered strategic alternatives with respect to the Clean Energy Businesses. On October 1, 2022, following the conclusion of such review and to allow for continued focus on the Utilities and their clean energy transition, Con Edison entered into a purchase and sale agreement pursuant to which Con Edison agreed to sell the Clean Energy Businesses to RWE Renewables Americas, LLC, a subsidiary of RWE for a total of \$6,800 million, subject to closing adjustments. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses to RWE for \$3,993 million. The preliminary purchase price at closing was adjusted (i) upward for certain cash and cash equivalents, (ii) downward for certain indebtedness and debt-like items, (iii) downward for certain transaction expenses, (iv) downward to the extent that the net working capital varied from a set target, (v) upward to the extent that capital expenditures incurred prior to the closing of the transaction varied from a set budget, and (vi) downward by the value allocated to Broken Bow II, a project that was not able to be conveyed to RWE upon closing of the transaction. The final purchase price is subject to customary adjustments for timing differences and a final valuation report, among other factors; the process to finalize the purchase price is ongoing. The transaction was completed at arm's length and RWE was not, and will not be, considered a related party to Con Edison.

Con Edison's preliminary gain on the sale of the Clean Energy Businesses was \$866 million (\$784 million, after tax) for the nine months ended September 30, 2023, including an immaterial amount for the three months ended September 30, 2023 resulting from certain finalization adjustments, and remains subject to true-up for the finalization adjustments described above. The portion of the gain attributable to the non-controlling interest retained in certain tax-equity projects was not material. The sale included all assets, operations and projects of the Clean Energy Businesses with the exception of tax equity interests in three projects, described below, and one deferred project, Broken Bow II, a 75MW nameplate capacity wind power project located in Nebraska. See Note T. Transfer of the project is dependent on one outstanding counterparty consent, and if and when such consent is obtained within two years of the sale of the Clean Energy Businesses, i.e., by February 28, 2025, the project will transfer. RWE Renewables Americas, LLC is operating the facility on behalf of Con Edison pursuant to certain service agreements, for which the fees are not material.

Con Edison retained the Clean Energy Businesses' tax equity investment interest in the Crane solar project and another tax equity investment interest in two solar projects located in Virginia. These tax equity partnerships produce renewable energy tax credits that can be used to reduce Con Edison's federal income tax in the year in which the projects are placed in service. These tax credits would be subject to recapture, in whole or in part, if the assets were sold within a five-year period beginning on the date on which the assets are placed in service. Con Edison will continue to employ HLBV accounting for its interests in these tax equity partnerships. The combined carrying value of the retained tax equity interests is approximately \$13 million at September 30, 2023.

Con Edison has also retained any post-sale deferred income taxes (federal and state income taxes, including tax attributes), any valuation allowances associated with the deferred tax assets, all current federal taxes and New York State taxes and the estimated liability for uncertain tax positions. The unamortized deferred investment tax credits of the Clean Energy Businesses were recognized in full upon the completion of the sale of the Clean Energy Businesses.

Concurrent with entering into the purchase and sale agreement, Con Edison incurred costs in the normal course of the sale process. Transaction costs of \$48 million (\$35 million after-tax) were recorded in 2022, and \$11 million (\$8 million after-tax) was recorded in the first three and nine months of 2023. Also, depreciation and amortization expense of approximately \$41 million (\$28 million after-tax) were not recorded on the assets of the Clean Energy Businesses in 2023 through the closing of the transaction.

Following the sale of the Clean Energy Businesses and pursuant to a reimbursement and indemnity agreement with RWE, Con Edison remains responsible for certain potential costs related to a battery storage project located in Imperial County, California. Con Edison's exposure under the agreement could range up to approximately \$172 million. As of September 30, 2023, no amounts were recorded as liabilities on Con Edison's consolidated balance sheet related to this agreement. During the first nine months of 2023, Con Edison received \$24 million of net proceeds from this battery storage project, and \$4 million was recorded as unbilled contract revenue as of September 30, 2023. See Note K.

The following table shows the pre-tax operating income for the Clean Energy Businesses. The 2023 period shown is through the date of the sale of the Clean Energy Businesses and as such there is no applicable data for the three months ended September 30, 2023.

| <i>(Millions of Dollars)</i> | For the Three Months | For the Nine Months Ended September 30, | | |
|--|----------------------|---|------|-------|
| | Ended September 30, | 2022 | 2023 | 2022 |
| Pre-tax operating income | | \$118 | \$25 | \$361 |
| Pre-tax operating income, excluding non-controlling interest | | \$123 | \$21 | \$317 |

Note T – Assets and Liabilities Held-for-Sale

On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S. The sale included all assets, operations and projects of the Clean Energy Businesses with the exception of tax equity interests in three projects and one deferred project, Broken Bow II, a 75 MW nameplate capacity wind power project located in Nebraska. Transfer of the project from Con Edison to RWE is dependent on one outstanding counterparty consent, and if and when such consent is obtained within two years of the sale of the Clean Energy Businesses, i.e., by February 28, 2025, the project will transfer. RWE Renewables Americas, LLC is operating the facility on behalf of Con Edison pursuant to certain service agreements for which the fees are not material.

At September 30, 2023, the carrying amounts of the major classes of assets and liabilities of Broken Bow II that are expected to be sold are presented on a held-for-sale basis, and accordingly exclude net deferred tax liability balances, as follows:

| <i>(Millions of Dollars)</i> | September 30, 2023 |
|--|-----------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Restricted cash | \$5 |
| Other current assets | 3 |
| TOTAL CURRENT ASSETS | 8 |
| NON-UTILITY PLANT | |
| Non-utility property, net accumulated depreciation | 76 |
| NET PLANT | 76 |
| OTHER NONCURRENT ASSETS | |
| Intangible Assets less accumulated amortization | 72 |
| Operating lease right-of-use asset | 7 |
| TOTAL OTHER NONCURRENT ASSETS | 79 |
| TOTAL ASSETS | \$163 |

| <i>(Millions of Dollars)</i> | September 30, 2023 |
|-------------------------------------|-----------------------|
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Long-term debt due within one year | \$2 |
| Operating lease liabilities | 2 |
| Other current liabilities | 3 |
| TOTAL CURRENT LIABILITIES | 7 |
| NONCURRENT LIABILITIES | |
| Asset retirement obligations | 3 |
| Operating lease liabilities | 5 |
| TOTAL NONCURRENT LIABILITIES | 8 |
| LONG-TERM DEBT | 61 |
| TOTAL LIABILITIES | \$76 |

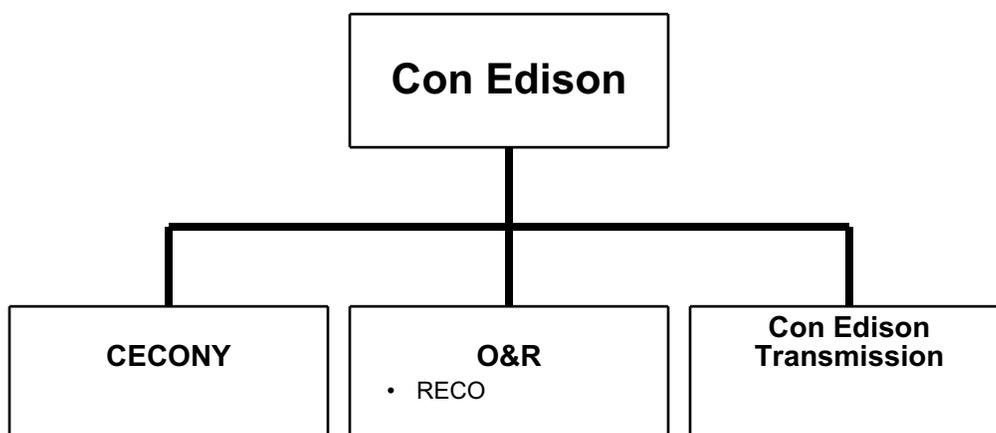
Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operations

This combined management’s discussion and analysis of financial condition and results of operations (MD&A) relates to the consolidated financial statements (the Third Quarter Financial Statements) included in this report of two separate registrants: Consolidated Edison, Inc. (Con Edison) and Consolidated Edison Company of New York, Inc. (CECONY). As used in this report, the term the “Companies” refers to Con Edison and CECONY. CECONY is a subsidiary of Con Edison and, as such, information in this management’s discussion and analysis about CECONY applies to Con Edison.

This MD&A should be read in conjunction with the Third Quarter Financial Statements and the notes thereto and the MD&A in Item 7 of the Companies’ combined Annual Report on Form 10-K for the year ended December 31, 2022 (File Nos. 1-14514 and 1-01217, the Form 10-K) and the MD&A in Part 1, Item 2 of the Companies’ combined Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2023 and June 30, 2023 (File Nos. 1-14514 and 1-01217).

Information in any item of this report referred to in this discussion and analysis is incorporated by reference herein. The use of terms such as “see” or “refer to” shall be deemed to incorporate by reference into this discussion and analysis the information to which reference is made.

Con Edison, incorporated in New York State in 1997, is a holding company that owns all of the outstanding common stock of CECONY, Orange and Rockland Utilities, Inc. (O&R) and Con Edison Transmission, Inc. As used in this report, the term the “Utilities” refers to CECONY and O&R.



Con Edison’s principal business operations are those of CECONY, O&R and Con Edison Transmission. CECONY’s principal business operations are its regulated electric, gas and steam delivery businesses. O&R’s principal business operations are its regulated electric and gas delivery businesses. Con Edison Transmission invests in electric transmission projects and manages both electric and gas assets while seeking to develop electric transmission projects. See “Investments” in Note A to the Third Quarter Financial Statements. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T to the Third Quarter Financial Statements.

Con Edison seeks to provide shareholder value through continued dividend growth, supported by earnings growth in regulated utilities and contracted electric and gas assets. Con Edison invests to provide reliable, resilient, safe and clean energy critical for its New York customers. Con Edison is a responsible neighbor, helping the communities it serves become more sustainable.

In addition to the Companies’ material contingencies described in Notes B, G and H to the Third Quarter Financial Statements, the Companies’ management considers the following events, trends, and uncertainties to be important to understanding the Companies’ current and future financial condition.

Clean Energy Goals

The success of the Companies’ efforts to meet federal, state and city clean energy policy goals and the impact of energy consumers’ efforts to meet such goals on CECONY’s electric, gas and steam businesses and O&R’s electric

and gas businesses may impact the Companies' future financial condition. The Utilities expect electric usage to increase and gas and steam usage to decrease in their service territories as federal, state and local laws and policies are enacted and implemented that aim to reduce the carbon intensity of the energy that is consumed. The Utilities' and their regulators' efforts to maintain electric reliability in their service territories as electric usage increases may also impact the Companies' future financial condition. The long-term future of the Utilities' gas businesses depends upon the role that natural gas or other gaseous fuels will play in facilitating New York State's and New York City's climate goals. In addition, the impact and costs of climate change on the Utilities' systems and the success of the Utilities' efforts to maintain system reliability and manage service interruptions resulting from severe weather may impact the Companies' future financial condition, results of operations and liquidity.

Aged Accounts Receivable Balances

At September 30, 2023, CECONY's and O&R's customer accounts receivables balances of \$2,228 million and \$96 million, respectively, included aged accounts receivables (balances outstanding in excess of 60 days) of \$1,041 million and \$15 million, respectively. In comparison, CECONY's and O&R's customer accounts receivable balances at February 28, 2020 were \$1,322 million and \$89 million, respectively, including aged accounts receivables (balances outstanding in excess of 60 days) of \$408 million and \$15 million, respectively. Prior to the start of the COVID-19 pandemic, the Utilities' practice was to write off customer accounts receivables as uncollectible 90 days after the account is disconnected for non-payment or the account is closed during the collection process. In general, the Utilities suspended service disconnections during the COVID-19 pandemic. CECONY's electric and gas rate plans include reconciliation of late payment charges (from January 1, 2023 through December 31, 2025) and write-offs of customer accounts receivable balances (from January 1, 2020 through December 31, 2025) to amounts reflected in rates, with recovery/refund from or to customers via surcharge/sur-credit. Surcharge recoveries for late payment charges and write-offs of accounts receivable balances will, collectively, be subject to separate annual caps for electric and gas that produce no more than a half percent (0.5 percent) total customer bill impact per commodity (estimated for electric to be \$57.3 million, \$60.3 million, \$62.6 million for 2023, 2024 and 2025, respectively, and for gas to be \$14.8 million, \$15.9 million and \$16.8 million for 2023, 2024 and 2025, respectively). Amounts in excess of the surcharge caps will be deferred as a regulatory asset for recovery in CECONY's next base rate cases. O&R's 2022 - 2024 rate plans include reconciliation of late payment charges to amounts reflected in rates for years 2022 through 2024, with full recovery/refund via surcharge/sur-credit once the annual variance equals or exceeds 5 basis points of return on equity and reconciliation of write-offs of customer accounts receivable balances to amounts reflected in rates from January 1, 2020 through December 31, 2024, with full recovery/refund via surcharge/sur-credit once the annual variance equals or exceeds 5 basis points of return on equity. Although these regulatory mechanisms are in place, a continued slower recovery in cash of outstanding customer accounts receivable balances has impacted the Companies' liquidity and may continue to impact liquidity. The Utilities resumed collection activities, including write-offs of uncollectible customer accounts receivable balances. See "Liquidity and Capital Resources" and "Capital Requirements and Resources," below and "Regulatory Matters – Rate Plans – CECONY Electric and Gas" in Note B to the Third Quarter Financial Statements.

Con Edison Transmission

Con Edison Transmission, through its New York Transco partnership and jointly with the New York Power Authority, is developing the Propel NY Energy transmission project that will deliver offshore wind energy from Long Island to New York City, Westchester County and the rest of the state's high voltage power grid. Con Edison Transmission expects to continue to participate in competitive solicitations to develop additional electric projects. The success of Con Edison Transmission's efforts in these competitive solicitations and to grow its electric transmission portfolio may impact Con Edison's future capital requirements. During 2020 and 2021, Con Edison Transmission recorded impairments on its investment in the Mountain Valley Pipeline, LLC (MVP). Any future impairments of Con Edison Transmission's investment in MVP may impact Con Edison's future financial condition and results of operations. See "Investments" in Note A to the Third Quarter Financial Statements and "Con Edison Transmission," below.

CECONY

Electric

CECONY provides electric service to approximately 3.6 million customers in all of New York City (except a part of Queens) and most of Westchester County, an approximately 660 square mile service area with a population of more than nine million.

During the summer (June-August) of 2023, electric peak demand in CECONY's service area was 11,464 MW (which occurred on July 27, 2023). At design conditions, electric peak demand in CECONY's service area would have been approximately 12,567 MW in 2023 compared to CECONY's forecast of 12,990 MW. The lower peak demand at design conditions as compared to the forecast reflects lower than anticipated new business, higher than anticipated energy efficiency measures by customers and variability in customers' hybrid work schedules. CECONY increased its five-year forecast of average annual growth in electric peak demand in its service area at design conditions from approximately 0.6 percent (for 2023 to 2027) to approximately 0.7 percent (for 2024 to 2028).

Gas

CECONY delivers gas to approximately 1.1 million customers in Manhattan, the Bronx, parts of Queens and most of Westchester County.

In June 2023, CECONY decreased its five-year forecast of average annual growth of the firm peak gas demand in its service area at design conditions from 1.0 percent (for 2023 to 2027) to 0.8 percent (for 2024 to 2028). The decrease primarily reflects customers' energy efficiency measures and electrification of space heating plus New York State's prohibition on the installation of fossil-fuel combustion equipment in certain new buildings within the next five years.

Steam

CECONY operates the largest steam distribution system in the United States by producing and delivering approximately 15,794 MMB of steam annually to approximately 1,520 customers in parts of Manhattan.

In June 2023, CECONY decreased its five-year forecast of the average annual peak steam demand in its service area at design conditions from a 0.1 percent decrease (for 2023 to 2027) to a 0.5 percent decrease (for 2024 to 2028). The decrease reflects continued lower commercial building occupancy levels in the aftermath of the COVID-19 pandemic and customer migration to other heating sources.

O&R

Electric

O&R and its utility subsidiary, Rockland Electric Company (RECO) (together referred to herein as O&R) provide electric service to approximately 0.3 million customers in southeastern New York and northern New Jersey an approximately 1,300 square mile service area.

During the summer (June-August) of 2023, electric peak demand in O&R's service area was 1,336 MW (which occurred on July 28, 2023). At design conditions, electric peak demand in O&R's service area would have been approximately 1,493 MW in 2023 compared to O&R's forecast of 1,545 MW. The lower peak demand at design conditions as compared to the forecast primarily reflects lower than anticipated new business, higher than anticipated solar energy contributions from customers and variability in customers' hybrid work schedules. O&R increased its five-year forecast of average annual growth in electric peak demand in its service area at design conditions from approximately 0.4 percent (for 2023 to 2027) to approximately 2.0 percent (for 2024 to 2028).

Gas

O&R delivers gas to over 0.1 million customers in southeastern New York.

In June 2023, O&R decreased its five-year forecast of the average annual firm peak gas demand in its service area at design conditions from a 0.1 percent decrease (for 2023 to 2027) to a 0.2 percent decrease (for 2024 to 2028). The decrease primarily reflects customers' energy efficiency measures and electrification of space heating plus New York State's prohibition on the installation of fossil-fuel combustion equipment in certain new buildings within the next five years.

Certain financial data of Con Edison's businesses are presented below:

| <i>(Millions of Dollars, except percentages)</i> | For the Three Months Ended September 30, 2023 | | | | For the Nine Months Ended September 30, 2023 | | | | At September 30, 2023 | |
|--|--|-------------|--------------------------------|-------------|---|-------------|--------------------------------|-------------|--------------------------|-------------|
| | Operating Revenues | | Net Income for Common Stock | | Operating Revenues | | Net Income for Common Stock | | Assets | |
| CECONY | \$3,590 | 93% | \$515 | 98% | \$10,287 | 92% | \$1,308 | 60% | \$59,587 | 92% |
| O&R | 281 | 7 | 36 | 7 | 803 | 7 | 75 | 3 | 3,622 | 6 |
| Total Utilities | \$3,871 | 100% | \$551 | 105% | \$11,090 | 99% | \$1,383 | 63% | \$63,209 | 98% |
| Clean Energy Businesses (a)(c) | — | — | — | — | 129 | 1 | 22 | 1 | — | — |
| Con Edison Transmission | 1 | — | 4 | 1 | 3 | — | 10 | — | 377 | 1 |
| Other (b)(c) | — | — | (29) | (6) | (3) | — | 770 | 36 | 819 | 1 |
| Total Con Edison | \$3,872 | 100% | \$526 | 100% | \$11,219 | 100% | \$2,185 | 100% | \$64,405 | 100% |

- (a) Net income for common stock from the Clean Energy Businesses for the nine months ended September 30, 2023 includes \$(9) million net after-tax mark-to-market effects. Net income for common stock from the Clean Energy Businesses for the nine months ended September 30, 2023 also includes \$2 million (after-tax) net of the effects of HLBV accounting for tax equity investments in certain renewable electric projects. Depreciation and amortization expenses on their assets of \$31 million (after-tax) were not recorded for the nine months ended September 30, 2023. See "Assets Held for Sale" in Note A, Note S and Note T to the Third Quarter Financial Statements.
- (b) Other includes the parent company, Con Edison's tax equity investments, the deferred project held for sale and consolidation adjustments. Net income for common stock for the nine months ended September 30, 2023 includes an immaterial amount of income tax impact on the net after-tax mark-to-market effects. Net income for common stock for the three and nine months ended September 30, 2023 also includes \$(3) million net of tax and \$(7) million net of tax, respectively, on the effects of HLBV accounting for tax equity investments in certain renewable electric projects. Net income for common stock for the three and nine months ended September 30, 2023 also includes \$(5) million net of tax and \$(13) million net of tax, respectively, of transaction costs and other accruals related to the sale of the Clean Energy Businesses. Impact of the sale of the Clean Energy Businesses on the changes in state unitary tax apportionments (net of federal taxes) for the three and nine months ended September 30, 2023 includes \$(7) million and \$(17) million, respectively. Depreciation and amortization expenses on the assets of the Clean Energy Businesses of \$(3) million (after-tax) were not recorded for the nine months ended September 30, 2023. Net income for common stock for the three months ended September 30, 2023 includes an increase in state taxes on sale of \$(19) million (after-tax). Net income for common stock for the nine months ended September 30, 2023 includes \$784 million (after-tax) for the gain on the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T to the Third Quarter Financial Statements.
- (c) On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T to the Third Quarter Financial Statements.

Inflation Reduction Act

On August 16, 2022, the Inflation Reduction Act of 2022 (the Act) was signed into law and included a new 15 percent Corporate Alternative Minimum Tax (CAMT). Under the Act, a corporation will be subject to the CAMT if its average annual Adjusted Financial Statement Income (AFSI) for the three taxable year period ending prior to the taxable year exceeds \$1,000 million, and will apply to tax years beginning after December 31, 2022. Based on management's preliminary calculations, Con Edison and CECONY do not expect to be subject to the CAMT in 2023 but are expected to be subject to the CAMT in subsequent years. However, the provisions of the CAMT are not expected to have a material impact on the Companies' financial position, results of operations or liquidity.

New York Legislation

In April 2021, New York passed a law that increased the corporate franchise tax rate on business income from 6.5 percent to 7.25 percent, retroactive to January 1, 2021, for taxpayers with taxable income greater than \$5 million. The law also reinstated the business capital tax at 0.1875 percent, not to exceed a maximum tax liability of \$5 million per taxpayer. New York requires a corporate franchise taxpayer to calculate and pay the highest amount of tax under the three alternative methods: a tax on business income; a tax on business capital; or a fixed dollar minimum. The provisions to increase the corporate franchise tax rate and reinstate a capital tax were scheduled to expire after 2023. In May 2023, New York passed a law that extended the increase in the corporate franchise tax rate from 6.5 percent to 7.25 percent for an additional three years, through tax year 2026 and extended the business capital tax through tax year 2026. New York also passed a law establishing a permanent rate of 30 percent for the metropolitan transportation business tax surcharge. As a result of the sale of the Clean Energy Businesses in 2023, Con Edison has New York State taxable income in excess of \$5 million after using its entire New York state NOL carryforward, and therefore, the group is subject to the higher 7.25 percent rate (9.425 percent with the surcharge rate) on its taxable income for tax year 2023. As a result of this legislation, CECONY remeasured its deferred tax assets and liabilities that would reverse before 2027 and recorded state deferred income tax expense (net of federal tax benefit) and an increase in accumulated deferred tax liabilities of \$10 million for the nine months ended September 30, 2023, all of which was recorded in the second quarter of 2023.

Results of Operations

Net income for common stock and earnings per share for the three and nine months ended September 30, 2023 and 2022 were as follows:

| | For the Three Months Ended September 30, | | | | For the Nine Months Ended September 30, | | | |
|--|---|--------------|-------------------------------|---------------|--|----------------|-------------------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | Net Income for Common Stock | | Earnings per Share | | Net Income for Common Stock | | Earnings per Share | |
| <i>(Millions of Dollars, except per share amounts)</i> | | | | | | | | |
| CECONY | \$515 | \$493 | \$1.49 | \$1.39 | \$1,308 | \$1,138 | \$3.75 | \$3.21 |
| O&R | 36 | 33 | 0.10 | 0.09 | 75 | 72 | 0.21 | 0.20 |
| Clean Energy Businesses (a) (d) | — | 97 | — | 0.28 | 22 | 293 | 0.06 | 0.83 |
| Con Edison Transmission | 4 | 1 | 0.01 | — | 10 | 2 | 0.03 | 0.01 |
| Other (b) | (29) | (11) | (0.07) | (0.03) | 770 | (35) | 2.22 | (0.10) |
| Con Edison (c) | \$526 | \$613 | \$1.53 | \$1.73 | \$2,185 | \$1,470 | \$6.27 | \$4.15 |

- (a) Net income for common stock and earnings per share from the Clean Energy Businesses for the nine months ended September 30, 2023 includes \$(9) million or \$(0.03) a share net after-tax mark-to-market effects. Net income for common stock and earnings per share from the Clean Energy Businesses for the nine months ended September 30, 2023 also includes \$2 million or \$0.01 a share (after-tax) net of the effects of HLBV accounting for tax equity investments in certain renewable electric projects. Depreciation and amortization expenses on their assets of \$31 million or \$0.09 a share (after-tax) were not recorded for the nine months ended September 30, 2023. See "Assets Held for Sale" in Note A, Note S and Note T to the Third Quarter Financial Statements.

Net income for common stock and earnings per share from the Clean Energy Businesses for the three and nine months ended September 30, 2022 includes \$41 million or \$0.12 a share and \$121 million or \$0.35 a share, respectively, of net after-tax mark-to-market effects. Net income for common stock and earnings per share from the Clean Energy Businesses for the three and nine months ended September 30, 2022 also includes \$(4) million or \$(0.01) a share (after-tax) and \$33 million or \$0.09 a share (after-tax), respectively, of the effects of HLBV accounting for tax equity investments in certain renewable electric projects.

- (b) Other includes the parent company, Con Edison's tax equity investments, the deferred project held for sale and consolidation adjustments. Net income for common stock and earnings per share for the nine months ended September 30, 2023 includes an immaterial amount or \$0.00 a share net of income tax impact on the net after-tax mark-to-market effects. Net income for common stock and earnings per share for the three and nine months ended September 30, 2023 also includes \$(3) million or \$(0.01) a share and \$(7) million or \$(0.02), a share net of income tax impact on the effects of HLBV accounting, respectively, for tax equity investments in certain renewable electric projects. Net income for common stock for the three and nine months ended September 30, 2023 also includes \$(5) million or \$(0.01) a share and \$(13) million and \$(0.04) a share of transaction costs and other accruals, respectively, related to the sale of the Clean Energy Businesses (net of tax). Impact of the sale of the Clean Energy Businesses on the changes in state unitary tax apportionments (net of federal taxes) is \$(7) million or \$(0.02) per share and \$(17) million or \$(0.05) per share for the three and nine months ended September 30, 2023, respectively. Depreciation and amortization expenses on the assets of the Clean Energy Businesses of \$(3) million or \$(0.01) a share (after-tax) were not recorded for the nine months ended September 30, 2023. Net income for common stock and earnings per share for the three months ended September 30, 2023 includes an increase in the state taxes on sale of \$(19) million or \$(0.05) a share. Net income for common stock and earnings per share for the nine months ended September 30, 2023 includes \$784 million (after-tax) or \$2.25 a share (after-tax) for the gain on the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T to the Third Quarter Financial Statements.

Other includes parent company and consolidation adjustments. Net income for common stock and earnings per share for the three and nine months ended September 30, 2022 includes \$(3) million or \$(0.01) a share and \$(10) million or \$(0.03) a share, respectively, of income tax impact on the net after-tax mark-to-market effects. Net income for common stock and earnings per share for the three and nine months ended September 30, 2022 also includes an immaterial amount or \$(0.00) a share (after-tax) and \$(3) million or \$(0.01) a share (after-tax) respectively, of income tax impact on the effects of HLBV accounting for tax equity investments in certain renewable electric projects.

- (c) Earnings per share on a diluted basis were \$1.52 a share and \$1.72 a share for the three months ended September 30, 2023 and 2022, respectively, and \$6.24 a share and \$4.13 a share for the nine months ended September 30, 2023 and 2022, respectively. In March 2023, Con Edison entered into ASR Contracts with two dealers to repurchase \$1,000 million in aggregate of Common Shares. Con Edison's share repurchase was completed in the second quarter of 2023. See Note C to the Third Quarter Financial Statements.
- (d) On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T to the Third Quarter Financial Statements.

The following tables present the estimated effect of major factors on earnings per share and net income for common stock for the three and nine months ended September 30, 2023 as compared with the 2022 period.

Variation for the Three Months Ended September 30, 2023 vs. 2022

| | Net Income for Common Stock (Net of Tax) (Millions of Dollars) | Earnings per Share |
|---|--|-----------------------|
| CECONY (a) | | |
| Electric base rate increase | \$123 | \$0.35 |
| Higher operations maintenance activities | (40) | (0.11) |
| Higher interest expense | (28) | (0.08) |
| Higher operation and maintenance expense for stock-based compensation, health care costs and injuries and damages | (15) | (0.04) |
| Change in incentives earned under the electric and gas earnings adjustment mechanisms (EAMs) | (10) | (0.03) |
| Gas base rate change | (6) | (0.02) |
| Higher payroll taxes | (4) | (0.01) |
| Accretive effect of share repurchase | — | 0.04 |
| Other | 2 | — |
| Total CECONY | 22 | 0.10 |
| O&R (a) | | |
| Electric base rate increase | 3 | 0.01 |
| Gas base rate increase | 1 | — |
| Other | (2) | — |
| Total O&R | 2 | 0.01 |
| Clean Energy Businesses (b) | | |
| Total Clean Energy Businesses | (97) | (0.28) |
| Con Edison Transmission | | |
| Higher investment income | 2 | 0.01 |
| Other | 1 | — |
| Total Con Edison Transmission | 3 | 0.01 |
| Other, including parent company expenses | | |
| Higher interest income primarily related to the proceeds from sale of the Clean Energy Businesses | 5 | 0.01 |
| Lower interest expense | 4 | 0.01 |
| Net mark-to-market effects | 4 | 0.01 |
| Gain and other impacts related to the sale of the Clean Energy Businesses | (31) | (0.08) |
| HLBV effects | (4) | (0.01) |
| Other | 5 | 0.02 |
| Total Other, including parent company expenses | (17) | (0.04) |
| Total Reported (GAAP basis) | \$(87) | \$(0.20) |

- a. Under the revenue decoupling mechanisms in the Utilities' New York electric and gas rate plans and the weather-normalization clause applicable to their gas businesses, revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. In general, the Utilities recover on a current basis the fuel, gas purchased for resale and purchased power costs they incur in supplying energy to their full-service customers. Accordingly, such costs do not generally affect Con Edison's results of operations.
- b. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses.

Variation for the Nine Months Ended September 30, 2023 vs. 2022

| | Net Income for Common Stock (Net of Tax) (Millions of Dollars) | Earnings per Share |
|---|--|-----------------------|
| CECONY (a) | | |
| Electric base rate increase | \$193 | \$0.55 |
| Gas base rate increase | 55 | 0.16 |
| Higher interest income | 7 | 0.02 |
| Lower operation and maintenance expense from stock-based compensation, health care costs and injuries and damages | 2 | 0.01 |
| Higher income from allowance for equity funds used during construction | 2 | 0.01 |
| Higher interest expense | (68) | (0.19) |
| Weather impact on steam revenues | (25) | (0.07) |
| Higher electric operations maintenance activities | (6) | (0.02) |
| Change in incentives earned under the electric and gas earnings adjustment mechanisms (EAMs) | (3) | (0.01) |
| Accretive effect of share repurchase | — | 0.06 |
| Other | 13 | 0.02 |
| Total CECONY | 170 | 0.54 |
| O&R (a) | | |
| Electric base rate increase | 5 | 0.01 |
| Gas base rate increase | 4 | 0.01 |
| Higher storm-related costs | (3) | (0.01) |
| Other | (3) | — |
| Total O&R | 3 | 0.01 |
| Clean Energy Businesses (b) | | |
| Total Clean Energy Businesses | (271) | (0.77) |
| Con Edison Transmission | | |
| Higher investment income | 6 | 0.02 |
| Other | 2 | — |
| Total Con Edison Transmission | 8 | 0.02 |
| Other, including parent company expenses | | |
| Gain and other impacts related to the sale of the Clean Energy Businesses | 753 | 2.16 |
| Higher interest income primarily related to proceeds from sale of the Clean Energy Businesses | 15 | 0.04 |
| Lower interest expense | 12 | 0.03 |
| Net mark-to-market effects | 10 | 0.03 |
| Production tax credit from deferred project | 4 | 0.01 |
| Lower New York state capital taxes | 4 | 0.01 |
| Lower expenses related to the capital funding facility | 4 | 0.01 |
| HLBV effects | (4) | (0.01) |
| Accretive effect of share repurchase | — | 0.04 |
| Other | 7 | — |
| Total Other, including parent company expenses | 805 | 2.32 |
| Total Reported (GAAP basis) | \$715 | \$2.12 |

- a. Under the revenue decoupling mechanisms in the Utilities' New York electric and gas rate plans and the weather-normalization clause applicable to their gas businesses, revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. In general, the Utilities recover on a current basis the fuel, gas purchased for resale and purchased power costs they incur in supplying energy to their full-service customers. Accordingly, such costs do not generally affect Con Edison's results of operations.
- b. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses.

The Companies' other operations and maintenance expenses for the three and nine months ended September 30, 2023 and 2022 were as follows:

| <i>(Millions of Dollars)</i> | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|--|---|--------------|--|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| CECONY | | | | |
| Operations | \$513 | \$420 | \$1,383 | \$1,276 |
| Pensions and other postretirement benefits | 87 | 104 | 259 | 312 |
| Health care and other benefits | 52 | 39 | 124 | 109 |
| Regulatory fees and assessments (a) | 111 | 104 | 283 | 271 |
| Other | 71 | 140 | 292 | 299 |
| Total CECONY | \$834 | \$807 | \$2,341 | \$2,267 |
| O&R | 96 | 88 | 283 | 259 |
| Clean Energy Businesses (b) | — | 101 | 47 | 252 |
| Con Edison Transmission | 2 | 3 | 8 | 10 |
| Other (c) | 1 | — | (1) | (3) |
| Total other operations and maintenance expenses | \$933 | \$999 | \$2,678 | \$2,785 |

- (a) Includes Demand Side Management, System Benefit Charges and Public Service Law 18A assessments that are collected in revenues.
(b) On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T to the Third Quarter Financial Statements.
(c) Other includes the parent company, Con Edison's tax equity investments, the deferred project held for sale and consolidation adjustments. See Note T.

A discussion of the results of operations by principal business segment for the three and nine months ended September 30, 2023 and 2022 follows. For additional business segment financial information, see Note M to the Third Quarter Financial Statements.

The Companies' results of operations for the three months ended September 30, 2023 and 2022 were as follows:

| | CECONY | | O&R | | Clean Energy Businesses (a) | | Con Edison Transmission | | Other (b) | | Con Edison (c) | |
|--|--------------|--------------|-------------|-------------|--------------------------------|--------------|----------------------------|------------|---------------|---------------|----------------|--------------|
| <i>(Millions of Dollars)</i> | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Operating revenues | \$3,590 | \$3,549 | \$281 | \$291 | \$— | \$325 | \$1 | \$1 | \$— | \$(1) | \$3,872 | \$4,165 |
| Purchased power | 719 | 643 | 77 | 89 | — | — | — | — | — | (1) | 796 | 731 |
| Fuel | 34 | 59 | — | — | — | — | — | — | — | — | 34 | 59 |
| Gas purchased for resale | 62 | 113 | 11 | 16 | — | 55 | — | — | — | 1 | 73 | 185 |
| Other operations and maintenance | 834 | 807 | 96 | 88 | — | 101 | 2 | 3 | 1 | — | 933 | 999 |
| Depreciation and amortization | 485 | 441 | 26 | 25 | — | 60 | 1 | — | — | (1) | 512 | 525 |
| Taxes, other than income taxes | 777 | 748 | 23 | 22 | — | 5 | — | — | 1 | 2 | 801 | 777 |
| Gain on sale of the Clean Energy Businesses | — | — | — | — | — | — | — | — | (1) | — | (1) | — |
| Operating income (loss) | 679 | 738 | 48 | 51 | — | 104 | (2) | (2) | (3) | (2) | 722 | 889 |
| Other income (deductions) | 184 | 81 | 12 | 5 | — | 1 | 8 | 5 | 3 | (3) | 207 | 89 |
| Net interest expense | 239 | 202 | 13 | 11 | — | (19) | — | 2 | 7 | 3 | 259 | 199 |
| Income (loss) before income tax expense | 624 | 617 | 47 | 45 | — | 124 | 6 | 1 | (7) | (8) | 670 | 779 |
| Income tax expense | 109 | 124 | 11 | 12 | — | 21 | 2 | — | 22 | 3 | 144 | 160 |
| Net income (loss) | \$515 | \$493 | \$36 | \$33 | \$— | \$103 | \$4 | \$1 | \$(29) | \$(11) | \$526 | \$619 |
| Income (loss) attributable to non-controlling interest | — | — | — | — | — | 6 | — | — | — | — | — | 6 |
| Net income (loss) for common stock | \$515 | \$493 | \$36 | \$33 | \$— | \$97 | \$4 | \$1 | \$(29) | \$(11) | \$526 | \$613 |

- (a) On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T to the Third Quarter Financial Statements.
- (b) Other includes the parent company, Con Edison's tax equity investments, the deferred project held for sale and consolidation adjustments. See Note T to the Third Quarter Financial Statements.
- (c) Represents the consolidated results of operations of Con Edison and its businesses.

CECONY

| (Millions of Dollars) | For the Three Months Ended September 30, 2023 | | | | For the Three Months Ended September 30, 2022 | | | | 2023-2022 Variation |
|----------------------------------|--|----------------|---------------|---------------|--|---------------|---------------|---------------|------------------------|
| | Electric | Gas | Steam | 2023 Total | Electric | Gas | Steam | 2022 Total | |
| Operating revenues | \$3,223 | \$318 | \$49 | \$3,590 | \$3,077 | \$414 | \$58 | \$3,549 | \$41 |
| Purchased power | 713 | — | 6 | 719 | 628 | — | 15 | 643 | 76 |
| Fuel | 33 | — | 1 | 34 | 58 | — | 1 | 59 | (25) |
| Gas purchased for resale | — | 62 | — | 62 | — | 113 | — | 113 | (51) |
| Other operations and maintenance | 644 | 129 | 61 | 834 | 645 | 114 | 48 | 807 | 27 |
| Depreciation and amortization | 352 | 108 | 25 | 485 | 324 | 93 | 24 | 441 | 44 |
| Taxes, other than income taxes | 614 | 127 | 36 | 777 | 579 | 134 | 35 | 748 | 29 |
| Operating income | \$867 | \$(108) | \$(80) | \$679 | \$843 | \$(40) | \$(65) | \$738 | \$(59) |

Electric

CECONY's results of electric operations for the three months ended September 30, 2023 compared with the 2022 period were as follows:

| (Millions of Dollars) | For the Three Months Ended | | | Variation |
|----------------------------------|----------------------------|--------------------|--|-------------|
| | September 30, 2023 | September 30, 2022 | | |
| Operating revenues | \$3,223 | \$3,077 | | \$146 |
| Purchased power | 713 | 628 | | 85 |
| Fuel | 33 | 58 | | (25) |
| Other operations and maintenance | 644 | 645 | | (1) |
| Depreciation and amortization | 352 | 324 | | 28 |
| Taxes, other than income taxes | 614 | 579 | | 35 |
| Electric operating income | \$867 | \$843 | | \$24 |

CECONY's electric sales and deliveries for the three months ended September 30, 2023 compared with the 2022 period were:

| Description | Millions of kWh Delivered | | | | Revenues in Millions (a) | | | |
|--|----------------------------|--------------------|--------------|-------------------|----------------------------|--------------------|--------------|-------------------|
| | For the Three Months Ended | | | | For the Three Months Ended | | | |
| | September 30, 2023 | September 30, 2022 | Variation | Percent Variation | September 30, 2023 | September 30, 2022 | Variation | Percent Variation |
| Residential/Religious (b) | 3,960 | 4,303 | (343) | (8.0)% | \$1,233 | \$1,069 | \$164 | 15.3 % |
| Commercial/Industrial | 3,052 | 3,003 | 49 | 1.6 | 840 | 808 | 32 | 4.0 |
| Retail choice customers | 5,914 | 6,107 | (193) | (3.2) | 817 | 825 | (8) | (1.0) |
| NYPA, Municipal Agency and other sales | 2,657 | 2,611 | 46 | 1.8 | 284 | 240 | 44 | 18.3 |
| Other operating revenues (c) | — | — | — | — | 49 | 135 | (86) | (63.7) |
| Total | 15,583 | 16,024 | (441) | (2.8)% (d) | \$3,223 | \$3,077 | \$146 | 4.7% |

- (a) Revenues from electric sales are subject to a revenue decoupling mechanism, as a result of which delivery revenues generally are not affected by changes in delivery volumes from levels assumed when rates were approved.
- (b) "Residential/Religious" generally includes single-family dwellings, individual apartments in multi-family dwellings, religious organizations and certain other not-for-profit organizations.
- (c) Other electric operating revenues generally reflect changes in the revenue decoupling mechanism current asset or regulatory liability and changes in regulatory assets and liabilities in accordance with other provisions of CECONY's rate plans.
- (d) After adjusting for variations, primarily weather and billing days, electric delivery volumes in CECONY's service area increased 0.2 percent in the three months ended September 30, 2023 compared with the 2022 period.

Operating revenues increased \$146 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to an increase in revenues from the electric rate plan (\$166 million) and higher purchased power expenses (\$85 million), offset in part by lower unbilled revenue accrual (\$71 million), lower fuel expenses (\$25 million) and a change in incentives earned under the earnings adjustment mechanisms (EAMs) (\$10 million).

Purchased power expenses increased \$85 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to higher unit costs (\$187 million), offset in part by lower purchased volumes (\$102 million).

Fuel expenses decreased \$25 million in the three months ended September 30, 2023 compared with the 2022 period due to lower unit costs (\$28 million), offset by higher purchased volumes from CECONY's electric generating facilities (\$3 million).

Depreciation and amortization expenses increased \$28 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to higher electric utility plant balances.

Taxes, other than income taxes increased \$35 million in the three months ended September 30, 2023 compared with the 2022 period due to higher property taxes (\$54 million) and payroll taxes (\$4 million), offset in part by lower deferral of over-collected property taxes (\$26 million).

Gas

CECONY's results of gas operations for the three months ended September 30, 2023 compared with the 2022 period were as follows:

| <i>(Millions of Dollars)</i> | For the Three Months Ended | | |
|----------------------------------|----------------------------|--------------------|---------------|
| | September 30, 2023 | September 30, 2022 | Variation |
| Operating revenues | \$318 | \$414 | \$(96) |
| Gas purchased for resale | 62 | 113 | (51) |
| Other operations and maintenance | 129 | 114 | 15 |
| Depreciation and amortization | 108 | 93 | 15 |
| Taxes, other than income taxes | 127 | 134 | (7) |
| Gas operating income | \$(108) | \$(40) | \$(68) |

CECONY's gas sales and deliveries, excluding off-system sales, for the three months ended September 30, 2023 compared with the 2022 period were:

| Description | Thousands of Dt Delivered | | | | Revenues in Millions (a) | | | |
|--|----------------------------|--------------------|--------------|-------------------|----------------------------|--------------------|---------------|-------------------|
| | For the Three Months Ended | | | | For the Three Months Ended | | | |
| | September 30, 2023 | September 30, 2022 | Variation | Percent Variation | September 30, 2023 | September 30, 2022 | Variation | Percent Variation |
| Residential | 3,884 | 4,467 | (583) | (13.1)% | \$131 | \$150 | \$(19) | (12.7)% |
| General | 4,094 | 4,759 | (665) | (14.0) | 58 | 94 | (36) | (38.3) |
| Firm transportation | 9,953 | 8,821 | 1,132 | 12.8 | 85 | 88 | (3) | (3.4) |
| Total firm sales and transportation | 17,931 | 18,047 | (116) | (0.6)% (b) | \$274 | \$332 | \$(58) | (17.5)% |
| Interruptible sales (c) | 2,693 | 1,222 | 1,471 | Large | 13 | 10 | 3 | 30.0 |
| NYPA | 15,214 | 14,381 | 833 | 5.8 | 1 | 1 | — | — |
| Generation plants | 23,215 | 19,633 | 3,582 | 18.2 | 6 | 11 | (5) | (45.5) |
| Other | 4,023 | 4,141 | (118) | (2.8) | 6 | 6 | — | — |
| Other operating revenues (d) | — | — | — | — | 18 | 54 | (36) | (66.7) |
| Total | 63,076 | 57,424 | 5,652 | 9.8 % | \$318 | \$414 | \$(96) | (23.2)% |

- Revenues from gas sales are subject to a weather normalization clause and a revenue decoupling mechanism as a result of which delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved.
- After adjusting for variations, primarily billing days, firm gas sales and transportation volumes in CECONY's service area decreased 2.3 percent in the three months ended September 30, 2023 compared with the 2022 period.
- Includes 1,819 thousand and 273 thousand of Dt for the 2023 and 2022 periods, respectively, that are also reflected in firm transportation and other.
- Other gas operating revenues generally reflect changes in the revenue decoupling mechanism and weather normalization clause current asset or regulatory liability and changes in regulatory assets and liabilities in accordance with other provisions of CECONY's rate plans.

Operating revenues decreased \$96 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to lower gas purchased for resale (\$51 million), lower unbilled revenue accrual (\$16 million), a certain rate plan reconciliation (\$13 million), a decrease in revenues from the gas rate plan (\$8 million) and a change in incentives earned under the earnings adjustment mechanisms (EAMs) (\$4 million).

Gas purchased for resale decreased \$51 million in the three months ended September 30, 2023 compared with the 2022 period due to lower unit costs (\$40 million) and lower purchased volumes (\$11 million).

Other operations and maintenance expenses increased \$15 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to higher gas operations costs (\$15 million).

Depreciation and amortization expenses increased \$15 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to higher gas utility plant balances.

Taxes, other than income taxes decreased \$7 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to a lower deferral of over-collected property taxes (\$25 million), offset in part by higher property taxes (\$19 million).

Steam

CECONY's results of steam operations for the three months ended September 30, 2023 compared with the 2022 period were as follows:

| (Millions of Dollars) | For the Three Months Ended | | |
|----------------------------------|----------------------------|--------------------|---------------|
| | September 30, 2023 | September 30, 2022 | Variation |
| Operating revenues | \$49 | \$58 | \$(9) |
| Purchased power | 6 | 15 | (9) |
| Fuel | 1 | 1 | — |
| Other operations and maintenance | 61 | 48 | 13 |
| Depreciation and amortization | 25 | 24 | 1 |
| Taxes, other than income taxes | 36 | 35 | 1 |
| Steam operating income | \$(80) | \$(65) | \$(15) |

CECONY's steam sales and deliveries for the three months ended September 30, 2023 compared with the 2022 period were:

| Description | Millions of Pounds Delivered | | | | Revenues in Millions | | | |
|------------------------------|------------------------------|--------------------|--------------|-------------------|----------------------------|--------------------|--------------|-------------------|
| | For the Three Months Ended | | | | For the Three Months Ended | | | |
| | September 30, 2023 | September 30, 2022 | Variation | Percent Variation | September 30, 2023 | September 30, 2022 | Variation | Percent Variation |
| General | 7 | 7 | — | — % | \$2 | \$2 | \$— | — % |
| Apartment house | 568 | 582 | (14) | (2.4) | 12 | 13 | (1) | (7.7) |
| Annual power | 1,796 | 2,006 | (210) | (10.5) | 30 | 38 | (8) | (21.1) |
| Other operating revenues (a) | — | — | — | — | 5 | 5 | — | — |
| Total | 2,371 | 2,595 | (224) | (8.6)% (b) | \$49 | \$58 | \$(9) | (15.5)% |

(a) Other steam operating revenues generally reflect changes in regulatory assets and liabilities in accordance with CECONY's rate plan.

(b) After adjusting for variations, primarily weather and billing days, steam sales and deliveries decreased 8.0 percent in the three months ended September 30, 2023 compared with the 2022 period.

Operating revenues decreased \$9 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to lower purchased power (\$9 million).

Purchased power decreased \$9 million in the three months ended September 30, 2023 compared with the 2022 period due to lower unit costs (\$8 million) and lower purchased volumes (\$1 million).

Other operations and maintenance expenses increased \$13 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to higher costs for pension and other postretirement benefits, reflecting reconciliation to the rate plan level (\$6 million) and an increase in municipal infrastructure support (\$4 million).

Taxes, Other Than Income Taxes

At \$777 million, taxes other than income taxes remain one of CECONY's largest operating expenses for the three months ended September 30, 2023. The principal components of, and variations in, taxes other than income taxes were:

| <i>(Millions of Dollars)</i> | For the Three Months Ended September 30, | | |
|---|---|------------------|-------------|
| | 2023 | 2022 | Variation |
| Property taxes | \$681 | \$604 | \$77 |
| State and local taxes related to revenue receipts | 115 | 114 | 1 |
| Payroll taxes | 19 | 14 | 5 |
| Other taxes | (38) | 16 | (54) |
| Total | \$777 (a) | \$748 (a) | \$29 |

(a) Including sales tax on customers' bills, total taxes other than income taxes in 2023 and 2022 were \$990 million and \$913 million, respectively.

Other Income (Deductions)

Other income increased \$103 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to lower costs associated with components of pension and other postretirement benefits other than service cost (\$91 million) and higher interest accrual (\$1 million).

Net Interest Expense

Net Interest Expense increased \$37 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to higher interest on long-term debt (\$20 million) and short-term debt (\$18 million).

Income Tax Expense

Income taxes decreased \$15 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to higher flow-through of COVID-19 assistance benefits for uncollectible accounts (\$24 million) and a favorable tax adjustment from a prior year tax return primarily due to an increase in general business tax credits (\$4 million), offset in part by an increase in allowance for uncollectible accounts (\$7 million), higher reserve for injuries and damages (\$3 million) and higher income before income tax expense (\$1 million).

O&R

| <i>(Millions of Dollars)</i> | For the Three Months Ended September 30, 2023 | | | For the Three Months Ended September 30, 2022 | | | 2023-2022 Variation |
|----------------------------------|--|---------------|---------------|--|---------------|---------------|------------------------|
| | Electric | Gas | 2023 Total | Electric | Gas | 2022 Total | |
| Operating revenues | \$246 | \$35 | \$281 | \$252 | \$39 | \$291 | \$(10) |
| Purchased power | 77 | — | 77 | 89 | — | 89 | (12) |
| Gas purchased for resale | — | 11 | 11 | — | 16 | 16 | (5) |
| Other operations and maintenance | 76 | 20 | 96 | 69 | 19 | 88 | 8 |
| Depreciation and amortization | 19 | 7 | 26 | 18 | 7 | 25 | 1 |
| Taxes, other than income taxes | 15 | 8 | 23 | 15 | 7 | 22 | 1 |
| Operating income (loss) | \$59 | \$(11) | \$48 | \$61 | \$(10) | \$51 | \$(3) |

Electric

O&R's results of electric operations for the three months ended September 30, 2023 compared with the 2022 period were as follows:

| <i>(Millions of Dollars)</i> | For the Three Months Ended | | |
|----------------------------------|----------------------------|-----------------------|--------------|
| | September 30, 2023 | September 30, 2022 | Variation |
| Operating revenues | \$246 | \$252 | \$(6) |
| Purchased power | 77 | 89 | (12) |
| Other operations and maintenance | 76 | 69 | 7 |
| Depreciation and amortization | 19 | 18 | 1 |
| Taxes, other than income taxes | 15 | 15 | — |
| Electric operating income | \$59 | \$61 | \$(2) |

O&R's electric sales and deliveries for the three months ended September 30, 2023 compared with the 2022 period were:

| Description | Millions of kWh Delivered | | | | Revenues in Millions (a) | | | |
|------------------------------|----------------------------|--------------------|-------------|-------------------|----------------------------|--------------------|--------------|-------------------|
| | For the Three Months Ended | | | | For the Three Months Ended | | | |
| | September 30, 2023 | September 30, 2022 | Variation | Percent Variation | September 30, 2023 | September 30, 2022 | Variation | Percent Variation |
| Residential/Religious (b) | 627 | 654 | (27) | (4.1)% | \$140 | \$141 | \$(1) | (0.7)% |
| Commercial/Industrial | 252 | 265 | (13) | (4.9) | 41 | 45 | (4) | (8.9) |
| Retail choice customers | 703 | 747 | (44) | (5.9) | 62 | 67 | (5) | (7.5) |
| Public authorities | 34 | 36 | (2) | (5.6) | 3 | 5 | (2) | (40.0) |
| Other operating revenues (c) | — | — | — | — | — | (6) | 6 | Large |
| Total | 1,616 | 1,702 | (86) | (5.1)% (d) | \$246 | \$252 | \$(6) | (2.4)% |

- (a) O&R's New York electric delivery revenues are subject to a revenue decoupling mechanism, as a result of which delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. Effective July 2021, the majority of O&R's electric distribution revenues in New Jersey are subject to a conservation incentive program, as a result of which distribution revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. O&R's electric transmission revenues in New Jersey are not subject to a conservation incentive program, and as a result, changes in such volumes do impact revenues.
- (b) "Residential/Religious" generally includes single-family dwellings, individual apartments in multi-family dwellings, religious organizations and certain other not-for-profit organizations.
- (c) Other electric operating revenues generally reflect changes in regulatory assets and liabilities in accordance with O&R's electric rate plan.
- (d) After adjusting for weather and other variations, electric delivery volumes in O&R's service area decreased 2.7 percent in the three months ended September 30, 2023 compared with the 2022 period.

Operating revenues decreased \$6 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to lower purchased power expenses (\$12 million), offset in part by higher revenues from the New York electric rate plan (\$7 million).

Purchased power expenses decreased \$12 million in the three months ended September 30, 2023 compared with the 2022 period due to lower purchased volumes (\$8 million) and lower unit costs (\$4 million).

Other operations and maintenance expenses increased \$7 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to higher customer assistance costs (\$2 million), higher administrative and general expenses (\$2 million), higher non-deferred storm costs (\$1 million) and higher tree trimming expenses (\$1 million).

Gas

O&R's results of gas operations for the three months ended September 30, 2023 compared with the 2022 period were as follows:

| (Millions of Dollars) | For the Three Months Ended | | |
|----------------------------------|----------------------------|--------------------|--------------|
| | September 30, 2023 | September 30, 2022 | Variation |
| Operating revenues | \$35 | \$39 | \$(4) |
| Gas purchased for resale | 11 | 16 | (5) |
| Other operations and maintenance | 20 | 19 | 1 |
| Depreciation and amortization | 7 | 7 | — |
| Taxes, other than income taxes | 8 | 7 | 1 |
| Gas operating income | \$(11) | \$(10) | \$(1) |

O&R's gas sales and deliveries, excluding off-system sales, for the three months ended September 30, 2023 compared with the 2022 period were:

| Description | Thousands of Dt Delivered | | | | Revenues in Millions (a) | | | |
|--|----------------------------|--------------------|------------|-------------------|----------------------------|--------------------|--------------|-------------------|
| | For the Three Months Ended | | | | For the Three Months Ended | | | |
| | September 30, 2023 | September 30, 2022 | Variation | Percent Variation | September 30, 2023 | September 30, 2022 | Variation | Percent Variation |
| Residential | 908 | 548 | 360 | 65.7 % | \$18 | \$16 | \$2 | 12.5 % |
| General | 262 | 139 | 123 | 88.5 | 3 | 3 | — | — |
| Firm transportation | 575 | 548 | 27 | 4.9 | 4 | 4 | — | — |
| Total firm sales and transportation | 1,745 | 1,235 | 510 | 41.3 % (b) | \$25 | \$23 | \$2 | 8.7 % |
| Interruptible sales | 896 | 830 | 66 | 8.0 | 1 | 1 | — | — |
| Generation plants | 3 | 6 | (3) | (50.0) | — | — | — | — |
| Other | 7 | 56 | (49) | (87.5) | — | 1 | (1) | — |
| Other gas revenues | — | — | — | — | 9 | 14 | (5) | (35.7) |
| Total | 2,651 | 2,127 | 524 | 24.6 % | \$35 | \$39 | \$(4) | (10.3)% |

- (a) Revenues from New York gas sales are subject to a weather normalization clause and a revenue decoupling mechanism as a result of which delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved.
- (b) After adjusting for weather and other variations, total firm sales and transportation volumes increased 7.9 percent in the three months ended September 30, 2023 compared with the 2022 period.

Operating revenues decreased \$4 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to lower gas purchased for resale (\$5 million), offset in part by higher revenues from the New York gas rate plan (\$1 million).

Gas purchased for resale decreased \$5 million in the three months ended September 30, 2023 compared with the 2022 period due to lower unit costs (\$5 million).

Taxes, Other Than Income Taxes

Taxes, other than income taxes, remained consistent in 2023 compared with 2022 for the three months ended September 30, 2023. The principal components of taxes, other than income taxes, were:

| (Millions of Dollars) | For the Three Months Ended September 30, | | |
|---|--|-----------------|------------|
| | 2023 | 2022 | Variation |
| Property taxes | \$18 | \$17 | \$1 |
| State and local taxes related to revenue receipts | 3 | 3 | — |
| Payroll taxes | 2 | 2 | — |
| Total | \$23 (a) | \$22 (a) | \$1 |

- (a) Including sales tax on customers' bills, total taxes other than income taxes in 2023 and 2022 were \$32 million and \$35 million, respectively.

Clean Energy Businesses

On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T to the Third Quarter Financial Statements. The Clean Energy Businesses' results of operations for the three months ended September 30, 2023 compared with the 2022 period were as follows:

| (Millions of Dollars) | For the Three Months Ended | | |
|----------------------------------|----------------------------|--------------------|----------------|
| | September 30, 2023 | September 30, 2022 | Variation |
| Operating revenues | \$— | \$325 | \$(325) |
| Gas purchased for resale | — | 55 | (55) |
| Other operations and maintenance | — | 101 | (101) |
| Depreciation and amortization | — | 60 | (60) |
| Taxes, other than income taxes | — | 5 | (5) |
| Operating income | \$— | \$104 | \$(104) |

Con Edison Transmission

Other Income (Deductions)

Other income increased \$3 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to higher investment income from New York Transco (\$3 million).

Income Tax Expense

Income taxes increased \$2 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to higher income before income tax expense.

Other

Income Tax Expense

Income taxes increased \$19 million in the three months ended September 30, 2023 compared with the 2022 period primarily due to a higher unitary state tax adjustment, net of federal benefit (\$7 million), changes in valuation allowance and state apportionments as a result of the sale of the Clean Energy Businesses (\$14 million), offset in part by an increase in renewable energy tax credits (\$2 million).

The Companies' results of operations for the nine months ended September 30, 2023 and 2022 were as follows:

| | CECONY | | O&R | | Clean Energy Businesses (a) | | Con Edison Transmission | | Other (b) | | Con Edison (c) | |
|---|----------------|----------------|-------------|-------------|--------------------------------|--------------|----------------------------|------------|--------------|---------------|----------------|----------------|
| <i>(Millions of Dollars)</i> | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Operating revenues | \$10,287 | \$9,972 | \$803 | \$813 | \$129 | \$857 | \$3 | \$3 | \$(3) | \$(6) | \$11,219 | \$11,639 |
| Purchased power | 1,802 | 1,639 | 191 | 210 | — | 6 | — | — | — | (4) | 1,993 | 1,851 |
| Fuel | 241 | 255 | — | — | — | — | — | — | — | — | 241 | 255 |
| Gas purchased for resale | 518 | 582 | 82 | 94 | 41 | 157 | — | — | (1) | — | 640 | 833 |
| Other operations and maintenance | 2,341 | 2,267 | 283 | 259 | 47 | 252 | 8 | 10 | (1) | (3) | 2,678 | 2,785 |
| Depreciation and amortization | 1,428 | 1,341 | 78 | 73 | — | 178 | 1 | 1 | (1) | — | 1,506 | 1,593 |
| Taxes, other than income taxes | 2,207 | 2,159 | 69 | 67 | 4 | 16 | — | — | 2 | 6 | 2,282 | 2,248 |
| Gain on sale of the Clean Energy Businesses | — | — | — | — | — | — | — | — | 866 | — | 866 | — |
| Operating income | 1,750 | 1,729 | 100 | 110 | 37 | 248 | (6) | (8) | 864 | (5) | 2,745 | 2,074 |
| Other income (deductions) | 550 | 245 | 36 | 16 | 1 | 2 | 22 | 14 | 2 | (8) | 611 | 269 |
| Net interest expense | 695 | 604 | 38 | 33 | 16 | (68) | 2 | 3 | 7 | 14 | 758 | 586 |
| Income before income tax expense | 1,605 | 1,370 | 98 | 93 | 22 | 318 | 14 | 3 | 859 | (27) | 2,598 | 1,757 |
| Income tax expense | 297 | 232 | 23 | 21 | 3 | 68 | 4 | 1 | 89 | 8 | 416 | 330 |
| Net income | \$1,308 | \$1,138 | \$75 | \$72 | \$19 | \$250 | \$10 | \$2 | \$770 | \$(35) | \$2,182 | \$1,427 |
| Loss attributable to non-controlling interest | — | — | — | — | (3) | (43) | — | — | — | — | (3) | (43) |
| Net income for common stock | \$1,308 | \$1,138 | \$75 | \$72 | \$22 | \$293 | \$10 | \$2 | \$770 | \$(35) | \$2,185 | \$1,470 |

- (a) On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T to the Third Quarter Financial Statements.
- (b) Other includes the parent company, Con Edison's tax equity investments, the deferred project held for sale and consolidation adjustments. See Note T to the Third Quarter Financial Statements.
- (c) Represents the consolidated results of operations of Con Edison and its businesses.

CECONY

| (Millions of Dollars) | For the Nine Months Ended September 30, 2023 | | | | For the Nine Months Ended September 30, 2022 | | | | 2023-2022 Variation |
|----------------------------------|---|--------------|---------------|----------------|---|--------------|---------------|----------------|------------------------|
| | Electric | Gas | Steam | 2023 Total | Electric | Gas | Steam | 2022 Total | |
| Operating revenues | \$7,722 | \$2,140 | \$425 | \$10,287 | \$7,401 | \$2,127 | \$444 | \$9,972 | \$315 |
| Purchased power | 1,771 | — | 31 | 1,802 | 1,593 | — | 46 | 1,639 | 163 |
| Fuel | 129 | — | 112 | 241 | 170 | — | 85 | 255 | (14) |
| Gas purchased for resale | — | 518 | — | 518 | — | 582 | — | 582 | (64) |
| Other operations and maintenance | 1,781 | 386 | 174 | 2,341 | 1,774 | 346 | 147 | 2,267 | 74 |
| Depreciation and amortization | 1,035 | 319 | 74 | 1,428 | 994 | 275 | 72 | 1,341 | 87 |
| Taxes, other than income taxes | 1,714 | 384 | 109 | 2,207 | 1,637 | 413 | 109 | 2,159 | 48 |
| Operating income | \$1,292 | \$533 | \$(75) | \$1,750 | \$1,233 | \$511 | \$(15) | \$1,729 | \$21 |

Electric

CECONY’s results of electric operations for the nine months ended September 30, 2023 compared with the 2022 period were as follows:

| (Millions of Dollars) | For the Nine Months Ended | | | Variation |
|----------------------------------|---------------------------|--------------------|--|-------------|
| | September 30, 2023 | September 30, 2022 | | |
| Operating revenues | \$7,722 | \$7,401 | | \$321 |
| Purchased power | 1,771 | 1,593 | | 178 |
| Fuel | 129 | 170 | | (41) |
| Other operations and maintenance | 1,781 | 1,774 | | 7 |
| Depreciation and amortization | 1,035 | 994 | | 41 |
| Taxes, other than income taxes | 1,714 | 1,637 | | 77 |
| Electric operating income | \$1,292 | \$1,233 | | \$59 |

CECONY’s electric sales and deliveries for the nine months ended September 30, 2023 compared with the 2022 period were:

| Description | Millions of kWh Delivered | | | | Revenues in Millions (a) | | | |
|--|---------------------------|--------------------|----------------|-------------------|---------------------------|--------------------|--------------|-------------------|
| | For the Nine Months Ended | | | | For the Nine Months Ended | | | |
| | September 30, 2023 | September 30, 2022 | Variation | Percent Variation | September 30, 2023 | September 30, 2022 | Variation | Percent Variation |
| Residential/Religious (b) | 8,854 | 9,283 | (429) | (4.6)% | \$2,614 | \$2,600 | \$14 | 0.5 % |
| Commercial/Industrial | 8,179 | 7,857 | 322 | 4.1 | 2,083 | 2,026 | 57 | 2.8 |
| Retail choice customers | 15,363 | 16,204 | (841) | (5.2) | 1,781 | 1,950 | (169) | (8.7) |
| NYPA, Municipal Agency and other sales | 7,113 | 7,185 | (72) | (1.0) | 609 | 576 | 33 | 5.7 |
| Other operating revenues (c) | — | — | — | — | 635 | 249 | 386 | Large |
| Total | 39,509 | 40,529 | (1,020) | (2.5)% (d) | \$7,722 | \$7,401 | \$321 | 4.3% |

- (a) Revenues from electric sales are subject to a revenue decoupling mechanism, as a result of which delivery revenues generally are not affected by changes in delivery volumes from levels assumed when rates were approved.
- (b) “Residential/Religious” generally includes single-family dwellings, individual apartments in multi-family dwellings, religious organizations and certain other not-for-profit organizations.
- (c) Other electric operating revenues generally reflect changes in the revenue decoupling mechanism current asset or regulatory liability and changes in regulatory assets and liabilities in accordance with other provisions of CECONY’s rate plans.
- (d) After adjusting for variations, primarily weather and billing days, electric delivery volumes in CECONY’s service area decreased 0.4 percent in the nine months ended September 30, 2023 compared with the 2022 period.

Operating revenues increased \$321 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to an increase in revenues from the electric rate plan (\$261 million) and higher purchased power expenses (\$178 million), offset in part by lower unbilled revenue accrual (\$102 million), lower fuel expenses (\$41 million) and a change in incentives earned under the earnings adjustment mechanisms (EAMs) (\$6 million).

Purchased power expenses increased \$178 million in the nine months ended September 30, 2023 compared with the 2022 period due to higher unit costs (\$259 million) offset in part by lower purchased volumes (\$81 million).

Fuel expenses decreased \$41 million in the nine months ended September 30, 2023 compared with the 2022 period due to lower unit costs (\$49 million), offset in part by higher purchased volumes from CECONY's electric generating facilities (\$8 million).

Other operations and maintenance expenses increased \$7 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to higher electric operations maintenance activities (\$8 million).

Depreciation and amortization expenses increased \$41 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to higher electric utility plant balances.

Taxes, other than income taxes increased \$77 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to higher property taxes (\$130 million), offset in part by a lower deferral of over-collected property taxes (\$54 million).

Gas

CECONY's results of gas operations for the nine months ended September 30, 2023 compared with the 2022 period were as follows:

| (Millions of Dollars) | For the Nine Months Ended | | |
|----------------------------------|---------------------------|--------------------|-------------|
| | September 30, 2023 | September 30, 2022 | Variation |
| Operating revenues | \$2,140 | \$2,127 | \$13 |
| Gas purchased for resale | 518 | 582 | (64) |
| Other operations and maintenance | 386 | 346 | 40 |
| Depreciation and amortization | 319 | 275 | 44 |
| Taxes, other than income taxes | 384 | 413 | (29) |
| Gas operating income | \$533 | \$511 | \$22 |

CECONY's gas sales and deliveries, excluding off-system sales, for the nine months ended September 30, 2023 compared with the 2022 period were:

| Description | Thousands of Dt Delivered | | | | Revenues in Millions (a) | | | |
|--|---------------------------|--------------------|----------------|-------------------|---------------------------|--------------------|-------------|-------------------|
| | For the Nine Months Ended | | | | For the Nine Months Ended | | | |
| | September 30, 2023 | September 30, 2022 | Variation | Percent Variation | September 30, 2023 | September 30, 2022 | Variation | Percent Variation |
| Residential | 34,900 | 39,172 | (4,272) | (10.9)% | \$925 | \$942 | \$(17) | (1.8)% |
| General | 22,756 | 25,507 | (2,751) | (10.8) | 410 | 428 | (18) | (4.2) |
| Firm transportation | 55,808 | 57,307 | (1,499) | (2.6) | 643 | 590 | 53 | 9.0 |
| Total firm sales and transportation | 113,464 | 121,986 | (8,522) | (7.0) (b) | 1,978 | 1,960 | 18 | 0.9 |
| Interruptible sales (c) | 6,136 | 4,875 | 1,261 | 25.9 | 43 | 40 | 3 | 7.5 |
| NYPA | 39,306 | 34,867 | 4,439 | 12.7 | 2 | 2 | — | — |
| Generation plants | 46,449 | 42,329 | 4,120 | 9.7 | 20 | 24 | (4) | (16.7) |
| Other | 14,767 | 14,956 | (189) | (1.3) | 27 | 27 | — | — |
| Other operating revenues (d) | — | — | — | — | 70 | 74 | (4) | (5.4) |
| Total | 220,122 | 219,013 | 1,109 | 0.5 % | \$2,140 | \$2,127 | \$13 | 0.6% |

- Revenues from gas sales are subject to a weather normalization clause and a revenue decoupling mechanism as a result of which delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved.
- After adjusting for variations, primarily billing days, firm gas sales and transportation volumes in CECONY's service area increased 2.1 percent in the nine months ended September 30, 2023 compared with the 2022 period.
- Includes 2,564 thousand and 1,702 thousand of Dt for the 2023 and 2022 periods, respectively, that are also reflected in firm transportation and other.
- Other gas operating revenues generally reflect changes in the revenue decoupling mechanism and weather normalization clause current asset or regulatory liability and changes in regulatory assets and liabilities in accordance with other provisions of CECONY's rate plans.

Operating revenues increased \$13 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to an increase in revenues from the gas rate plan (\$73 million) and a change in incentives earned under the earnings adjustment mechanisms (EAMs) (\$3 million), offset in part by a decrease in gas purchased for resale (\$64 million).

Gas purchased for resale decreased \$64 million in the nine months ended September 30, 2023 compared with the 2022 period due to lower purchased volumes (\$163 million), offset in part by higher unit costs (\$99 million).

Other operations and maintenance expenses increased \$40 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to higher gas operations cost (\$36 million) and an increase in municipal infrastructure support (\$3 million).

Depreciation and amortization expenses increased \$44 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to higher gas utility plant balances.

Taxes, other than income taxes decreased \$29 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to a lower deferral of over-collected property taxes (\$66 million), offset in part by higher property taxes (\$32 million) and higher state and local taxes (\$4 million).

Steam

CECONY's results of steam operations for the nine months ended September 30, 2023 compared with the 2022 period were as follows:

| <i>(Millions of Dollars)</i> | For the Nine Months Ended | | |
|----------------------------------|---------------------------|--------------------|---------------|
| | September 30, 2023 | September 30, 2022 | Variation |
| Operating revenues | \$425 | \$444 | \$(19) |
| Purchased power | 31 | 46 | (15) |
| Fuel | 112 | 85 | 27 |
| Other operations and maintenance | 174 | 147 | 27 |
| Depreciation and amortization | 74 | 72 | 2 |
| Taxes, other than income taxes | 109 | 109 | — |
| Steam operating income | \$(75) | \$(15) | \$(60) |

CECONY's steam sales and deliveries for the nine months ended September 30, 2023 compared with the 2022 period were:

| Description | Millions of Pounds Delivered | | | | Revenues in Millions | | | |
|------------------------------|------------------------------|--------------------|----------------|--------------------|---------------------------|--------------------|---------------|-------------------|
| | For the Nine Months Ended | | | | For the Nine Months Ended | | | |
| | September 30, 2023 | September 30, 2022 | Variation | Percent Variation | September 30, 2023 | September 30, 2022 | Variation | Percent Variation |
| General | 315 | 390 | (75) | (19.2)% | \$19 | \$21 | \$(2) | (9.5)% |
| Apartment house | 3,408 | 3,781 | (373) | (9.9) | 114 | 115 | (1) | (0.9) |
| Annual power | 7,924 | 9,109 | (1,185) | (13.0) | 278 | 297 | (19) | (6.4) |
| Other operating revenues (a) | — | — | — | — | 14 | 11 | 3 | 27.3 |
| Total | 11,647 | 13,280 | (1,633) | (12.3)% (b) | \$425 | \$444 | \$(19) | (4.3)% |

(a) Other steam operating revenues generally reflect changes in regulatory assets and liabilities in accordance with CECONY's rate plan.

(b) After adjusting for variations, primarily weather and billing days, steam sales and deliveries increased 0.6 percent in the nine months ended September 30, 2023 compared with the 2022 period.

Operating revenues decreased \$19 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to the impact of milder than normal weather in the 2022 period (\$34 million), lower purchased power expenses (\$15 million), offset in part by higher fuel expenses (\$27 million) and higher revenues from the increase in average normalized use per customer (\$7 million).

Purchased power expenses decreased \$15 million in the nine months ended September 30, 2023 compared with the 2022 period due to lower unit costs (\$18 million), offset in part by higher purchased volumes (\$3 million).

Fuel expenses increased \$27 million in the nine months ended September 30, 2023 compared with the 2022 period due to higher unit costs (\$52 million), offset in part by lower purchased volumes from CECONY's steam generating facilities (\$25 million).

Other operations and maintenance expenses increased \$27 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to higher costs for pension and other postretirement benefits, reflecting reconciliation to the rate plan level (\$18 million) and an increase in municipal infrastructure support (\$4 million).

Taxes, Other Than Income Taxes

At \$2,207 million, taxes other than income taxes remain one of CECONY's largest operating expenses for the nine months ended September 30, 2023. The principal components of, and variations in, taxes other than income taxes were:

| <i>(Millions of Dollars)</i> | For the Nine Months Ended September 30, | | Variation |
|---|--|--------------------|-------------|
| | 2023 | 2022 | |
| Property taxes | \$1,887 | \$1,718 | \$169 |
| State and local taxes related to revenue receipts | 312 | 312 | — |
| Payroll taxes | 66 | 62 | 4 |
| Other taxes | (58) | 67 | (125) |
| Total | \$2,207 (a) | \$2,159 (a) | \$48 |

(a) Including sales tax on customers' bills, total taxes other than income taxes in 2023 and 2022 were \$2,747 million and \$2,650 million, respectively.

Other Income (Deductions)

Other income increased \$305 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to lower costs associated with components of pension and other postretirement benefits other than service cost (\$272 million) and higher hedging program interest accrual (\$5 million).

Net Interest Expense

Net interest expense increased \$91 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to higher interest expense for long-term debt (\$56 million) and short-term debt (\$45 million), offset in part by an increase in allowance for borrowed funds used during construction (\$15 million).

Income Tax Expense

Income taxes increased \$65 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to higher income before income tax expense (\$61 million), a remeasurement of state deferred tax assets and liabilities as a result of the enacted New York State legislation (\$10 million), a decrease in the amortization of excess deferred federal income taxes due to the TCJA (\$6 million), higher reserve for injuries and damages (\$5 million), lower flow-through tax benefits in 2023 for plant-related items (\$4 million) and lower research and development credits from prior years net of uncertain tax positions (\$2 million), offset in part by higher flow-through of COVID-19 assistance benefits for uncollectible accounts (\$15 million), a favorable tax adjustment from a prior year tax return (\$4 million) and lower allowance for uncollectible accounts (\$4 million).

O&R

| (Millions of Dollars) | For the Nine Months Ended September 30, 2023 | | | For the Nine Months Ended September 30, 2022 | | | 2023-2022 Variation |
|----------------------------------|---|-------------|---------------|---|-------------|---------------|------------------------|
| | Electric | Gas | 2023 Total | Electric | Gas | 2022 Total | |
| Operating revenues | \$588 | \$215 | \$803 | \$594 | \$219 | \$813 | \$(10) |
| Purchased power | 191 | — | 191 | 210 | — | 210 | (19) |
| Gas purchased for resale | — | 82 | 82 | — | 94 | 94 | (12) |
| Other operations and maintenance | 223 | 60 | 283 | 203 | 56 | 259 | 24 |
| Depreciation and amortization | 56 | 22 | 78 | 53 | 20 | 73 | 5 |
| Taxes, other than income taxes | 45 | 24 | 69 | 43 | 24 | 67 | 2 |
| Operating income | \$73 | \$27 | \$100 | \$85 | \$25 | \$110 | \$(10) |

Electric

O&R's results of electric operations for the nine months ended September 30, 2023 compared with the 2022 period were as follows:

| (Millions of Dollars) | For the Nine Months Ended | | |
|----------------------------------|---------------------------|-----------------------|---------------|
| | September 30, 2023 | September 30, 2022 | Variation |
| Operating revenues | \$588 | \$594 | \$(6) |
| Purchased power | 191 | 210 | (19) |
| Other operations and maintenance | 223 | 203 | 20 |
| Depreciation and amortization | 56 | 53 | 3 |
| Taxes, other than income taxes | 45 | 43 | 2 |
| Electric operating income | \$73 | \$85 | \$(12) |

O&R's electric sales and deliveries for the nine months ended September 30, 2023 compared with the 2022 period were:

| Description | Millions of kWh Delivered | | | | Revenues in Millions (a) | | | |
|------------------------------|---------------------------|-----------------------|--------------|----------------------|---------------------------|-----------------------|--------------|----------------------|
| | For the Nine Months Ended | | | | For the Nine Months Ended | | | |
| | September 30, 2023 | September 30, 2022 | Variation | Percent Variation | September 30, 2023 | September 30, 2022 | Variation | Percent Variation |
| Residential/Religious (b) | 1,510 | 1,482 | 28 | 1.9% | \$329 | \$315 | \$14 | 4.4% |
| Commercial/Industrial | 745 | 706 | 39 | 5.5 | 112 | 111 | 1 | 0.9 |
| Retail choice customers | 1,761 | 2,015 | (254) | (12.6) | 132 | 159 | (27) | (17.0) |
| Public authorities | 87 | 86 | 1 | 1.2 | 9 | 12 | (3) | (25.0) |
| Other operating revenues (c) | — | — | — | — | 6 | (3) | 9 | — |
| Total | 4,103 | 4,289 | (186) | (4.3)% (d) | \$588 | \$594 | \$(6) | (1.0)% |

- (a) O&R's New York electric delivery revenues are subject to a revenue decoupling mechanism, as a result of which delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. Effective July 2021, the majority of O&R's electric distribution revenues in New Jersey are subject to a conservation incentive program, as a result of which distribution revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved. O&R's electric transmission revenues in New Jersey are not subject to a conservation incentive program, and as a result, changes in such volumes do impact revenues.
- (b) "Residential/Religious" generally includes single-family dwellings, individual apartments in multi-family dwellings, religious organizations and certain other not-for-profit organizations.
- (c) Other electric operating revenues generally reflect changes in regulatory assets and liabilities in accordance with O&R's electric rate plan.
- (d) After adjusting for weather and other variations, electric delivery volumes in O&R's service area decreased 0.6 percent in the nine months ended September 30, 2023 compared with the 2022 period.

Operating revenues decreased \$6 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to lower purchased power expenses (\$19 million), offset in part by higher revenues from the New York electric rate plan (\$14 million).

Purchased power expenses decreased \$19 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to lower purchased volumes (\$10 million) and lower unit costs (\$9 million).

Other operations and maintenance expenses increased \$20 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to higher non-deferred storm costs (\$4 million), higher tree trimming

expenses (\$3 million), higher uncollectible expenses (\$2 million), higher shared services costs (\$2 million), higher administrative and general expenses (\$2 million), higher customer assistance costs (\$1 million) and higher pension costs, reflecting reconciliation to the rate plan level (\$1 million).

Gas

O&R's results of gas operations for the nine months ended September 30, 2023 compared with the 2022 period were as follows:

| <i>(Millions of Dollars)</i> | For the Nine Months Ended | | |
|----------------------------------|---------------------------|--------------------|------------|
| | September 30, 2023 | September 30, 2022 | Variation |
| Operating revenues | \$215 | \$219 | \$(4) |
| Gas purchased for resale | 82 | 94 | (12) |
| Other operations and maintenance | 60 | 56 | 4 |
| Depreciation and amortization | 22 | 20 | 2 |
| Taxes, other than income taxes | 24 | 24 | — |
| Gas operating income | \$27 | \$25 | \$2 |

O&R's gas sales and deliveries, excluding off-system sales, for the nine months ended September 30, 2023 compared with the 2022 period were:

| Description | Thousands of Dt Delivered | | | | Revenues in Millions (a) | | | |
|--|---------------------------|--------------------|----------------|-------------------|---------------------------|--------------------|--------------|-------------------|
| | For the Nine Months Ended | | | | For the Nine Months Ended | | | |
| | September 30, 2023 | September 30, 2022 | Variation | Percent Variation | September 30, 2023 | September 30, 2022 | Variation | Percent Variation |
| Residential | 7,640 | 8,433 | (793) | (9.4)% | \$142 | \$144 | \$(2) | (1.4)% |
| General | 1,669 | 1,945 | (276) | (14.2) | 24 | 27 | (3) | (11.1) |
| Firm transportation | 3,783 | 4,702 | (919) | (19.5) | 29 | 33 | (4) | (12.1) |
| Total firm sales and transportation | 13,092 | 15,080 | (1,988) | (13.2) (b) | \$195 | \$204 | \$(9) | (4.4) |
| Interruptible sales | 2,656 | 2,936 | (280) | (9.5) | 4 | 4 | — | — |
| Generation plants | 4 | 11 | (7) | (63.6) | — | — | — | — |
| Other | 312 | 437 | (125) | (28.6) | 1 | 1 | — | — |
| Other gas revenues | — | — | — | — | 15 | 10 | 5 | 50.0 |
| Total | 16,064 | 18,464 | (2,400) | (13.0)% | \$215 | \$219 | \$(4) | (1.8)% |

- (a) Revenues from New York gas sales are subject to a weather normalization clause and a revenue decoupling mechanism as a result of which delivery revenues are generally not affected by changes in delivery volumes from levels assumed when rates were approved.
- (b) After adjusting for weather and other variations, total firm sales and transportation volumes increased 0.4 percent in the nine months ended September 30, 2023 compared with 2022 period.

Operating revenues decreased \$4 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to a decrease in gas purchased for resale (\$12 million), offset in part by higher revenues from the New York gas rate plan (\$5 million).

Gas purchased for resale decreased \$12 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to lower purchased volumes (\$17 million), offset in part by higher unit costs (\$5 million).

Other operations and maintenance expenses increased \$4 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to higher pension costs, reflecting reconciliation to the rate plan level (\$1 million) and higher uncollectible expenses (\$1 million).

Taxes, Other Than Income Taxes

Taxes, other than income taxes, increased by \$2 million in 2023 compared with 2022 for the nine months ended September 30, 2023. The principal components of taxes, other than income taxes, were:

**For the Nine Months Ended
September 30,**

| <i>(Millions of Dollars)</i> | 2023 | 2022 | Variation |
|---|-----------------|-----------------|------------------|
| Property taxes | \$53 | \$52 | \$1 |
| State and local taxes related to revenue receipts | 9 | 9 | — |
| Payroll taxes | 7 | 6 | 1 |
| Total | \$69 (a) | \$67 (a) | \$2 |

(a) Including sales tax on customers' bills, total taxes other than income taxes in 2023 and 2022 were \$93 million and \$101 million, respectively.

Clean Energy Businesses

On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T to the Third Quarter Financial Statements. The Clean Energy Businesses' results of operations for the nine months ended September 30, 2023 compared with the 2022 period were as follows:

| <i>(Millions of Dollars)</i> | For the Nine Months Ended | | Variation |
|----------------------------------|----------------------------------|-------------------------------|------------------|
| | September 30, 2023 | September 30, 2022 | |
| Operating revenues | \$129 | \$857 | \$(728) |
| Purchased power | — | 6 | (6) |
| Gas purchased for resale | 41 | 157 | (116) |
| Other operations and maintenance | 47 | 252 | (205) |
| Depreciation and amortization | — | 178 | (178) |
| Taxes, other than income taxes | 4 | 16 | (12) |
| Operating income | \$37 | \$248 | \$(211) |

Net Interest Expense

Net interest expense increased \$84 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to lower unrealized gains on interest rate swaps in the 2023 period. On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses and the impact on the 2023 period is shown through the date of sale. See Note S and Note T to the Third Quarter Financial Statements.

Income Tax Expense

Income taxes decreased \$65 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to lower income before income tax expense (\$74 million), lower income attributable to non-controlling interest (\$12 million) and a lower reserve for uncertain tax positions (\$5 million) offset in part by lower renewable energy tax credits (\$20 million). On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses and the impact for the nine months ended September 30, 2023 is shown through the date of the sale. See Note S and Note T to the Third Quarter Financial Statements.

Income (Loss) Attributable to Non-Controlling Interest

Income attributable to non-controlling interest increased \$40 million to a loss of \$3 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to the sale of the Clean Energy Businesses.

Con Edison Transmission

Other Income (Deductions)

Other income (deductions) increased \$8 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to higher investment income from New York Transco (\$8 million).

Income Tax Expense

Income taxes increased \$3 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to higher income before income tax expense.

Other

Income Tax Expense

Income taxes increased \$81 million in the nine months ended September 30, 2023 compared with the 2022 period primarily due to higher income before income tax expense due to the sale of the Clean Energy Businesses (\$207

million) and a higher unitary state tax adjustment, net of federal benefit (\$17 million), offset in part by the recognition of unamortized investment tax credits (\$108 million) and lower state taxes due to change in state apportionments, net of federal income taxes (\$27 million), both related to the sale of the Clean Energy Businesses and an increase in renewable energy tax credits (\$5 million).

Liquidity and Capital Resources

The Companies monitor the financial markets closely, including borrowing rates and daily cash collections. Increases in aged accounts receivable balances, inflationary pressure and higher interest rates have increased the amount of capital needed by the Utilities and the costs of such capital. See Note C and Note D to the Third Quarter Financial Statements and "Interest Rate Risk," below, "Aged Accounts Receivable Balances," above, "Capital Requirements and Resources," below and "Regulatory Matters - Rate Plans - CECONY Electric and Gas" and "COVID-19 Regulatory Matters" in Note B to the Third Quarter Financial Statements.

Con Edison and the Utilities have a \$2,500 million revolving credit agreement (the Credit Agreement) in place under which banks are committed to provide loans on a revolving credit basis until March 2028, unless extended for up to two additional one-year terms, subject to certain conditions. CECONY has a \$500 million 364-day revolving credit agreement (the CECONY Credit Agreement) in place under which banks are committed to provide loans on a revolving credit basis until March 2024, subject to certain conditions. Con Edison and the Utilities have not entered into any loans under the Credit Agreement and CECONY has not entered into any loans under the CECONY Credit Agreement. See Note D to the Third Quarter Financial Statements.

The Companies' liquidity reflects cash flows from operating, investing and financing activities, as shown on their respective consolidated statement of cash flows and as discussed below.

The Companies' cash, temporary cash investments and restricted cash resulting from operating, investing and financing activities for the nine months ended September 30, 2023 and 2022 are summarized as follows:

For the Nine Months Ended September 30,

| <i>(Millions of Dollars)</i> | CECONY | | O&R | | Clean Energy Businesses (d) | | Con Edison Transmission | | Other (a)(b) | | Con Edison (c) | |
|--|---------------|-------------|----------------|-------------|--|-------------|------------------------------------|-------------|---------------------|-------------|-----------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Operating activities | \$1,221 | \$2,191 | \$127 | \$165 | \$— | \$251 | \$(145) | \$49 | \$(22) | \$(38) | \$1,181 | \$2,618 |
| Investing activities | (3,178) | (2,929) | (208) | (162) | (248) | (206) | (49) | (49) | 4,035 | — | 352 | (3,346) |
| Financing activities | 921 | (157) | 75 | (2) | — | (42) | 212 | — | (3,725) | 24 | (2,517) | (177) |
| Net change for the period | (1,036) | (895) | (6) | 1 | (248) | 3 | 18 | — | 288 | (14) | (984) | (905) |
| Balance at beginning of period | 1,056 | 920 | 35 | 29 | 248 | 178 | — | — | 191 | 19 | 1,530 | 1,146 |
| Balance at end of period (c) | \$20 | \$25 | \$29 | \$30 | \$— | \$181 | \$18 | \$— | \$479 | \$5 | \$546 | \$241 |
| Less: Cash balances held for sale (d) | — | — | — | — | — | — | — | — | 6 | — | 6 | — |
| Balance at end of period excluding held for sale | \$20 | \$25 | \$29 | \$30 | \$— | \$181 | \$18 | \$— | \$473 | \$5 | \$540 | \$241 |

(a) Other includes the parent company, Con Edison's tax equity investments, the deferred project held for sale and consolidation adjustments. See Note T to the Third Quarter Financial Statements.

(b) Represents the consolidated results of operations of Con Edison and its businesses.

(c) See "Reconciliation of Cash, Temporary Cash Investments and Restricted Cash" in Note A to the Third Quarter Financial Statements.

(d) On March 1, 2023, Con Edison sold substantially all of the assets of the Clean Energy Businesses. See Note S and Note T to the Third Quarter Financial Statements.

Cash Flows from Operating Activities

The Utilities' cash flows from operating activities primarily reflect their energy sales and deliveries and cost of operations. The volume of energy sales and deliveries is primarily affected by factors external to the Utilities, such as customer demand, weather, market prices for energy and economic conditions. Measures that promote distributed energy resources, such as distributed generation, demand reduction and energy efficiency, also affect the volume of energy sales and deliveries.

The decline in business activity in the Utilities' service territory from 2020 through 2022 due to the COVID-19 pandemic and the Utilities' suspension of service disconnections, bill collection activities and certain charges and fees resulted in a slower recovery of cash from outstanding customer accounts receivable balances, material increases in customer accounts receivable balances, increases to the allowance for uncollectible accounts, and may result in increases to write-offs of customer accounts, as compared to prior to the COVID-19 pandemic. Under the revenue decoupling mechanisms in the Utilities' New York electric and gas rate plans, changes in delivery volumes from levels assumed when rates were approved may affect the timing of cash flows, but largely not net income. The Utilities' New York electric and gas rate plans also include COVID-19 provisions for the reconciliation of write-offs of customer accounts receivable balances to amounts reflected in rates that may affect the timing of cash flows, but largely not net income. The prices at which the Utilities provide energy to their customers are determined in accordance with their rate plans. During 2022, increases in electric and gas commodity prices further contributed to a slower recovery of cash from outstanding customer accounts receivable balances, increases to the allowance for uncollectible accounts, and increases to write-offs of customer accounts receivable balances. In general, changes in the Utilities' cost of purchased power, fuel and gas may affect the timing of cash flows, but not net income, because the costs are recovered in accordance with rate plans. See "COVID-19 Regulatory Matters" in Note B to the Third Quarter Financial Statements, "Aged Accounts Receivable Balances," above and "Financial and Commodity Market Risks – Commodity Price Risk," below.

Net income is the result of cash and non-cash (or accrual) transactions. Only cash transactions affect the Companies' cash flows from operating activities. Principal non-cash charges or credits include depreciation, deferred income tax expense, amortizations of certain regulatory assets and liabilities and accrued unbilled revenue. Non-cash charges or credits may also be accrued under the revenue decoupling and cost reconciliation mechanisms in the Utilities' New York electric and gas rate plans.

Net cash flows from operating activities for the nine months ended September 30, 2023 for Con Edison and CECONY were \$1,437 million lower and \$970 million lower, respectively, than in the 2022 period. The change in net cash flows for Con Edison primarily reflects a decrease in accounts payable (\$634 million), lower net deferred credits, noncurrent liabilities and other regulatory liabilities balances (\$562 million) and an increase in prepayments (\$253 million). For CECONY, changes in net cash flows primarily reflects lower net deferred credits, noncurrent liabilities and other regulatory liabilities balances (\$469 million), a decrease in accounts payable (\$396 million), a decrease in the pension and retiree benefits obligations, net (\$262 million), an increase in the revenue decoupling mechanism receivable (\$152 million), and an increase in prepayments (\$140 million), offset in part by a lower increase of accounts receivable balances from customers net of allowance for uncollectible accounts (\$281 million) (see "COVID-19 Regulatory Matters" in Note B to the Third Quarter Financial Statements and "Aged Accounts Receivable Balances," above), a decrease in materials and supplies, including fuel oil and gas in storage (\$107 million) and an increase in the system benefit charge (\$52 million).

Cash Flows From (Used in) Investing Activities

Net cash flows from investing activities for Con Edison were \$3,698 million higher for the nine months ended September 30, 2023 compared with the 2022 period. Net cash flows used in investing activities for CECONY were \$249 million higher for the nine months ended September 30, 2023 compared with the 2022 period. The change for Con Edison primarily reflects the proceeds from substantially all of the assets of the Clean Energy Businesses, net of cash and cash equivalents sold (\$3,927 million) and a decrease in non-utility construction expenditures (\$69 million), offset in part by an increase in utility construction expenditures (\$253 million) and higher cost of removal less salvage (\$42 million). The change for CECONY primarily reflects an increase in utility construction expenditures (\$207 million) and higher cost of removal less salvage (\$42 million). Pursuant to their rate plans, the Utilities recover the cost of utility construction expenditures from customers, including an approved rate of return (before and after being placed in service and or AFUDC before being placed in service). Increases in the amount of utility construction expenditures may temporarily increase the amount of short-term debt issued by the Utilities prior to the long-term financing of such amounts.

Cash Flows From (Used In) Financing Activities

Net cash flows used in financing activities for Con Edison were \$2,340 million higher for the nine months ended September 30, 2023 compared with the 2022 period. Net cash flows from financing activities for CECONY were \$1,078 million higher for the nine months ended September 30, 2023 compared with the 2022 period.

In March 2023, Con Edison entered into accelerated share repurchase agreements (ASR Contracts) with two dealers to repurchase \$1,000 million in aggregate of Con Edison's Common Shares (\$.10 par value) (Common Shares). Pursuant to the ASR Contracts, Con Edison made payments of \$1,000 million in aggregate to the dealers. Con Edison's share repurchase was completed in the second quarter of 2023. See Note C to the Third Quarter Financial Statements.

In February 2023, CECONY issued \$500 million aggregate principal amount of 5.20 percent debentures, due 2033. See Note C to the Third Quarter Financial Statements.

In June 2022, Con Edison redeemed at maturity \$293 million of 8.71 percent senior unsecured notes.

In June 2022, Con Edison entered into and borrowed \$400 million under a 364-Day Senior Unsecured Term Loan Credit Agreement (the June 2022 Term Loan Credit Agreement). In January 2023, Con Edison borrowed an additional \$200 million under the June 2022 Credit Agreement and in March 2023, repaid all amounts borrowed under the June 2022 Term Loan Credit Agreement.

In November 2022, O&R issued \$100 million aggregate principal amount of 5.70 percent debentures, due 2032, the net proceeds from the sale of which were used to repay short-term borrowings and for other general corporate purposes.

In the nine months ended September 30, 2023 and 2022, Con Edison contributed \$1,720 million and \$150 million of equity, respectively, to CECONY.

Con Edison's cash flows from financing activities for the nine months ended September 30, 2023 also reflect a retirement of short-term debt of \$1,160 million compared with a net issuance of \$1,003 million in the 2022 period.

CECONY's cash flows from financing activities for the nine months ended September 30, 2023 also reflect a retirement of short-term debt of \$502 million compared with a net issuance of \$428 million in the 2022 period.

Cash flows from financing activities of the Companies also reflect commercial paper issuances and repayments. The commercial paper amounts outstanding at September 30, 2023 and 2022 and the average daily balances for the nine months ended September 30, 2023 and 2022 for Con Edison and CECONY were as follows:

| <i>(Millions of Dollars, except Weighted Average Yield)</i> | 2023 | | 2022 | |
|---|------------------------------|---------------|------------------------------|---------------|
| | Outstanding at September 30, | Daily average | Outstanding at September 30, | Daily average |
| Con Edison | \$1,880 | \$1,351 | \$1,941 | \$1,368 |
| CECONY | \$1,798 | \$1,313 | \$1,789 | \$1,191 |
| Weighted average yield | 5.5% | 5.2% | 3.4% | 1.5% |

Capital Requirements and Resources

During 2023, Con Edison changed its estimate for capital requirements for 2024 and 2025 to \$5,109 million and \$4,962 million, respectively. The changes include decreases in CECONY's capital requirements of \$11 million and \$25 million in 2024 and 2025, respectively, to reflect capital expenditures included in the September 2023 steam joint proposal that is subject to approval by the NYSPSC and increases to Con Edison's capital requirements of \$24 million in each of 2024 and 2025 to reflect additional investments by Con Edison Transmission associated with the Propel NY Energy transmission project. See "Rate Plans – CECONY – Steam" in Note B to the Third Quarter Financial Statements and "Con Edison Transmission," above.

In October 2023, Con Edison increased the amount of long-term debt it plans to issue at the Utilities from up to \$1,400 million to up to \$2,100 million, of which \$500 million was issued in the first nine months of 2023. The increase is primarily due to higher than anticipated accounts receivable balances and the timing of the approval of the CECONY electric and gas rate plans. See "Aged Accounts Receivable Balances" and "Liquidity and Capital Resources," above and "Regulatory Matters – Rate Plans – CECONY Electric and Gas" in Note B to the Third Quarter Financial Statements.

Contractual Obligations

Con Edison's material obligations to make payments pursuant to contracts totaled \$52,606 million and \$57,931 million at September 30, 2023 and December 31, 2022, respectively. The decrease at September 30, 2023 is due primarily to Con Edison completing the sale of substantially all of the assets of the Clean Energy Businesses on March 1, 2023. See Note S and Note T to the Third Quarter Financial Statements.

Capital Resources

For each of the Companies, the common equity ratio at September 30, 2023 and December 31, 2022 was:

| | Common Equity Ratio (Percent of total capitalization) | |
|------------|--|-------------------|
| | September 30, 2023 | December 31, 2022 |
| Con Edison | 50.5 | 50.9 |
| CECONY | 49.4 | 46.9 |

Assets, Liabilities and Equity

The Companies' assets, liabilities, and equity at September 30, 2023 and December 31, 2022 are summarized as follows.

| (Millions of Dollars) | CECONY | | O&R | | Clean Energy Businesses (c) | | Con Edison Transmission | | Other (a) | | Con Edison (b) | |
|---|----------|----------|---------|---------|--------------------------------|---------|----------------------------|-------|-----------|---------|----------------|----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| ASSETS | | | | | | | | | | | | |
| Current assets | \$5,166 | \$5,247 | \$355 | \$332 | \$— | \$879 | \$19 | \$4 | \$399 | \$6,510 | \$5,939 | \$12,972 |
| Investments | 571 | 539 | 19 | 20 | — | — | 334 | 286 | 9 | (4) | 933 | 841 |
| Net plant | 45,658 | 44,011 | 2,860 | 2,738 | — | 4,718 | 17 | 17 | — | (4,718) | 48,535 | 46,766 |
| Other noncurrent assets | 8,192 | 7,648 | 388 | 421 | — | 1,627 | 7 | 7 | 411 | (1,217) | 8,998 | 8,486 |
| Total Assets | \$59,587 | \$57,445 | \$3,622 | \$3,511 | \$— | \$7,224 | \$377 | \$314 | \$819 | \$571 | \$64,405 | \$69,065 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | | | | | | | |
| Current liabilities | \$4,940 | \$6,036 | \$362 | \$409 | \$— | \$1,596 | \$3 | \$163 | \$745 | \$3,132 | \$6,050 | \$11,336 |
| Noncurrent liabilities | 15,951 | 15,451 | 1,135 | 1,103 | — | 338 | (85) | (86) | (374) | (113) | 16,627 | 16,693 |
| Long-term debt | 19,583 | 19,080 | 1,068 | 1,068 | — | 2,292 | — | — | (1) | (2,293) | 20,650 | 20,147 |
| Equity | 19,113 | 16,878 | 1,057 | 931 | — | 2,998 | 459 | 237 | 449 | (155) | 21,078 | 20,889 |
| Total Liabilities and Equity | \$59,587 | \$57,445 | \$3,622 | \$3,511 | \$— | \$7,224 | \$377 | \$314 | \$819 | \$571 | \$64,405 | \$69,065 |

(a) Other includes the parent company, Con Edison's tax equity investments, the deferred project held for sale and consolidation adjustments. See Note T to the Third Quarter Financial Statements.

(b) Represents the consolidated results of operations of Con Edison and its businesses.

(c) On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T to the Third Quarter Financial Statements.

CECONY

Current assets at September 30, 2023 were \$81 million lower than at December 31, 2022. The change in current assets primarily reflects a decrease in cash and temporary cash investments (\$1,036 million) and in accounts receivables, net of allowance for uncollectible accounts (\$140 million) (see "COVID-19 Regulatory Matters" in Note B to the Third Quarter Financial Statements, "Aged Accounts Receivable Balances," above), offset in part by an increase in prepayments (\$699 million) and accounts receivable from affiliated companies (\$400 million).

Net plant at September 30, 2023 was \$1,647 million higher than at December 31, 2022. The change in net plant primarily reflects an increase in electric (\$1,393 million), gas (\$570 million), steam (\$95 million) and general (\$173 million) plant balances and an increase in construction work in progress (\$233 million), offset in part by an increase in accumulated depreciation (\$817 million).

Other noncurrent assets at September 30, 2023 were \$544 million higher than at December 31, 2022. The change in other noncurrent assets primarily reflects an increase in the regulatory asset for COVID - 19 arrears relief

deferrals programs (\$314 million), an increase in pension and retiree benefits (\$115 million) and an increase in system peak reduction and energy efficiency programs (\$80 million). The increase is offset in part by a decrease in operating lease right-of-use asset (\$24 million). See Notes B and I to the Third Quarter Financial Statements.

Current liabilities at September 30, 2023 were \$1,096 million lower than at December 31, 2022. The change in current liabilities primarily reflects a decrease in accounts payable (\$569 million) and a decrease in notes payable (\$502 million).

Other noncurrent liabilities at September 30, 2023 were \$500 million higher than at December 31, 2022. The change in other noncurrent assets primarily reflects an increase in the deferred income taxes and unamortized investment tax credits (\$916 million) and an increase in the asset retirement obligations (\$13 million). The increase is offset in part by a decrease in the unrecognized pension and other postretirement costs (\$339 million), a decrease in future income tax (\$166 million) and a decrease in the deferred derivative gains - long term (\$113 million). See Note B to the Third Quarter Financial Statements.

Long-term debt at September 30, 2023 was \$503 million higher than at December 31, 2022. The change in long-term debt primarily reflects CECONY's issuance of \$500 million aggregate principal amount of 5.20 percent debentures, due 2033, offset in part by, the amortization of unamortized debt expense over the nine-month period. See Note C to the Third Quarter Financial Statements.

Equity at September 30, 2023 was \$2,235 million higher than at December 31, 2022. The change in equity primarily reflects capital contributions from Con Edison (\$1,720 million) in 2023, net income for the nine months ended September 30, 2023 (\$1,308 million), offset in part by common stock dividends to Con Edison (\$792 million) in 2023.

O&R

Current assets at September 30, 2023 were \$23 million higher than at December 31, 2022. The change in current assets primarily reflects an increase in prepayments (\$20 million) and the revenue decoupling mechanism receivable (\$2 million).

Net plant at September 30, 2023 was \$122 million higher than at December 31, 2022. The change in net plant primarily reflects an increase in electric (\$70 million) and gas (\$35 million) plant balances, an increase in construction work in progress (\$32 million) and a decrease in accumulated depreciation (\$23 million), offset in part by a decrease in general (\$38 million) plant balances.

Other noncurrent assets at September 30, 2023 were \$33 million lower than at December 31, 2022. The change in other noncurrent assets primarily reflects a decrease in regulatory assets (\$27 million) and a decrease in the fair value of derivative assets (\$6 million).

Current liabilities at September 30, 2023 were \$47 million lower than at December 31, 2022. The change in current liabilities primarily reflects a decrease in the regulatory liabilities (\$30 million), a decrease in accounts payable (\$25 million) and a decrease in accounts payable to affiliated companies (\$18 million), offset in part by an increase in notes payable (\$23 million) and accrued interest (\$3 million).

Noncurrent liabilities at September 30, 2023 were \$32 million higher than at December 31, 2022. The change in noncurrent liabilities primarily reflects an increase in deferred income taxes and investment tax credits (\$40 million), offset in part by a decrease in the regulatory liabilities for unrecognized pension and other postretirement costs (\$7 million).

Equity at September 30, 2023 was \$126 million higher than at December 31, 2022. The change in equity primarily reflects capital contributions from Con Edison (\$100 million) in 2023, net income for the nine months ended September 30, 2023 (\$75 million), offset in part by common stock dividends to Con Edison (\$48 million) in 2023.

Clean Energy Businesses

On March 1, 2023, Con Edison completed the sale of substantially all of the assets of the Clean Energy Businesses. See Note S and Note T to the Third Quarter Financial Statements.

Con Edison Transmission

Current assets at September 30, 2023 were \$15 million higher than at December 31, 2022. The increase in current assets primarily reflects an increase in cash and temporary investments (\$18 million).

Investments at September 30, 2023 were \$48 million higher than at December 31, 2022. The increase in investments reflects additional investment in New York Transco (\$48 million).

Current liabilities at September 30, 2023 were \$160 million lower than at December 31, 2022. The change in current liabilities primarily reflects repayment of an intercompany loan (\$154 million).

Equity at September 30, 2023 was \$222 million higher than at December 31, 2022. The change in equity primarily reflects an equity contribution from Con Edison, the proceeds of which were primarily used to repay an intercompany loan and invest in New York Transco.

Utility Regulation

Cyber Regulation

In March 2023, the New York State legislature amended the New York State Public Service Law, directing the NYSPSC to develop rules to direct electric and gas utilities, among other things, to: (i) take necessary measures to monitor and protect customer privacy, including, but not limited to, customer electric and gas consumption data, from unauthorized disclosure or unconsented sharing, (ii) develop and implement tools to monitor operational control networks to detect unauthorized network behavior, including the utilities' industrial control systems that support distribution, transmission and advanced metering infrastructure control centers and (iii) mandate that utilities' emergency response plans include cyber-attack response plans. The law also states that customer electric and gas consumption data should be considered confidential.

Environmental Matters

Clean Energy Future

Clean Energy Goals

In May 2023, New York State approved the 2023 - 2024 state budget, including provisions that prohibit the installation of fossil-fuel equipment and building systems beginning in 2026 for affected new buildings with not more than seven stories and beginning in 2029 for all other new affected buildings. The law includes exemptions for, among other things, emergency backup generators, hospitals, laundromats and commercial kitchens.

Also in May 2023, CECONY and O&R filed proposals for thermal energy network pilots pursuant to a September 2022 NYSPSC proceeding to implement the Utility Thermal Energy Network and Jobs Act. CECONY proposed three pilots totaling approximately \$262.7 million and O&R proposed two pilots totaling approximately \$45.5 million. The Utilities proposed recovery of pilot costs via a surcharge mechanism. In September 2023, the NYSPSC issued an order providing guidance on the development of utility thermal energy network pilot projects. The order provides structure in the development of thermal network pilot projects previously proposed by the state's utilities and directs utilities to file monthly progress and expenditure reports starting November 15, 2023, and thermal network pilot project proposals by December 15, 2023. The proposed pilots are subject to approval by the NYSPSC.

In June 2023, the NYSPSC issued an order identifying the Climate Leadership and Community Protection Act (CLCPA) as a public policy requirement driving the need for additional transmission facilities to deliver at least 4,770 MW of electricity from offshore wind projects into CECONY's electric grid. The order refers the need to the NYISO to conduct a solicitation and evaluation of transmission solutions for this need. As directed by the order, after consultation with NYSDPS, CECONY established a process to make information available to transmission proposers concerning existing or potential interconnection points that CECONY would construct and own. The required in-service date for projects responsive to the transmission need is January 1, 2033.

In June 2023, the NYISO selected the Propel NY Energy transmission project that was jointly proposed by New York Transco and the New York Power Authority (NYPA). Con Edison Transmission has a 41.7 percent interest in New York Transco's share of the Propel NY Energy project, a 90-mile electric transmission project with an in-service date of 2030. The project is expected to enable delivery of a minimum of 3,000 MW of offshore wind electricity, increase high voltage transmission connections between Long Island and the rest of New York State and provide New Yorkers with greater access to diverse energy resources. See "Con Edison Transmission," below.

Also in June 2023, CECONY filed a petition with FERC to add a formula rate to the NYISO tariff to enable CECONY to recover the costs of, and a return on investment for, two types of projects: (1) local transmission upgrades determined by the NYSPSC to be necessary or appropriate to meet the CLCPA goals of New York State and (2) any regulated transmission projects (or portions thereof) eligible for recovery under the NYISO's public policy

transmission planning process. For local transmission upgrades, CECONY proposed the return on equity to be the lower of the NYSPSC-determined rates or 10.87 percent. For NYISO projects, CECONY proposed a return on equity of 11.10 percent. CECONY anticipates that the formula rate, once in place, will be applied to recover the costs of the upgrades associated with the Propel NY Energy offshore wind project.

In July 2023, the NYSPSC issued an order implementing the next phase in the state's energy efficiency portfolio process to assist with meeting CLCPA goals. On November 1, 2023, CECONY and O&R filed preliminary energy efficiency and electrification program proposals for the years 2026 - 2030.

In September 2023, CECONY updated its 2019 climate change vulnerability study and O&R published its initial climate change vulnerability study. The studies evaluated present-day infrastructure, design specifications, procedures under a range of potential climate futures and a suite of adaptation investments for consideration. The Utilities' studies identified rising temperature, flooding, wind and ice and extreme and compound weather events, including, but not limited to, hurricanes, heat waves, Nor'easters, cold snaps and deluge rain to be the risks to their systems resulting from the impact of climate change as manifested in increased system load, asset degradation, equipment damage, accessibility and worker safety. The Utilities' studies were developed pursuant to a New York State Public Service law that requires all New York electric utilities to conduct a climate change vulnerability study by September 2023 and develop and file for approval by the NYSPSC a climate resilience investment plan by November 2023 that proposes storm hardening and resilience measures for the next ten years and twenty years. The law authorizes utilities to recover costs through a climate resilience cost recovery surcharge for costs incurred outside of rate proceedings and roll any unrecovered costs into base rates when base rates are next reset. The New York utilities are required to file an updated climate resilience investment plan with the NYSPSC for approval at least every five years.

Also in September 2023, CECONY and O&R filed an update to their May 2023 combined gas system long-term plan for their gas distribution systems. The Utilities' plan has a 20-year horizon to achieve the greenhouse gas emissions reduction targets of the CLCPA and includes three pathways: (1) a reference pathway based on investments approved by the NYSPSC, (2) an alternate hybrid electric generation and low-carbon fuels pathway and (3) an alternate deep electrification pathway. The September 2023 update concludes that gas sales and emissions in their service territories are projected to decline under all three pathways. However, the reference pathway's substantial reliance on conventional fossil natural gas will prevent achievement of sufficient GHG emissions reductions to meet the CLCPA targets. Ambitious decarbonization strategies that include energy efficiency, electrification and procurement of low-carbon gaseous fuels will enable more meaningful emissions reductions. The Utilities expect to file the final plan by the end of 2023 that will be subject to NYSPSC approval.

In October 2023, NYSERDA announced that it selected three new offshore wind projects for contract negotiations, representing 4,032 MW of energy by 2030. One of the conditional awards, the Community Offshore Wind project, is expected to connect 1,314 MW of offshore wind electricity through CECONY's Brooklyn Clean Energy Hub by 2030 (see "Electric Reliability Needs," below) and another conditional award, the Excelsior Wind project, is expected to connect 1,314 MW of offshore wind electricity using the capability of the Propel NY Energy project discussed above.

Other Environmental Matters

Following media reports, in July 2023, the Environmental Protection Agency, New York State Department of Environmental Conservation, New York State Department of Health and NYSDPS began investigating the potential public health risks associated with lead-jacketed cables in the fixed-line telecommunications industry. The use of lead-jacketed electric cables began in the 1880s to protect conducting wires from exposure to the elements. All of the Utilities' transmission cables that are in service and lead-jacketed are covered with an outer plastic layer and comprise less than 2 percent of CECONY's transmission system and less than 5 percent of O&R's transmission system. CECONY installed lead-jacketed cables without an outer plastic layer in its distribution system until the 1980's. CECONY's distribution cables that are in service and lead-jacketed may or may not have an outer plastic layer and may be located within a conduit and manhole system, directly buried or strung in the air between poles and comprise less than 14 percent of its distribution system. O&R's distribution cables are not lead-jacketed. CECONY's transmission and distribution systems also contain lead-jacketed cables that were retired in place. CECONY continues to replace lead-jacketed distribution cables, as needed, and recover the costs for cable replacements, pursuant to its electric rate plan. The Companies are unable to predict the impact on them, if any, resulting from potential developments to legal or public policy doctrines regarding cable that contains lead.

In July 2021, a CECONY feeder failure led to the discharge of thousands of gallons of dielectric fluid from a street manhole in New Rochelle, New York. Dielectric fluid reached nearby streets, properties and the New Rochelle Harbor. CECONY, the U.S. Coast Guard, the NYSDEC and other agencies responded to the incident. CECONY stopped the feeder leak on the same day the discharge occurred and has completed the spill recovery and associated cleanup operations. As a result of the discharge, CECONY received third-party damage claims. The costs associated with this matter are not expected to have a material adverse effect on CECONY's financial condition, results of operations and liquidity. In connection with the incident, CECONY may incur monetary sanctions of more than \$0.3 million for violations of certain provisions regulating the discharge of materials into, and for the protection of, the environment.

For additional information about the Companies' environmental matters, see Note G to the Third Quarter Financial Statements.

Electric Reliability Needs

In 2019, the New York State Department of Environmental Conservation (NYSDEC) issued regulations (Peaker Rule) that may require the retirement or seasonal unavailability of fossil-fueled electric generating units owned by CECONY and others in New York City. The Peaker Rule limits nitrous oxides emissions during the ozone season from May through September and affects older peaking units that are generally located downstate and needed during periods of high electric demand or for local reliability purposes. Compliance with the Peaker Rule requires affected units (approximately 1,400 MW in CECONY's service territory, of which 79 MW is owned by CECONY) to cease operation during the ozone season, install emission controls, repower, or retire by 2023 or 2025. The NYISO, in its 2020 Reliability Needs Assessment study that was approved by the NYISO board, reported local and bulk transmission system reliability needs that are expected to be caused by the retirement or unavailability of some of the impacted units.

In January 2021, CECONY updated its Local Transmission Plan to address identified reliability needs on its local system resulting from the Peaker Rule through the construction of three transmission projects, the Reliable Clean City (RCC) projects. In April 2021, the NYSPSC approved CECONY's December 2020 petition to recover \$780 million of costs to construct the RCC projects. In May 2023, the first of the three RCC projects was completed and the remaining two are expected to be completed in 2025.

In April 2023, the NYSPSC approved CECONY's December 2022 petition seeking cost recovery approval for a proposed clean energy hub in Brooklyn, New York (Brooklyn Clean Energy Hub) at an estimated cost of \$810 million and an estimated in-service date of December 2027, that is in addition to the capital expenditures approved in CECONY's 2023 electric rate plan. See "Rate Plans - CECONY - Electric and Gas" in Note B to the Third Quarter Financial Statements. The Brooklyn Clean Energy Hub primarily addresses an identified reliability need in 2028 due to a forecasted increase in electric demand. The Brooklyn Clean Energy Hub is also identified as an interconnection hub that can support injection of offshore wind or other resources.

In July 2023, the NYISO issued its Short-Term Assessment of Reliability report that finds an electric reliability need beginning in the summer of 2025 in CECONY's New York City territory primarily driven by forecasted increases in peak demand and the assumed unavailability of certain generation affected by the Peaker Rule and a solicitation for market-based solutions from developers. In October 2023, CECONY, as the Responsible Transmission Owner, submitted its response to the NYISO. The NYISO will evaluate all proposals by November 2023 and determine if any combination of proposed solutions will meet the reliability need. NYISO stated that it would only temporarily retain peakers as a last step approach if it does not expect that other solutions will be in place by the time the identified reliability need is expected in 2025.

Separately, CECONY's 2023 electric rate plan includes approvals and cost recovery for capital projects to meet reliability needs in New York City. CECONY's project to transfer electric customers from its Brownsville substation to its Glendale substation is expected to be completed in 2026 at an estimated cost of \$115 million. CECONY's projects to build a transmission feeder between Vernon and Newtown and the Gateway Park area substation are expected to be completed in 2026 and 2028, respectively, at estimated costs of \$125.4 million and \$1,100 million, respectively.

In August 2023, CECONY filed a petition with the NYSPSC requesting authorization and cost recovery to construct two new substations in Jamaica, Queens (the Reliable Clean City - Idlewild Project) by May 2028 to meet anticipated reliability needs and to support New York State's electrification and CLCPA goals. CECONY estimates

that construction will cost \$1,200 million. CECONY proposed cost recovery through a surcharge or base rates, depending on the in-service date and the timing of future rate filings. CECONY's petition is subject to approval by the NYSPPSC.

Con Edison Transmission

In June 2023, the NYISO selected the Propel NY Energy transmission project that was jointly proposed by New York Transco and the New York Power Authority (NYPA). Propel NY Energy is a 90-mile electric transmission project with an in-service date of 2030 that is expected to enable delivery of a minimum of 3,000 MW of offshore wind electricity, increase high voltage transmission connections between Long Island and the rest of New York State and provide New Yorkers with greater access to diverse energy resources. New York Transco's share of the project cost is expected to be approximately \$2,200 million, excluding its interconnection costs and the cost of projects expected to be built by local transmission owners, including CECONY. Con Edison Transmission has a 41.7 percent interest in New York Transco's share of the Propel NY Energy project. The siting, construction and operation of the project will require approvals and permits from appropriate governmental agencies and authorities, including the NYSPPSC. In October 2023, NYSEERDA announced that it selected three new offshore wind projects for contract negotiations, one of which is expected to connect 1,314 MW of offshore wind electricity using the capability of the Propel NY Energy project. See "Environmental Matters - Clean Energy Future - Clean Energy Goals," above.

In April 2019, the NYISO selected New York Transco's New York Energy Solution (NYES) project, of which Con Edison Transmission owns a 45.7 percent interest, to relieve transmission congestion between upstate and downstate (\$600 million estimated cost, excluding certain interconnection costs). Construction has been completed for the NYES project and the associated Rock Tavern to Sugarloaf segment, and a majority of the assets were placed in service during the second quarter of 2023. Construction of the associated Dover Station, an additional network upgrade to support the NYES project, has not been completed and its permits are the subject of litigation in New York State. In November 2017, FERC approved a settlement agreement with respect to the NYES project that provides for a 10.65 percent return on common equity (which is comprised of a 9.65 percent base ROE, with 100 basis points added for congestion reduction and a cost containment mechanism applicable to certain capital costs) and a maximum actual common equity ratio of 53 percent. The interconnection costs of the awarded project segment include network upgrades identified by the NYISO and NYSPPSC that earn the same base ROE, with a 50-basis point adder. Revenues for the NYES project, including the Dover Station, are collected by the NYISO including 100 percent of construction work-in-progress, and are allocated across NYISO transmission customers in New York State with 84 percent allocated to load serving entities in the CECONY and O&R service areas.

The Mountain Valley Pipeline is being constructed by a joint venture in which Con Edison Transmission owns an 8.8 percent interest that is expected to be reduced to as low as 7.3 percent based on the latest project cost estimate and Con Edison Transmission's previous capping of its cash contributions to the joint venture. In mid-August 2023, construction of the Mountain Valley Pipeline resumed after resolution of certain legal challenges. In October 2023, the operator of the Mountain Valley Pipeline indicated that it is now targeting an in-service date for the project in the first quarter of 2024 at an overall project cost of approximately \$7,200 million excluding allowance for funds used during construction. At September 30, 2023, Con Edison Transmission's carrying value of its investment in the Mountain Valley Pipeline was \$111 million and its cash contributions to the joint venture amounted to \$530 million. See "Investments - Investment in Mountain Valley Pipeline, LLC (MVP)" in Note A.

Financial and Commodity Market Risks

The Companies are subject to various risks and uncertainties associated with financial and commodity markets. The most significant market risks include interest rate risk, commodity price risk and investment risk.

Interest Rate Risk

The Companies' interest rate risk primarily relates to new debt financing needed to fund capital requirements, including the construction expenditures of the Utilities and maturing debt securities, and variable-rate debt. Con Edison and its subsidiaries manage interest rate risk through the issuance of mostly fixed-rate debt with varying maturities and through opportunistic refinancing of debt. Con Edison and CECONY estimate that at September 30, 2023, a 10 percent increase in interest rates applicable to its variable rate debt would result in an increase in annual interest expense of \$12 million. Under CECONY's current electric, gas and steam rate plans, variations in actual variable rate tax-exempt debt interest expense, including costs associated with the refinancing of the variable rate tax-exempt debt, are reconciled to levels reflected in rates.

Inflationary pressure has prompted the Federal Reserve to increase interest rates. Higher interest rates have resulted in, and are expected to continue to result in, increased interest expense on commercial paper, variable-rate debt and long-term debt issuances.

Commodity Price Risk

Con Edison's commodity price risk primarily relates to the purchase and sale of electricity, gas and related derivative instruments. The Utilities apply, and the Clean Energy Businesses applied risk management strategies to mitigate their related exposures. See Note N to the Third Quarter Financial Statements.

Con Edison estimates that, as of September 30, 2023, a 10 percent decline in market prices would result in a decline in fair value of \$177 million for the derivative instruments used by the Utilities to hedge purchases of electricity and gas, of which \$165 million is for CECONY and \$12 million is for O&R. Con Edison expects that any such change in fair value would be largely offset by directionally opposite changes in the cost of the electricity and gas purchased.

The Utilities do not make any margin or profit on the electricity or gas they sell. In accordance with provisions approved by state regulators, the Utilities generally recover from full-service customers the costs they incur for energy purchased for those customers, including gains and losses on certain derivative instruments used to hedge energy purchased and related costs. However, increases in electric and gas commodity prices may contribute to a slower recovery of cash from outstanding customer accounts receivable balances and increases to the allowance for uncollectible accounts, and may result in increases to write-offs of customer accounts receivable balances.

Investment Risk

The Companies' investment risk relates to the investment of plan assets for their pension and other postretirement benefit plans. Con Edison's investment risk also relates to the investments of Con Edison Transmission that are accounted for under the equity method. See "Investments" in Note A to the Third Quarter Financial Statements.

The Companies' current investment policy for pension plan assets includes investment targets of 28 to 38 percent equity securities, 42 to 60 percent debt securities and 12 to 22 percent alternatives. At September 30, 2023, the pension plan investments consisted of 32 percent equity securities, 49 percent debt securities and 19 percent alternatives.

For the Utilities' pension and other postretirement benefit plans, regulatory accounting treatment is generally applied in accordance with the accounting rules for regulated operations. In accordance with the Statement of Policy issued by the NYSPSC and its current electric, gas and steam rate plans, CECONY defers for payment to or recovery from customers the difference between the pension and other postretirement benefit expenses and the amounts for such expenses reflected in rates. O&R also defers such difference pursuant to its New York rate plans.

Material Contingencies

For information concerning potential liabilities arising from the Companies' material contingencies, see "COVID-19 Regulatory Matters" and "Other Regulatory Matters" in Note B and Notes G and H to the Third Quarter Financial Statements.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

For information about the Companies' primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments, see "Financial and Commodity Market Risks," in Part I, Item 2 of this report, that is incorporated herein by reference.

Item 4: Controls and Procedures

The Companies maintain disclosure controls and procedures designed to provide reasonable assurance that the information required to be disclosed in the reports that they submit to the Securities and Exchange Commission (SEC) is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to the issuer's management,

including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. For each of the Companies, its management, with the participation of its principal executive officer and principal financial officer, has evaluated its disclosure controls and procedures as of the end of the period covered by this report and, based on such evaluation, has concluded that the controls and procedures are effective to provide such reasonable assurance. Reasonable assurance is not absolute assurance, however, and there can be no assurance that any design of controls or procedures would be effective under all potential future conditions, regardless of how remote.

There was no change in the Companies' internal control over financial reporting that occurred during the Companies' most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Companies' internal control over financial reporting.

Part II Other Information

Item 1: Legal Proceedings

For information about certain legal proceedings affecting the Companies, see "Other Regulatory Matters" in Note B and Notes G and H to the financial statements in Part I, Item 1 of this report and "Environmental Matters - Other Environmental Matters" in Part I, Item 2 of this report, that is incorporated herein by reference.

Item 1A: Risk Factors

There were no material changes in the Companies' risk factors compared to those disclosed in Item 1A of the Form 10-K.

Item 5: Other Information

During the three months ended September 30, 2023, no director or officer (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted, terminated or modified any Rule 10b5-1 or non-Rule 10b5-1 trading arrangement (as defined in Item 408(a) of Regulation S-K).

Item 6: Exhibits

Con Edison

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|-----------------|---|
| Exhibit 31.1.1 | Rule 13a-14(a)/15d-14(a) Certifications – Chief Executive Officer. |
| Exhibit 31.1.2 | Rule 13a-14(a)/15d-14(a) Certifications – Chief Financial Officer. |
| Exhibit 32.1.1 | Section 1350 Certifications – Chief Executive Officer. |
| Exhibit 32.1.2 | Section 1350 Certifications – Chief Financial Officer. |
| Exhibit 101.INS | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| Exhibit 101.SCH | XBRL Taxonomy Extension Schema. |
| Exhibit 101.CAL | XBRL Taxonomy Extension Calculation Linkbase. |
| Exhibit 101.DEF | XBRL Taxonomy Extension Definition Linkbase. |
| Exhibit 101.LAB | XBRL Taxonomy Extension Label Linkbase. |
| Exhibit 101.PRE | XBRL Taxonomy Extension Presentation Linkbase. |
| Exhibit 104 | Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document. |

CECONY

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|-----------------|---|
| Exhibit 3.2 | By-laws of Consolidated Edison Company of New York, Inc., effective as of February 1, 2024. |
| Exhibit 31.2.1 | Rule 13a-14(a)/15d-14(a) Certifications – Chief Executive Officer. |
| Exhibit 31.2.2 | Rule 13a-14(a)/15d-14(a) Certifications – Chief Financial Officer. |
| Exhibit 32.2.1 | Section 1350 Certifications – Chief Executive Officer. |
| Exhibit 32.2.2 | Section 1350 Certifications – Chief Financial Officer. |
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| Exhibit 101.PRE | XBRL Taxonomy Extension Presentation Linkbase. |
| Exhibit 104 | Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document. |

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, instruments defining the rights of holders of long-term debt of Con Edison's subsidiaries other than CECONY, the total amount of which does not exceed ten percent of the total assets of Con Edison and its subsidiaries on a consolidated basis, are not filed as exhibits to Con Edison's Form 10-K or Form 10-Q. Con Edison agrees to furnish to the SEC upon request a copy of any such instrument.

Signatures

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

Consolidated Edison, Inc.
Consolidated Edison Company of New York, Inc.

Date: November 2, 2023

By _____ /s/ Robert Hoglund
Robert Hoglund
Senior Vice President, Chief
Financial Officer and Duly
Authorized Officer