

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Quarterly Report Pursuant To Section 13 or 15(d)
of the Securities Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1998

OR

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

Commission File Number	Exact name of registrant as specified in its charter and principal office address and telephone number	State of Incorporation	I.R.S. Employer I.D. Number
1-14514	CONSOLIDATED EDISON, INC. 4 Irving Place, New York, New York 10003 (212) 460-3900	New York	13-3965100
1-1217	CONSOLIDATED EDISON COMPANY of New York, Inc. 4 Irving Place, New York, New York 10003 (212) 460-4600	New York	13-5009340

Each Registrant 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 and has been subject to such filing requirements for the past 90 days.

Yes No

As of the close of business on October 31, 1998, (i) Consolidated Edison, Inc. ("CEI") had outstanding 233,186,794 Common Shares (\$.10 par value) and (ii) all of the outstanding Common Stock (\$2.50 par value) of Consolidated Edison Company of New York, Inc. was held by CEI.

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FILING FORMAT

This Quarterly Report on Form 10-Q is a combined quarterly report being filed separately by two different registrants: CEI and Consolidated Edison Company of New York, Inc. ("Con Edison"). CEI became the holding company for Con Edison on January 1, 1998. See "Corporate Structure" in Item 1 of the combined CEI and Con Edison Annual Reports on Form 10-K for the year ended December 31, 1997 (File Nos. 1-14514 and 1-1217, the "1997 Form 10-K"). Any references in this report to the "Company" are to CEI and Con Edison, collectively. Con Edison makes no representation as to the information contained in this report relating to CEI and the subsidiaries of CEI other than Con Edison.

CONSOLIDATED EDISON, INC.

 CONSOLIDATED BALANCE SHEET

AS AT SEPTEMBER 30, 1998, DECEMBER 31, 1997 AND SEPTEMBER 30, 1997

	As At		
	Sept. 30, 1998	Dec. 31, 1997	Sept. 30, 1997

	(Thousands of Dollars)		

ASSETS			
UTILITY PLANT, AT ORIGINAL COST			
Electric	\$11,944,613	\$11,743,745	\$11,791,029
Gas	1,807,946	1,741,562	1,713,438
Steam	594,841	576,206	566,576
General	1,203,783	1,203,427	1,194,314
	-----	-----	-----
Total	15,551,183	15,264,940	15,265,357
Less: Accumulated depreciation	4,630,649	4,392,377	4,493,341
	-----	-----	-----
Net	10,920,534	10,872,563	10,772,016
Construction work in progress	315,912	292,218	278,244
Nuclear fuel assemblies and components, less accumulated amortization	105,113	102,321	99,498
	-----	-----	-----
NET UTILITY PLANT	11,341,559	11,267,102	11,149,758
	-----	-----	-----
CURRENT ASSETS			
Cash and temporary cash investments	153,824	183,458	269,866
Funds held for redemption of preferred stock	74,156	-	-
Funds held for refunding of debt	-	328,874	-
Accounts receivable customer, less allowance for uncollectible accounts of \$23,778, \$21,600 and \$21,674	618,287	581,163	543,821
Other receivables	45,668	60,759	62,921
Regulatory accounts receivable	(917)	(1,682)	10,013
Fuel, at average cost	29,324	53,697	41,894
Gas in storage, at average cost	52,320	37,209	49,099
Materials and supplies, at average cost	188,735	191,759	198,667
Prepayments	241,671	75,516	201,729
Other current assets	17,153	16,457	16,021
	-----	-----	-----
TOTAL CURRENT ASSETS	1,420,219	1,527,210	1,394,031
	-----	-----	-----
Investments and nonutility property	345,724	292,397	230,789
	-----	-----	-----
Deferred charges			
Enlightened Energy program costs	79,704	117,807	112,164
Unamortized debt expense	134,605	126,085	123,273
Recoverable fuel costs	21,411	98,301	57,399
Power contract termination costs	70,282	80,978	54,330
Other deferred charges	248,867	239,559	268,779
	-----	-----	-----
TOTAL DEFERRED CHARGES	554,869	662,730	615,945
	-----	-----	-----
Regulatory asset-future federal INCOME TAXES	860,841	973,079	930,681
	-----	-----	-----
TOTAL	\$14,523,212	\$14,722,518	\$14,321,204
	=====	=====	=====

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

CONSOLIDATED EDISON, INC.

 CONSOLIDATED BALANCE SHEET

AS AT SEPTEMBER 30, 1998, DECEMBER 31, 1997 AND SEPTEMBER 30, 1997

	As At		
	Sept. 30, 1998	Dec. 31, 1997	Sept. 30, 1997
	----- (Thousands of Dollars)		
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION			
Common stock, authorized 500,000,000 shares; outstanding 233,186,794 shares, 235,489,650 shares and 235,033,168 shares	\$ 1,482,342	\$ 1,482,351	\$ 1,478,840
Treasury stock, at cost; 1998 - 2,301,300 shares	(102,178)	-	-
Retained earnings	4,692,205	4,484,703	4,469,185
Capital stock expense	(36,759)	(36,975)	(36,249)
Total common shareholders' equity	6,035,610	5,930,079	5,911,776
Preferred stock			
Subject to mandatory redemption			
7.20% Series I	47,500	47,500	47,500
6-1/8% Series J	37,050	37,050	37,050
TOTAL SUBJECT TO MANDATORY REDEMPTION	84,550	84,550	84,550
Other preferred stock			
\$ 5 Cumulative Preferred	175,000	175,000	175,000
5-3/4% Series A	7,061	7,061	7,061
5-1/4% Series B	13,844	13,844	13,844
4.65% Series C	15,330	15,330	15,330
4.65% Series D	22,233	22,233	22,233
6% Convertible Series B	-	-	4,326
TOTAL OTHER PREFERRED STOCK	233,468	233,468	237,794
TOTAL PREFERRED STOCK	318,018	318,018	322,344
Long-term debt	4,047,837	4,188,906	4,288,837
TOTAL CAPITALIZATION	10,401,465	10,437,003	10,522,957
NONCURRENT LIABILITIES			
Obligations under capital leases	37,771	39,879	40,575
Other noncurrent liabilities	158,235	106,137	83,926
TOTAL NONCURRENT LIABILITIES	196,006	146,016	124,501
CURRENT LIABILITIES			
Long-term debt due within one year	325,000	529,385	102,630
Accounts payable	364,093	440,114	416,872
Customer deposits	177,023	161,731	161,548
Accrued taxes	150,516	65,736	145,440
Accrued interest	70,356	85,613	67,336
Accrued wages	82,691	82,556	80,345
Other current liabilities	179,193	183,122	132,999
TOTAL CURRENT LIABILITIES	1,348,872	1,548,257	1,107,170
PROVISIONS RELATED TO FUTURE FEDERAL INCOME TAXES AND OTHER DEFERRED CREDITS			
Accumulated deferred federal income tax	2,306,304	2,307,835	2,299,834
Accumulated deferred investment tax credits	157,110	163,680	165,850
Other deferred credits	113,455	119,727	100,892
TOTAL DEFERRED CREDITS	2,576,869	2,591,242	2,566,576
TOTAL	\$14,523,212	\$14,722,518	\$14,321,204
	=====	=====	=====

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

CONSOLIDATED EDISON, INC.

 CONSOLIDATED INCOME STATEMENT

 FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

	1998	1997
	----	----
	(THOUSANDS OF DOLLARS)	
Operating revenues		
Electric	\$1,818,856	\$1,786,147
Gas	139,928	157,623
Steam	62,946	67,258
Non-utility	39,893	16,310
	-----	-----
TOTAL OPERATING REVENUES	2,061,623	2,027,338
	-----	-----
OPERATING EXPENSES		
Purchased power	322,123	337,088
Fuel	203,186	188,708
Gas purchased for resale	61,230	62,710
Other operations	273,265	272,604
Maintenance	115,259	106,229
Depreciation and amortization	130,206	126,451
Taxes, other than federal income tax	326,063	312,722
Federal income tax	191,888	186,043
	-----	-----
TOTAL OPERATING EXPENSES	1,623,220	1,592,555
	-----	-----
OPERATING INCOME	438,403	434,783
OTHER INCOME (DEDUCTIONS)		
Investment income	1,961	2,599
Allowance for equity funds used during construction	647	756
Other income less miscellaneous deductions	(10,282)	(515)
Federal income tax	1,228	643
	-----	-----
TOTAL OTHER INCOME	(6,446)	3,483
	-----	-----
INCOME BEFORE INTEREST CHARGES	431,957	438,266
Interest on long-term debt	76,821	80,330
Other interest	3,913	3,262
Allowance for borrowed funds used during construction	(332)	(371)
	-----	-----
NET INTEREST CHARGES	80,402	83,221
	-----	-----
PREFERRED STOCK DIVIDEND REQUIREMENTS	4,537	4,601
	-----	-----
NET INCOME FOR COMMON STOCK	\$ 347,018	\$ 350,444
	=====	=====
COMMON SHARES OUTSTANDING AVERAGE (000)	233,628	235,030
BASIC AND DILUTED EARNINGS PER SHARE	\$1.49	\$1.49
	=====	=====
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$0.53	\$0.525
	=====	=====

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

CONSOLIDATED EDISON, INC.

CONSOLIDATED INCOME STATEMENT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

	1998	1997
	-----	-----
	(THOUSANDS OF DOLLARS)	
Operating revenues		
Electric	\$4,396,499	\$4,283,463
Gas	735,660	826,019
Steam	255,747	291,708
Non-utility	87,805	49,791
	-----	-----
TOTAL OPERATING REVENUES	5,475,711	5,450,981
	-----	-----
OPERATING EXPENSES		
Purchased power	1,004,799	1,004,017
Fuel	461,610	462,488
Gas purchased for resale	337,571	403,915
Other operations	838,483	839,560
Maintenance	365,943	367,251
Depreciation and amortization	387,729	375,248
Taxes, other than federal income tax	918,697	888,533
Federal income tax	319,864	301,974
	-----	-----
TOTAL OPERATING EXPENSES	4,634,696	4,642,986
	-----	-----
OPERATING INCOME	841,015	807,995
OTHER INCOME (DEDUCTIONS)		
Investment income	7,945	6,577
Allowance for equity funds used during construction	1,734	4,076
Other income less miscellaneous deductions	(9,747)	(1,241)
Federal income tax	774	(956)
	-----	-----
TOTAL OTHER INCOME	706	8,456
	-----	-----
INCOME BEFORE INTEREST CHARGES	841,721	816,451
Interest on long-term debt	232,864	238,274
Other interest	15,226	10,963
Allowance for borrowed funds used during construction	(889)	(1,998)
	-----	-----
NET INTEREST CHARGES	247,201	247,239
	-----	-----
PREFERRED STOCK DIVIDEND REQUIREMENTS	13,609	13,808
	-----	-----
NET INCOME FOR COMMON STOCK	\$ 580,911	\$ 555,404
	=====	=====
COMMON SHARES OUTSTANDING AVERAGE (000)	234,679	235,016
BASIC AND DILUTED EARNINGS PER SHARE	\$2.48	\$2.36
	=====	=====
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$1.59	\$1.575
	=====	=====

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

CONSOLIDATED EDISON, INC.

 CONSOLIDATED INCOME STATEMENT

 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

	1998	1997
	-----	-----
	(THOUSANDS OF DOLLARS)	
Operating revenues		
Electric	\$5,748,611	\$5,585,861
Gas	1,003,521	1,069,676
Steam	355,838	377,948
Non-utility	112,911	93,192
	-----	-----
TOTAL OPERATING REVENUES	7,220,881	7,126,677
	-----	-----
OPERATING EXPENSES		
Purchased power	1,350,370	1,316,727
Fuel	595,946	585,544
Gas purchased for resale	486,253	549,304
Other operations	1,123,626	1,154,643
Maintenance	473,480	476,586
Depreciation and amortization	515,935	497,868
Taxes, other than federal income tax	1,211,319	1,168,247
Federal income tax	395,612	370,865
	-----	-----
TOTAL OPERATING EXPENSES	6,152,541	6,119,784
	-----	-----
OPERATING INCOME	1,068,340	1,006,893
OTHER INCOME (DEDUCTIONS)		
Investment income	13,582	10,219
Allowance for equity funds used during construction	2,106	5,404
Other income less miscellaneous deductions	(12,606)	(4,685)
Federal income tax	(268)	(1,195)
	-----	-----
TOTAL OTHER INCOME	2,814	9,743
	-----	-----
INCOME BEFORE INTEREST CHARGES	1,071,154	1,016,636
Interest on long-term debt	312,748	315,663
Other interest	21,347	14,235
Allowance for borrowed funds used during construction	(1,072)	(2,621)
	-----	-----
NET INTEREST CHARGES	333,023	327,277
	-----	-----
PREFERRED STOCK DIVIDEND REQUIREMENTS	18,144	18,418
	-----	-----
NET INCOME FOR COMMON STOCK	\$ 719,987	\$ 670,941
	=====	=====
COMMON SHARES OUTSTANDING AVERAGE (000)	234,788	235,009
BASIC AND DILUTED EARNINGS PER SHARE	\$3.07	\$2.85
	=====	=====
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$2.115	\$2.095
	=====	=====

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

CONSOLIDATED EDISON, INC.

 CONSOLIDATED STATEMENT OF CASH FLOWS

 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

	1998	1997
	----	----
	(THOUSANDS OF DOLLARS)	
OPERATING ACTIVITIES		
Net income applicable to common stock	\$ 580,911	\$ 555,404
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME		
Depreciation and amortization	387,729	375,248
Deferred recoverable fuel costs	76,890	44,063
Federal income tax deferred	95,510	56,250
Common equity component of allowance for funds used during construction	(1,687)	(3,959)
Other non-cash credits	(4,696)	18,968
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable customer, less allowance for uncollectibles	(37,124)	183
Regulatory accounts receivable	(765)	35,384
Materials and supplies, including fuel and gas in storage	12,286	24,829
Prepayments, other receivables and other current assets	(151,758)	(158,956)
Enlightened Energy program costs	38,103	21,554
Power contract termination costs	(54,435)	(48,215)
Cost of removal less salvage	904	27,126
Accounts payable	(76,021)	(14,243)
Accrued income taxes	80,669	101,516
Other-net	31,450	(87,096)
	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	977,966	948,056
	-----	-----
INVESTING ACTIVITIES INCLUDING CONSTRUCTION		
Construction expenditures	(414,249)	(433,661)
Nuclear fuel expenditures	(4,462)	(10,402)
Contributions to nuclear decommissioning trust	(15,976)	(19,174)
Common equity component of allowance for funds used during construction	1,687	3,959
	-----	-----
NET CASH FLOWS FROM INVESTING ACTIVITIES INCLUDING CONSTRUCTION	(433,000)	(459,278)
	-----	-----
FINANCING ACTIVITIES INCLUDING DIVIDENDS		
Repurchase of common stock	(102,178)	-
Issuance of long-term debt	460,000	150,000
Retirement of long-term debt	(100,000)	(103,626)
Advance refunding of long-term debt	(705,240)	-
Issuance and refunding costs	(8,544)	(2,013)
Funds held for refunding of debt	328,874	-
Funds held for redemption of preferred stock	(74,156)	-
Common stock dividends	(373,356)	(370,155)
	-----	-----
NET CASH FLOWS FROM FINANCING ACTIVITIES INCLUDING DIVIDENDS	(574,600)	(325,794)
	-----	-----
NET DECREASE IN CASH AND TEMPORARY CASH INVESTMENTS	(29,634)	162,984
CASH AND TEMPORARY CASH INVESTMENTS AT JANUARY 1	183,458	106,882
	-----	-----
CASH AND TEMPORARY CASH INVESTMENTS AT SEPTEMBER 30	\$ 153,824	\$ 269,866
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 240,016	\$ 247,138
Income taxes	145,935	147,387

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

CONSOLIDATED EDISON, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

	1998	1997
	-----	-----
	(THOUSANDS OF DOLLARS)	
OPERATING ACTIVITIES		
Net income applicable to common stock	\$ 719,987	\$ 670,941
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME		
Depreciation and amortization	515,935	497,868
Deferred recoverable fuel costs	35,988	(26,171)
Federal income tax deferred	61,880	46,090
Common equity component of allowance for funds used during construction	(2,049)	(5,212)
Other non-cash credits	(6,396)	28,229
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable customer, less allowance for uncollectibles	(74,466)	21,892
Regulatory accounts receivable	10,930	23,488
Materials and supplies, including fuel and gas in storage	19,281	9,094
Prepayments, other receivables and other current assets	(23,821)	(33,559)
Enlightened Energy program costs	32,460	15,143
Power contract termination costs	(79,939)	(70,743)
Cost of removal less salvage	(14,671)	39,113
Accounts payable	(52,779)	62,954
Accrued income taxes	2,978	3,338
Other-net	104,720	(44,104)
	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,250,038	1,238,361
	-----	-----
INVESTING ACTIVITIES INCLUDING CONSTRUCTION		
Construction expenditures	(634,809)	(630,047)
Nuclear fuel expenditures	(8,639)	(57,884)
Contributions to nuclear decommissioning trust	(18,103)	(21,301)
Common equity component of allowance for funds used during construction	2,049	5,212
	-----	-----
NET CASH FLOWS FROM INVESTING ACTIVITIES INCLUDING CONSTRUCTION	(659,502)	(704,020)
	-----	-----
FINANCING ACTIVITIES INCLUDING DIVIDENDS		
Repurchase of common stock	(102,178)	-
Issuance of long-term debt	790,000	300,000
Retirement of long-term debt	(102,630)	(179,715)
Advance refunding of long-term debt	(705,240)	-
Issuance and refunding costs	(15,461)	(9,688)
Funds held for redemption of preferred stock	(74,156)	-
Common stock dividends	(496,913)	(492,351)
	-----	-----
NET CASH FLOWS FROM FINANCING ACTIVITIES INCLUDING DIVIDENDS	(706,578)	(381,754)
	-----	-----
NET DECREASE IN CASH AND TEMPORARY CASH INVESTMENTS	(116,042)	152,587
CASH AND TEMPORARY CASH INVESTMENTS AT JANUARY 1	269,866	117,279
	-----	-----
CASH AND TEMPORARY CASH INVESTMENTS AT SEPTEMBER 30	\$ 153,824	\$ 269,866
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 303,188	\$ 302,720
Income taxes	334,179	324,387

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

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

BALANCE SHEET

AS AT SEPTEMBER 30, 1998, DECEMBER 31, 1997 AND SEPTEMBER 30, 1997

	As At		
	Sept. 30, 1998	Dec. 31, 1997	Sept. 30, 1997
(Thousands of Dollars)			
ASSETS			
UTILITY PLANT, AT ORIGINAL COST			
Electric	\$11,944,613	\$11,743,745	\$11,791,029
Gas	1,807,946	1,741,562	1,713,438
Steam	594,841	576,206	566,576
General	1,203,783	1,203,427	1,194,314
	-----	-----	-----
Total	15,551,183	15,264,940	15,265,357
Less: Accumulated depreciation	4,630,649	4,392,377	4,493,341
	-----	-----	-----
Net	10,920,534	10,872,563	10,772,016
Construction work in progress	315,912	292,218	278,244
Nuclear fuel assemblies and components, less accumulated amortization	105,113	102,321	99,498
	-----	-----	-----
NET UTILITY PLANT	11,341,559	11,267,102	11,149,758
	-----	-----	-----
CURRENT ASSETS			
Cash and temporary cash investments	69,170	183,458	269,866
Funds held for redemption of preferred stock	74,156	-	-
Funds held for refunding of debt	-	328,874	-
Accounts receivable customer, less allowance for uncollectible accounts of \$22,798, \$21,600 and \$21,674	600,580	581,163	543,821
Other receivables	44,521	60,759	62,921
Regulatory accounts receivable	(917)	(1,682)	10,013
Fuel, at average cost	29,324	53,697	41,894
Gas in storage, at average cost	49,208	37,209	49,099
Materials and supplies, at average cost	188,735	191,759	198,667
Prepayments	240,787	75,516	201,729
Other current assets	17,922	16,457	16,021
	-----	-----	-----
TOTAL CURRENT ASSETS	1,313,486	1,527,210	1,394,031
	-----	-----	-----
INVESTMENTS AND NONUTILITY PROPERTY	253,758	292,397	230,789
	-----	-----	-----
DEFERRED CHARGES			
Enlightened Energy program costs	79,704	117,807	112,164
Unamortized debt expense	134,605	126,085	123,273
Recoverable fuel costs	21,411	98,301	57,399
Power contract termination costs	70,282	80,978	54,330
Other deferred charges	248,867	239,559	268,779
	-----	-----	-----
TOTAL DEFERRED CHARGES	554,869	662,730	615,945
	-----	-----	-----
REGULATORY ASSET - FUTURE FEDERAL INCOME TAXES	860,841	973,079	930,681
	-----	-----	-----
TOTAL	\$14,324,513	\$14,722,518	\$14,321,204
	=====	=====	=====

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

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

BALANCE SHEET

AS AT SEPTEMBER 30, 1998, DECEMBER 31, 1997 AND SEPTEMBER 30, 1997

	As At		
	Sept. 30, 1998	Dec. 31, 1997	Sept. 30, 1997
	(Thousands of Dollars)		
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION			
Common stock	\$ 1,482,342	\$ 1,482,351	\$ 1,478,840
Repurchased CEI common stock	(102,178)	-	-
Retained earnings	4,506,481	4,484,703	4,469,185
Capital stock expense	(36,759)	(36,975)	(36,249)
TOTAL COMMON SHAREHOLDERS' EQUITY	5,849,886	5,930,079	5,911,776
Preferred stock			
Subject to mandatory redemption			
7.20% Series I	47,500	47,500	47,500
6-1/8% Series J	37,050	37,050	37,050
TOTAL SUBJECT TO MANDATORY REDEMPTION	84,550	84,550	84,550
Other preferred stock			
\$ 5 Cumulative Preferred	175,000	175,000	175,000
5-3/4% Series A	7,061	7,061	7,061
5-1/4% Series B	13,844	13,844	13,844
4.65% Series C	15,330	15,330	15,330
4.65% Series D	22,233	22,233	22,233
6% Convertible Series B	-	-	4,326
TOTAL OTHER PREFERRED STOCK	233,468	233,468	237,794
TOTAL PREFERRED STOCK	318,018	318,018	322,344
Long-term debt	4,047,837	4,188,906	4,288,837
TOTAL CAPITALIZATION	10,215,741	10,437,003	10,522,957
NONCURRENT LIABILITIES			
Obligations under capital leases	37,771	39,879	40,575
Other noncurrent liabilities	158,235	106,137	83,926
TOTAL NONCURRENT LIABILITIES	196,006	146,016	124,501
CURRENT LIABILITIES			
Long-term debt due within one year	325,000	529,385	102,630
Accounts payable	356,947	440,114	416,872
Customer deposits	177,023	161,731	161,548
Accrued taxes	155,244	65,736	145,440
Accrued interest	70,397	85,613	67,336
Accrued wages	82,691	82,556	80,345
Other current liabilities	176,654	183,122	132,999
TOTAL CURRENT LIABILITIES	1,343,956	1,548,257	1,107,170
PROVISIONS RELATED TO FUTURE FEDERAL INCOME TAXES AND OTHER DEFERRED CREDITS			
Accumulated deferred federal income tax	2,298,301	2,307,835	2,299,834
Accumulated deferred investment tax credits	157,110	163,680	165,850
Other deferred credits	113,399	119,727	100,892
TOTAL DEFERRED CREDITS	2,568,810	2,591,242	2,566,576
TOTAL	\$14,324,513	\$14,722,518	\$14,321,204

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

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

	1998	1997
	----	----
	(THOUSANDS OF DOLLARS)	
OPERATING ACTIVITIES		
Net income	\$ 607,158	\$ 569,212
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME		
Depreciation and amortization	386,930	375,248
Deferred recoverable fuel costs	76,890	44,063
Federal income tax deferred	95,510	56,250
Common equity component of allowance for funds used during construction	(1,687)	(3,959)
Other non-cash charges	(4,696)	18,968
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable - customers, less allowance for uncollectibles	(42,341)	183
Regulatory accounts receivable	(765)	35,384
Materials and supplies, including fuel and gas in storage	15,398	24,829
Prepayments, other receivables and other current assets	(156,806)	(158,956)
Enlightened Energy program costs	38,103	21,554
Cost of removal less salvage	(54,435)	(48,215)
Power contract termination costs	904	27,126
Accounts payable	(58,517)	(14,243)
Accrued income taxes	80,508	101,516
Other - net	46,164	(87,092)
	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,028,318	961,868
	-----	-----
INVESTING ACTIVITIES INCLUDING CONSTRUCTION		
Construction expenditures	(414,249)	(433,661)
Nuclear fuel expenditures	(4,462)	(10,402)
Contributions to nuclear decommissioning trust	(15,976)	(19,174)
Common equity component of allowance for funds used during construction	1,687	3,959
	-----	-----
NET CASH FLOWS FROM INVESTING ACTIVITIES including construction	(433,000)	(459,278)
	-----	-----
FINANCING ACTIVITIES INCLUDING DIVIDENDS		
Repurchase of common stock	(102,178)	-
Issuance of long-term debt	460,000	150,000
Retirement of long-term debt	(100,000)	(103,626)
Advance refunding of long-term debt	(705,240)	-
Issuance and refunding costs	(8,544)	(2,013)
Funds held for refunding of debt	328,874	-
Funds held for redemption of preferred stock	(74,156)	-
Preferred stock dividends	(13,602)	(13,812)
Common stock dividends	(373,356)	(370,155)
Corporate reorganization	(121,404)	-
	-----	-----
NET CASH FLOWS FROM FINANCING ACTIVITIES including dividends	(709,606)	(339,606)
	-----	-----
NET DECREASE IN CASH AND TEMPORARY CASH INVESTMENTS	(114,288)	162,984
CASH AND TEMPORARY CASH INVESTMENTS AT JANUARY 1	183,458	106,882
	-----	-----
CASH AND TEMPORARY CASH INVESTMENTS AT SEPTEMBER 30	\$ 69,170	\$ 269,866
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 240,016	\$ 247,138
Income taxes	145,935	147,387

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

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

STATEMENT OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

	1998	1997
	-----	-----
	(THOUSANDS OF DOLLARS)	
OPERATING ACTIVITIES		
Net income	\$ 750,768	\$ 689,359
PRINCIPAL NON-CASH CHARGES (CREDITS) TO INCOME		
Depreciation and amortization	515,136	497,868
Deferred recoverable fuel costs	35,988	(26,171)
Federal income tax deferred	61,880	46,090
Common equity component of allowance for funds used during construction	(2,049)	(5,212)
Other non-cash charges	(6,396)	28,229
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable - customers, less allowance for uncollectibles	(79,684)	21,892
Regulatory accounts receivable	10,930	23,488
Materials and supplies, including fuel and gas in storage	22,393	9,094
Prepayments, other receivables and other current assets	(28,868)	(33,559)
Enlightened Energy program costs	32,460	15,143
Cost of removal less salvage	(79,939)	(70,743)
Power contract termination costs	(14,671)	39,113
Accounts payable	(35,274)	62,954
Accrued income taxes	2,817	3,338
Other - net	119,500	(44,103)
	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,304,991	1,256,780
	-----	-----
INVESTING ACTIVITIES INCLUDING CONSTRUCTION		
Construction expenditures	(634,809)	(630,047)
Nuclear fuel expenditures	(8,639)	(57,884)
Contributions to nuclear decommissioning trust	(18,103)	(21,301)
Common equity component of allowance for funds used during construction	2,049	5,212
	-----	-----
NET CASH FLOWS FROM INVESTING ACTIVITIES including construction	(659,502)	(704,020)
	-----	-----
FINANCING ACTIVITIES INCLUDING DIVIDENDS		
Repurchase of common stock	(102,178)	-
Issuance of long-term debt	790,000	300,000
Retirement of long-term debt	(102,630)	(179,715)
Advance refunding of long-term debt	(705,240)	-
Issuance and refunding costs	(15,461)	(9,688)
Common stock dividends	(496,913)	(492,351)
Funds held for redemption of preferred stock	(74,156)	-
Preferred stock dividends	(18,203)	(18,419)
Corporate reorganization	(121,404)	-
	-----	-----
NET CASH FLOWS FROM FINANCING ACTIVITIES INCLUDING DIVIDENDS	(846,185)	(400,173)
	-----	-----
NET DECREASE IN CASH AND TEMPORARY CASH INVESTMENTS	(200,696)	152,587
CASH AND TEMPORARY CASH INVESTMENTS AT OCTOBER 1	269,866	117,279
	-----	-----
CASH AND TEMPORARY CASH INVESTMENTS AT SEPTEMBER 30	\$ 69,170	\$ 269,866
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 303,188	\$ 302,720
Income taxes	334,179	324,387

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

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

INCOME STATEMENT

THREE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

	1998	1997
	----	----
	(THOUSANDS OF DOLLARS)	
Operating revenues		
Electric	\$ 1,839,330	\$ 1,786,147
Gas	139,928	157,623
Steam	62,946	67,258
Non-utility	-	16,310
	-----	-----
TOTAL OPERATING REVENUES	2,042,204	2,027,338
	-----	-----
OPERATING EXPENSES		
Purchased power	321,756	337,088
Fuel	203,186	188,708
Gas purchased for resale	48,844	62,710
Other operations	261,829	272,604
Maintenance	115,259	106,229
Depreciation and amortization	129,876	126,451
Taxes, other than federal income tax	325,825	312,722
Federal income tax	193,560	186,043
	-----	-----
TOTAL OPERATING EXPENSES	1,600,135	1,592,555
	-----	-----
OPERATING INCOME	442,069	434,783
OTHER INCOME (DEDUCTIONS)		
Investment income	700	2,599
Allowance for equity funds used during construction	647	756
Other income less miscellaneous deductions	88	(515)
Federal income tax	(2,243)	643
	-----	-----
TOTAL OTHER INCOME	(808)	3,483
	-----	-----
INCOME BEFORE INTEREST CHARGES	441,261	438,266
Interest on long-term debt	76,821	80,330
Other interest	3,913	3,262
Allowance for borrowed funds used during construction	(332)	(371)
	-----	-----
NET INTEREST CHARGES	80,402	83,221
	-----	-----
NET INCOME	360,859	355,045
PREFERRED STOCK DIVIDEND REQUIREMENTS	4,537	4,601
	-----	-----
NET INCOME FOR COMMON STOCK	\$ 356,322	\$ 350,444
	=====	=====
CON EDISON SALES		
Electric (Thousands of kilowatthours)		
Con Edison customers	10,329,213	11,093,900
Delivery service to NYPA and others	3,734,872	2,311,169
Service for municipal agencies	187,278	132,588
	-----	-----
Total sales in service territory	14,251,363	13,537,657
Off-system and ESCO sales	1,660,022	839,518
Gas (dekatherms)		
Firm sales and transportation	9,936,190	10,231,594
Off-peak firm/interruptible	2,816,428	4,147,786
	-----	-----
Total sales to Con Edison customers	12,752,618	14,379,380
Transportation of customer-owned gas		
NYPA	1,929,716	6,982,038
Other	3,386,724	1,865,160
Off-system sales	7,681,043	5,183,513
	-----	-----
Total sales and transportation	25,750,101	28,410,091
Steam (Thousands of pounds)	6,335,238	5,986,582

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

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

INCOME STATEMENT

NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

	1998	1997
	----	----
	(THOUSANDS OF DOLLARS)	
Operating revenues		
Electric	\$ 4,420,513	\$ 4,283,463
Gas	735,660	826,019
Steam	255,747	291,708
Non-utility	-	49,791
	-----	-----
TOTAL OPERATING REVENUES	5,411,920	5,450,981
	-----	-----
OPERATING EXPENSES		
Purchased power	1,002,139	1,004,017
Fuel	461,610	462,488
Gas purchased for resale	288,587	403,915
Other operations	811,328	839,560
Maintenance	365,943	367,251
Depreciation and amortization	386,930	375,248
Taxes, other than federal income tax	918,209	888,533
Federal income tax	325,200	301,974
	-----	-----
TOTAL OPERATING EXPENSES	4,559,946	4,642,986
	-----	-----
OPERATING INCOME	851,974	807,995
OTHER INCOME (DEDUCTIONS)		
Investment income	3,409	6,577
Allowance for equity funds used during construction	1,734	4,076
Other income less miscellaneous deductions	(1,877)	(1,241)
Federal income tax	(881)	(956)
	-----	-----
TOTAL OTHER INCOME	2,385	8,456
	-----	-----
INCOME BEFORE INTEREST CHARGES	854,359	816,451
Interest on long-term debt	232,864	238,274
Other interest	15,226	10,963
Allowance for borrowed funds used during construction	(889)	(1,998)
	-----	-----
NET INTEREST CHARGES	247,201	247,239
	-----	-----
NET INCOME	607,158	569,212
PREFERRED STOCK DIVIDEND REQUIREMENTS	13,609	13,808
	-----	-----
NET INCOME FOR COMMON STOCK	\$ 593,549	\$ 555,404
	=====	=====
CON EDISON SALES		
Electric (Thousands of kilowatthours)		
Con Edison customers	28,119,679	28,307,154
Delivery service to NYPA and others	8,095,102	6,561,475
Service for municipal agencies	652,760	643,179
	-----	-----
Total sales in service territory	36,867,541	35,511,808
Off-system and ESCO sales	2,420,455	1,852,366
Gas (dekatherms)		
Firm sales and transportation	64,221,815	69,253,336
Off-peak firm/interruptible	14,003,682	17,567,539
	-----	-----
Total sales to Con Edison customers	78,225,497	86,820,875
Transportation of customer-owned gas		
NYPA	3,655,251	14,350,668
Other	10,572,988	5,318,913
Off-system sales	17,613,651	9,944,074
	-----	-----
Total sales and transportation	110,067,387	116,434,530
Steam (Thousands of pounds)	19,861,637	20,924,098

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

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

INCOME STATEMENT

TWELVE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

	1998	1997
	----	----
	(THOUSANDS OF DOLLARS)	
Operating revenues		
Electric	\$ 5,772,626	\$ 5,585,861
Gas	1,003,521	1,069,676
Steam	355,838	377,948
Non-utility	-	93,192
	-----	-----
TOTAL OPERATING REVENUES	7,131,985	7,126,677
	-----	-----
OPERATING EXPENSES		
Purchased power	1,347,598	1,316,727
Fuel	595,946	585,544
Gas purchased for resale	412,960	549,304
Other operations	1,092,292	1,154,643
Maintenance	473,480	476,586
Depreciation and amortization	514,637	497,868
Taxes, other than federal income tax	1,210,817	1,168,247
Federal income tax	402,330	370,865
	-----	-----
TOTAL OPERATING EXPENSES	6,050,060	6,119,784
	-----	-----
OPERATING INCOME	1,081,925	1,006,893
OTHER INCOME (DEDUCTIONS)		
Investment income	8,717	10,219
Allowance for equity funds used during construction	2,106	5,404
Other income less miscellaneous deductions	(4,737)	(4,685)
Federal income tax	(1,852)	(1,195)
	-----	-----
TOTAL OTHER INCOME	4,234	9,743
	-----	-----
INCOME BEFORE INTEREST CHARGES	1,086,159	1,016,636
Interest on long-term debt	312,748	315,663
Other interest	21,347	14,235
Allowance for borrowed funds used during construction	(1,072)	(2,621)
	-----	-----
NET INTEREST CHARGES	333,023	327,277
	-----	-----
NET INCOME	753,136	689,359
PREFERRED STOCK DIVIDEND REQUIREMENTS	18,144	18,418
	-----	-----
NET INCOME FOR COMMON STOCK	\$ 734,992	\$ 670,941
	=====	=====
CON EDISON SALES		
Electric (Thousands of kilowatthours)		
Con Edison customers	37,340,503	37,242,020
Delivery service to NYPA and others	10,327,005	8,704,459
Service for municipal agencies	855,477	817,208
	-----	-----
Total sales in service territory	48,522,985	46,763,687
Off-system and ESCO sales	3,067,676	2,722,099
Gas (dekatherms)		
Firm sales and transportation	88,462,270	92,484,265
Off-peak firm/interruptible	20,347,677	22,954,481
	-----	-----
Total sales to Con Edison customers	108,809,947	115,438,746
Transportation of customer-owned gas		
NYPA	6,346,278	14,382,020
Other	12,910,949	6,680,797
Off-system sales	21,628,561	13,835,060
	-----	-----
Total sales and transportation	149,695,735	150,336,623
Steam (Thousands of pounds)	26,360,100	27,176,449

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

NOTE A - GENERAL

These footnotes accompany and form an integral part of (i) the interim consolidated financial statements of Consolidated Edison, Inc. ("CEI") and its subsidiaries, including Consolidated Edison Company of New York, Inc. ("Con Edison"), the regulated utility, and several non-utility subsidiaries, and (ii) the interim consolidated financial statements of Con Edison on a stand-alone basis. These financial statements are unaudited but, in the respective opinions of the managements of CEI and Con Edison, represent all adjustments (which include only normally recurring adjustments) necessary for a fair statement of the results for the interim periods presented. These financial statements should be read together with the audited financial statements (including the notes thereto) included in the combined CEI and Con Edison Annual Reports on Form 10-K for the year ended December 31, 1997 (the "1997 Form 10-K").

NOTE B - CONTINGENCIES

INDIAN POINT Nuclear generating units similar in design to Con Edison's Indian Point 2 unit have experienced problems that have required steam generator replacement. Inspections of the Indian Point 2 steam generators since 1976 have revealed various problems, some of which appear to have been arrested, but the remaining service life of the steam generators is uncertain. The projected service life of the steam generators is reassessed periodically in the light of the inspections made during scheduled outages of the unit. Based on the latest available data and current NRC criteria, Con Edison estimates that steam generator replacement will not be required before 2002. Con Edison has replacement steam generators, which are stored at the site. Replacement of the steam generators would require estimated additional expenditures of approximately \$108 million (1997 dollars, exclusive of replacement power costs) and an outage of approximately three months. However, securing necessary permits and approvals or other factors could require a substantially longer outage if steam generator replacement is required on short notice.

NUCLEAR INSURANCE The insurance policies covering Con Edison's nuclear facilities for property damage, excess property damage, and outage costs permit assessments under certain conditions to cover insurers' losses. As of September 30, 1998, the highest amount that could be assessed for losses during the current policy year under all of the policies was \$19 million. While assessments may also be made for losses in certain prior years, Con Edison is not aware of any losses in such years that it believes are likely to result in an assessment.

Under certain circumstances, in the event of nuclear incidents at facilities covered by the federal government's third-party liability indemnification program, Con Edison could be assessed up to \$88.1 million per incident, of which not more than \$10 million may be assessed in any one year.

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

SUPERFUND By its terms Superfund imposes joint and several strict liability, regardless of fault, upon generators of hazardous substances for resulting removal and remedial costs and environmental damages. Con Edison has received process or notice concerning possible claims under Superfund or similar state statutes relating to a number of sites at which it is alleged that hazardous substances generated by Con Edison (and, in most instances, a large number of other potentially responsible parties) were deposited. Estimates of the investigative, removal, remedial and environmental damage costs (if any) that Con Edison will be obligated to pay with respect to each of these sites range from extremely preliminary to highly refined. Based on these estimates Con Edison had accrued at September 30, 1998 a liability of approximately \$22.4 million. There will be additional costs with respect to these and possibly other sites, the materiality of which is not presently determinable.

DEC SETTLEMENT In 1994 Con Edison agreed to a consent order settling a civil administrative proceeding instituted by the DEC alleging environmental violations by Con Edison. Pursuant to the consent order, Con Edison has conducted an environmental management systems evaluation and an environmental compliance audit. Con Edison also must implement "best management practices" plans for certain facilities and undertake a remediation program at certain sites. At September 30, 1998, Con Edison had an accrued liability of \$16.6 million for these sites. Expenditures for environmental-related capital projects in the five years 1998-2002, including expenditures to comply with the consent order, are estimated at \$148 million. These estimated expenditures do not reflect divestiture by Con Edison of generating plants pursuant to the Settlement Agreement (see Note A to the financial statements included in the 1997 Form 10-K) or otherwise.

ASBESTOS CLAIMS Suits have been brought in New York State and federal courts against Con Edison 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 Con Edison. Many of these suits have been disposed of without any payment by Con Edison, or for immaterial amounts. The amounts specified in all the remaining suits total billions of dollars but Con Edison believes that these amounts are greatly exaggerated, as were the claims already disposed of. Based on the information and relevant circumstances known to Con Edison at this time, it is the opinion of Con Edison that these suits will not have a material adverse effect on Con Edison's financial position, results of operations or liquidity.

EMF Electric and magnetic fields (EMF) are found wherever electricity is used. In the event a causal relationship between EMF and adverse health effects is established, or independently of any such causal determination, in the event of adverse developments in related legal or public policy doctrines, there could be a material adverse effect on the electric utility industry, including Con Edison.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis relates to (i) the interim consolidated financial statements of Consolidated Edison, Inc. (CEI) and its subsidiaries, including Consolidated Edison Company of New York, Inc. (Con Edison), the regulated utility, and several non-utility subsidiaries, and (ii) the interim consolidated financial statements of Con Edison on a stand-alone basis. CEI is a holding company, operates only through its subsidiaries and has no material assets other than the stock of its subsidiaries. Con Edison is the principal subsidiary of CEI. Unless otherwise indicated, this discussion and analysis applies to each of CEI and Con Edison. References in this report to the "Company" are to CEI and Con Edison, collectively.

This discussion and analysis should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of the combined CEI and Con Edison Annual Reports on Form 10-K for the year ended December 31, 1997 (File Nos. 1-14514 and 1-1217, the 1997 Form 10-K) and the combined CEI and Con Edison Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 1998 and June 30, 1998 (the earlier 1998 Form 10-Qs). Reference is also made to the notes to the financial statements in Part I, Item 1 of this report, which notes are incorporated herein by reference.

LIQUIDITY AND CAPITAL RESOURCES

Con Edison's cash balances reflect, among other things, the timing and amount of external financing and the January 1, 1998 corporate reorganization. (See "Corporate Structure" in Item 1 of the 1997 Form 10-K.)

Con Edison initiated a \$500 million commercial paper program in January 1998. The highest amount outstanding during the nine months ended September 30, 1998 was \$269 million. There was no commercial paper outstanding at September 30, 1998.

Con Edison's interest coverage for the 12 months ended September 30, 1998 was 4.27 times, compared with 4.09 times for the year 1997 and 4.05 times for the 12 months ended September 30, 1997. The increase in interest coverage reflects higher pre-tax income and lower interest charges resulting from the Company's debt refinancings.

In September 1998 Con Edison issued \$75 million of 6.90 percent 30-year taxable debentures to refund (in November 1998), at a lower after-tax cost, 5-3/4 percent Series A, 5-1/4 percent Series B and 7.20 percent Series I preferred stock.

For information about securities refunded by Con Edison during the first half of 1998, see "Liquidity and Capital Resources Refundings" in Item 7 of the 1997 Form 10-K and "Liquidity and Capital Resources" in Part I, Item 2 of the earlier 1998 Form 10-Qs.

In May 1998 CEI commenced its common stock repurchase program. Through September 30, 1998, approximately 2.3 million shares were repurchased by Con Edison at a cost of \$102.2 million.

Con Edison's equivalent number of days of revenue outstanding as customer accounts receivable was 27.3 days at September 30, 1998 compared with 28.2 days at December 31, 1997 and 25.4 days at September 30, 1997.

Recoverable fuel costs amounted to \$21.4 million at September 30, 1998 compared with \$98.3 million at December 31, 1997 and \$57.4 million at September 30, 1997, reflecting the ongoing recovery of previously deferred amounts through the fuel adjustment clause and the changes in purchased power, fuel and gas purchased for resale, as discussed below under "Results of Operations."

TRANSITION TO COMPETITION

Reference is made to (i) "Liquidity and Capital Resources - Competition and Industry Restructuring and PSC Settlement Agreement" in Item 7, "Electric Facilities - Generating Facilities" in Item 2 and "Challenges to the Settlement Agreement" in Item 3 of the 1997 Form 10-K, (ii) "Liquidity and Capital Resources - Transition to Competition" in Part I, Item 2 of the earlier 1998 Form 10-Qs and (iii) Part II, Item 1 (Legal Proceedings) of this report for information about the September 1997 Settlement Agreement among Con Edison, the staff of the New York State Public Service Commission (PSC) and certain other parties (the Settlement Agreement) and additional matters.

In July 1998 the PSC issued an order (the Divestiture Order) authorizing Con Edison to auction all of its New York City fossil-fueled electric generating capacity (approximately 5,500 MW). The auction process commenced in August 1998. Sales of generating capacity will be subject to PSC approval and contingent upon an independent system operator being operational in New York State.

In August 1998 the PSC also approved a proposal pursuant to which Con Edison affiliates would not participate in the auction and Con Edison would be permitted to apply up to \$50 million of any net after-tax gains resulting from divestiture of its in-City capacity, jointly-owned Bowline Point and Roseton generation stations and potential generating sites (which are also required to be sold pursuant to the Divestiture Order) to reduce Con Edison's unrecovered investment in Indian Point 2. The net after-tax gain to be applied would be in excess of the \$50 million of any net after-tax gain that under the Settlement Agreement would be retained by shareholders.

The Settlement Agreement provides that the potential disallowance of recovery by Con Edison of stranded costs attributable to contracts with non-utility generators will be limited to the lower of (i) 10 percent of the above-market costs (as determined in 2002) or (ii) \$300 million (in 2002 dollars), subject to certain offsets. In October 1998 the PSC authorized Con Edison to defer payments related to the 1997 termination of contracts for 42.5 MW of capacity and allowed Con Edison to offset the potential disallowance by approximately \$115 million (in 2002 dollars). The offset would be reduced if Con Edison retains revenues relating to capacity costs avoided as a result of the terminations (which costs are reflected in Con Edison's current rates) and for any replacement capacity costs that Con Edison recovers in rates.

In October 1998 the PSC approved a long-range plan for Con Edison's steam system. The plan includes divestiture of two electric and steam generating stations (for which a detailed plan must be submitted within four months), sale of certain property that has been held for future plant construction and further studies on the future structure of the steam business.

In October 1998 Con Edison agreed with the union representing approximately two-thirds of Con Edison's employees to extend our collective bargaining agreement to June 2002. The agreement, which is subject to ratification by vote of the employees, addresses, among other things, the effects on the employees of the generating capacity divestiture.

ACQUISITION

In May 1998 CEI agreed to acquire Orange and Rockland Utilities, Inc. (O&R) for cash at a price of \$58.50 per share of O&R common stock (approximately \$790 million in aggregate) pursuant to an Agreement and Plan of Merger among the parties. The acquisition is to be accomplished through the merger of C Acquisition Corp., a CEI subsidiary, with O&R. The transaction is subject to certain conditions, including the approvals, petitions for which have been filed, of the New York, New Jersey and Pennsylvania utility regulators and FERC and the approval of the Securities and Exchange Commission. The transaction has been approved by O&R's shareholders and is not subject to the approval of CEI's shareholders.

FINANCIAL MARKET RISKS

Reference is made to "Liquidity and Capital Resources - Financial Market Risks" in Item 7 of the 1997 Form 10-K and Part I, Item 2 of the earlier 1998 Form 10-Qs for information about CEI and Con Edison's financial market risks and Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (which will apply to the Company beginning January 1, 2000). Currently, CEI and its consolidated subsidiaries, including Con Edison, enter into derivative transactions only when such transactions meet the criteria for hedging and qualify for deferred accounting treatment. See Note A to the financial statements included in Item 8 of the 1997 Form 10-K. At September 30, 1998, CEI had no derivative instruments outstanding and neither the fair value of its subsidiaries' derivative instruments outstanding nor potential derivative losses from reasonably possible near-term changes in market prices were material to the financial position, results of operations or liquidity of the Company.

NUCLEAR GENERATION

Reference is made to (i) "Electric Facilities - Generating Facilities" in Item 2 and "Liquidity and Capital Resources - Nuclear Generation and 1995 Electric Rate Agreement - Partial Pass-Through Fuel Adjustment Clause (PPFAC)" in Item 7 of the 1997 Form 10-K and (ii) "Liquidity and Capital Resources - Nuclear Generation" in Part 1, Item 2 of the earlier 1998 Form 10-Qs, for information about Con Edison's Indian Point 2 nuclear generating unit, which returned to service in early September 1998.

ENVIRONMENTAL CLAIMS AND OTHER CONTINGENCIES

Reference is made to the notes to the financial statements included in this report for information concerning potential liabilities of the Company arising from the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund), from claims relating to alleged exposure to asbestos, and from certain other contingencies to which the Company is subject.

YEAR 2000 ISSUES AND CONSEQUENCES

The "Year 2000 problem" arose because many existing computer programs use only the last two digits to refer to a year. These computer programs do not properly recognize a year that begins with "20" instead of the familiar "19." If not corrected, many computer applications could fail or create erroneous results. The extent of the potential impact of the Year 2000 problem is not yet known.

In 1995 Con Edison began a program to address its Year 2000 issues. An inventory and assessment of Con Edison's company-developed systems, vendor-developed systems, technology infrastructure and telecommunications infrastructure have been completed. Con Edison expects that necessary changes to company-developed systems that are critical to providing energy service to its customers and an inventory and assessment of the embedded technology in its equipment, machinery and operating systems will be completed by year-end 1998. Con Edison plans that any necessary changes to its other systems, infrastructure and embedded technologies will be completed by June 1999. Con Edison intends to continue to test its Year 2000 readiness throughout 1999. Con Edison estimates that the cost of its program to address Year 2000 issues will be approximately \$27 million, of which approximately \$20 million has been incurred. The cost is being funded from internally-generated funds and expensed as incurred.

Con Edison is contacting entities, such as energy, services and material suppliers, that are critical to its ability to provide energy service to its customers, to determine the Year 2000 readiness of these entities. Con Edison has sent inquiries regarding Year 2000 readiness to 4,500 suppliers. No third party has indicated to Con Edison that it has a Year 2000 problem that will have a material adverse effect on Con Edison's business.

Con Edison expects that its program will be adequate to address its Year 2000 issues, but nevertheless intends to develop a contingency plan in early 1999. There can, of course, be no assurance as to whether the contingency plan will successfully address any contingencies that arise. In the event that Con Edison is unsuccessful in addressing its Year 2000 issues, there could be a material adverse effect on Con Edison's financial condition, results of operations and liquidity.

FORWARD-LOOKING STATEMENTS

This discussion and analysis includes forward-looking statements, which are statements of future expectation and not facts. Words such as "estimates," "expects," "anticipates," "intends," "plans" and similar expressions identify forward-looking statements. Actual results or developments might differ materially from those included in the forward-looking statements because of factors such as competition and industry restructuring, changes in economic conditions, changes in historical weather patterns, changes in laws, regulations, regulatory policies or public policy doctrines, technological developments, any failure of Con Edison or other entities to successfully complete necessary changes to address Year 2000 problems, and other presently unknown or unforeseen factors.

RESULTS OF OPERATIONS

CEI's net income for common stock for the third quarter ended September 30, 1998 was lower than the corresponding 1997 period by \$3.4 million (\$.00 per share); for the nine months and 12 months ended September 30, 1998, it was higher than in the corresponding 1997 periods by \$25.5 million (\$.12 per share) and \$49.0 million (\$.22 per share), respectively. The variations in earnings for the periods reflect higher electric revenues from warmer than normal summer weather and an improving New York City economy, lower expenses as a result of continued cost reduction programs and voluntary attrition in the labor force, increased outage expenses at Indian Point 2 (which returned to service in early September 1998) and start-up costs associated with CEI's non-utility subsidiaries. Earnings per share reflect the CEI common stock repurchase program discussed above under "Liquidity and Capital Resources." The results of operations of CEI include the results of operations of Con Edison and of the several non-utility subsidiaries of CEI.

	Increases (Decreases)					
	Three Months Ended September 30, 1998 Compared With Three Months Ended September 30, 1997		Nine Months Ended September 30, 1998 Compared With Nine Months Ended September 30, 1997		Twelve Months Ended September 30, 1998 Compared With Twelve Months Ended September 30, 1997	
	Amount	Percent	Amount	Percent	Amount	Percent
(Amounts are for CEI and are in Millions)						
Operating revenues	\$ 34.3	1.8 %	\$ 24.7	0.5 %	\$ 94.2	1.3 %
Purchased power - electric and steam	(15.0)	(4.4)	0.7	0.1	33.7	2.6
Fuel - electric and steam	14.5	7.7	(0.9)	(0.2)	10.3	1.8
Gas purchased for resale	(1.5)	(2.4)	(66.3)	(16.4)	(63.0)	(11.5)
Operating revenues less purchased power, fuel and gas purchased for resale (Net revenues)	36.3	2.5	91.2	2.5	113.2	2.4
Other operations and maintenance	9.7	2.6	(2.4)	(0.2)	(34.1)	(2.1)
Depreciation and amortization	3.9	3.0	12.5	3.3	18.1	3.6
Taxes, other than federal income tax	13.3	4.3	30.2	3.4	43.1	3.7
Federal income tax	5.8	3.1	17.9	5.9	24.7	6.7
Operating income	3.6	0.8	33.0	4.1	61.4	6.1
Other income less deductions and related federal income tax	(9.9)	Large	(7.7)	(91.7)	(6.9)	(71.1)
Net interest charges	(2.8)	(3.4)	(0.0)	(0.0)	5.8	1.8
Preferred stock dividend requirements	(0.1)	(1.4)	(0.2)	(1.4)	(0.3)	(1.5)
Net income for common stock	\$ (3.4)	(1.0) %	\$ 25.5	4.6 %	\$ 49.0	7.3 %

CEI's investment in its non-utility subsidiaries was \$133.4 million at September 30, 1998. CEI's results of operations include the net after-tax losses of its non-utility subsidiaries as follows (with amounts shown in millions):

	1998		1997	
	Amount	Per Share	Amount	Per Share
Third Quarter	\$ (9.9)	\$(.04)	\$(3.1)	\$(.01)
Nine months ended September 30,	\$(15.0)	\$(.06)	\$(7.1)	\$(.03)
Twelve Months ended Sept. 30,	\$(17.5)	\$(.07)	\$(7.2)	\$(.03)

The losses shown above reflect the write-off in the third quarter of 1998 of a \$10 million investment made by one of CEI's non-utility subsidiaries (which is included in CEI's other income less miscellaneous deductions). For additional information about CEI's non-utility subsidiaries, see "Competitive Businesses and Competition" in Item 1 of the 1997 Form 10-K.

THIRD QUARTER 1998 COMPARED WITH
THIRD QUARTER 1997

CEI's net revenues (operating revenues less purchased power, fuel and gas purchased for resale) increased \$36.3 million in the third quarter of 1998 compared with the 1997 period. Electric and non-utility net revenues increased \$50.4 million and \$6.3 million, respectively. Gas and steam net revenues decreased \$19.8 and \$0.6 million, respectively.

Electric net revenues in the 1998 period were higher than in the 1997 period primarily as a result of higher sales, reflecting warmer weather and an improving economy in the 1998 period, offset in part by the \$107.5 million annualized rate reductions that went into effect in January and April 1998. See "Liquidity and Capital Resources - PSC Settlement Agreement - Rate Plan" in Item 7 of the 1997 Form 10-K.

Gas net revenues in the 1997 period include \$9.2 million for customer service and system improvement incentives that, pursuant to the 1997 gas rate agreement, were discontinued effective October 1, 1997. Gas net revenues in the 1997 period also include a gas distribution incentive of \$10.8 million. Con Edison is eligible for a 1998 gas distribution incentive; the amount of the incentive is subject to review by the PSC and is expected to be set later in 1998.

Con Edison's electric sales, excluding off-system sales, in the 1998 period compared with the 1997 period were:

DESCRIPTION	MILLIONS OF KWRS.			
	3RD QUARTER 1998	3RD QUARTER 1997	VARIATION	PERCENT VARIATION
Residential/Religious	3,589	3,433	156	4.5 %
Commercial/Industrial	6,562	7,485	(923)	(12.3) %
Other	178	176	2	1.1 %
Total Con Edison Customers	10,329	11,094	(765)	(6.9) %
NYP&A, Municipal Agency and Other Sales	3,922	2,444	1,478	60.5 %
Total Service Area	14,251	13,538	713	5.3 %

The decline in sales to Con Edison customers is attributable to the Retail Choice program. Under the program, which began in June 1998, customers may purchase electricity from other power providers. Included in "NYPA, Municipal Agency and Other Sales" in the 1998 period is the delivery by Con Edison of 1,306 million Kwhrs. under its Retail Choice program. See "Liquidity and Capital Resources Transition to Competition", above.

For the 1998 period, Con Edison's firm gas sales volume, including firm transportation, decreased 2.9 percent and interruptible sales decreased 32.1 percent compared with the 1997 period. The decrease in interruptible sales results principally from increased purchases of gas by Con Edison customers from other suppliers. Transportation of customer-owned gas (other than gas transported for the New York Power Authority), which comprised approximately 13 percent of the gas Con Edison sold or transported to customers in the 1998 period, increased 82 percent. See "Gas Operations - Gas Sales" in Item 1 of the 1997 Form 10-K.

Steam sales volume increased 5.8 percent compared with the 1997 period as a result of the warmer summer weather in 1998.

After adjusting for variations, primarily in weather and billing days in each period, electric sales volume in Con Edison's service territory increased 3.4 percent in the 1998 period, firm gas sales volume (including firm transportation) decreased 2.8 percent and steam sales volume decreased 1.4 percent.

Electric fuel costs increased \$20.6 million in the 1998 period due to an increase in the unit cost of fuel. Electric purchased power costs decreased in the 1998 period due to lower unit cost, partially offset by higher purchased volumes. The variations in electric fuel and purchased power costs reflect the greater availability of Indian Point 2 in the 1997 period than in the 1998 period. Steam fuel costs decreased \$6.1 million in the 1998 period due to lower unit cost. Steam purchased power costs increased \$2.3 million due to higher unit cost and higher purchased volumes. Con Edison's gas purchased for resale decreased, reflecting lower sendout.

CEI's other operations and maintenance expense increased, reflecting the increased expenses of its non-regulated subsidiaries. Con Edison's other operations and maintenance expenses decreased in the 1998 period compared with the 1997 period, due primarily to lower pension expense partially offset by the Indian Point 2 outage that ended in early September 1998 and higher distribution expenses.

Depreciation and amortization increased in the 1998 period due principally to higher plant balances.

Taxes other than federal income tax increased in the 1998 period due to higher property taxes.

Federal income tax increased in the 1998 period due to higher taxable income.

NINE MONTHS ENDED SEPTEMBER 30, 1998 COMPARED WITH
NINE MONTHS ENDED SEPTEMBER 30, 1997

CEI's net revenues increased \$91.2 million in the nine months ended September 30, 1998 compared with the 1997 period. Electric, steam and non-utility net revenues increased \$102.3 million, \$1.5 million and \$11.5 million, respectively. Gas net revenues decreased \$24.1 million.

Electric net revenues in the 1998 period were higher than in the corresponding 1997 period primarily as a result of higher sales, reflecting warmer summer weather and an improving economy in the 1998 period, offset in part by the rate reductions that went into effect in January and April 1998.

Gas net revenues in the 1997 period include \$20 million for incentives. No incentives have been accrued for the 1998 period.

Con Edison's electric sales, excluding off-system sales, in the 1998 period compared with the 1997 period were:

DESCRIPTION	MILLIONS OF KWHRs.			PERCENT VARIATION
	NINE MONTHS ENDED SEPT. 30, 1998	NINE MONTHS ENDED SEPT. 30, 1997	VARIATION	
Residential/Religious	8,671	8,382	289	3.4%
Commercial/Industrial	18,954	19,461	(507)	(2.6)%
Other	495	464	31	6.7%
Total Con Edison Customers	28,120	28,307	(187)	(0.7)%
NYPAs, Municipal Agency and Other Sales	8,748	7,205	1,543	21.4%
Total Service Area	36,868	35,512	1,356	3.8%

Included in "NYPAs, Municipal Agency and Other Sales" in the 1998 period is the delivery by Con Edison of 1,326 million KWhrs. under the Retail Choice program.

For the 1998 period, Con Edison's firm gas sales volume, including firm transportation, decreased 7.3 percent and interruptible sales decreased 20.3 percent compared with the 1997 period, as a result of warmer winter weather in 1998. Under the gas rate agreements covering the 1998 and 1997 periods, most weather related variations in firm gas sales and transportation did not affect earnings. The decrease in interruptible sales results principally from increased purchases of gas by Con Edison customers from other suppliers. Transportation of customer-owned gas (other than gas transported for the New York Power Authority), which comprised approximately ten percent of the gas Con Edison sold or transported to customers in the 1998 period, increased 99 percent. See "Gas Operations - Gas Sales" In Item 1 of the 1997 Form 10-K.

Steam sales volume decreased 5.1 percent compared with the 1997 period, as a result of the milder winter weather in 1998.

After adjusting for variations, primarily in weather and billing days in each period, electric sales volume in Con Edison's service territory increased 2.8 percent in the 1998 period, firm gas sales volume (including firm transportation) decreased 0.4 percent and steam sales volume decreased 1.9 percent.

Electric fuel costs increased \$38.4 million in the 1998 period due to an increase in the unit cost of fuel, partially offset by lower electric generation. Electric purchased power costs decreased in the 1998 period due to lower unit cost, partially offset by higher purchased volumes. Steam fuel costs decreased \$39.3 million in the 1998 period due to decreased generation of steam and lower unit cost. Steam purchased power costs increased \$1.8 million due to higher unit cost. Con Edison's gas purchased for resale decreased, reflecting lower sendout and a lower unit cost.

Con Edison's other operations and maintenance expenses decreased in the 1998 period compared with the 1997 period, due primarily to lower pension and retiree benefit expenses, continued cost reduction programs and voluntary attrition in the labor force, partially offset by increased Indian Point 2 outage expenses. CEI's other operations expense also reflects the increased expenses of its non-regulated subsidiaries.

Depreciation and amortization increased in the 1998 period due principally to higher plant balances.

Taxes other than federal income tax increased in the 1998 period due primarily to higher property taxes.

Federal income tax increased in the 1998 period due to higher taxable income.

TWELVE MONTHS ENDED SEPTEMBER 30, 1998 COMPARED WITH
TWELVE MONTHS ENDED SEPTEMBER 30, 1997

CEI's net revenues increased \$113.2 million in the 12 months ended September 30, 1998 compared with the 1997 period. Electric, steam and non-utility net revenues increased \$112.6 million, \$10.7 million and \$11.9 million, respectively. Gas net revenues decreased \$22 million.

Electric net revenues in the 1998 period were higher than in the corresponding 1997 period primarily as a result of higher sales, offset in part by the rate reductions that went into effect in January and April 1998. Electric net revenues in the 1998 period include \$0.5 million of incentive earnings under the partial pass-through fuel adjustment clause (PPFAC) compared with \$14.5 million for PPFAC and other incentive earnings for the 1997 period.

Gas net revenues in the 1997 period include \$20 million for incentives. No incentives have been accrued for the 1998 period.

Steam net revenues in the 1998 period reflect a base rate increase effective October 1, 1997, offset in part by weather-related sales decreases.

Con Edison's electric sales, excluding off-system sales, for the 1998 period compared with the 1997 period were:

DESCRIPTION	MILLIONS OF KWHS.		VARIATION	PERCENT VARIATION
	TWELVE MONTHS ENDED SEPT 30, 1998	TWELVE MONTHS ENDED SEPT 30, 1997		
Residential/Religious	11,292	10,949	343	3.1 %
Commercial/Industrial	25,403	25,686	(283)	(1.1)%
Other	646	607	39	6.4 %
Total Con Edison Customers	37,341	37,242	99	0.3 %
NYPA Municipal Agency and Other Sales	11,182	9,522	1,660	17.4 %
Total Service Area	48,523	46,764	1,759	3.8 %

Included in "NYPA, Municipal Agency and Other Sales" in the 1998 period is the delivery by Con Edison of 1,326 million KWhrs. under the Retail Choice program.

For the 1998 period, Con Edison's firm gas sales volume (including firm transportation) decreased 4.3 percent and interruptible sales decreased 11.4 percent. The decrease in interruptible sales results principally from increased purchases of gas by Con Edison customers from other suppliers. Transportation of customer-owned gas (other than gas transported for the New York Power Authority), which comprised approximately nine percent of the gas Con Edison sold or transported to customers in the 1998 period, increased 93 percent. Steam sales volume decreased 3.0 percent compared with the 1997 period. The decreases in firm gas and steam sales volumes for the 1998 period were due primarily to milder than normal 1998 winter weather.

After adjustment for variations, primarily in weather and billing days in each period, electric sales volume in Con Edison's service territory in the 1998 period increased 2.4 percent. Similarly adjusted, firm gas sales volume (including firm transportation) was unchanged and steam sales volume decreased 1.7 percent.

Electric fuel costs increased \$48.3 million in the 1998 period due to a higher unit cost of fuel, partially offset by decreased generation of electricity. Electric purchased power costs increased in the 1998 period, reflecting increased purchased volumes, partially offset by lower unit cost of purchases. The variations in electric fuel and purchased power costs reflect the greater availability of Indian Point 2 in the 1997 period than in the 1998 period. Steam fuel costs decreased \$38.0 million in the 1998 period due to decreased generation of steam by Con Edison and a lower unit cost of fuel. Steam purchased power costs were \$5.2 million higher, reflecting greater purchased volumes and higher unit cost of purchases. Con Edison's gas purchased for resale decreased, reflecting a lower unit cost of fuel and lower sendout.

Con Edison's other operations and maintenance expenses decreased in the 1998 period due primarily to lower pension, retiree benefits and health insurance costs, continued cost reduction programs and voluntary attrition of the labor force, partially offset by increased Indian Point 2 outage expenses. CEI's other operations expense also reflects the increased expenses of its non-regulated subsidiaries.

Depreciation and amortization increased in the 1998 period due principally to higher plant balances.

Taxes other than federal income tax increased in the 1998 period compared with the 1997 period due primarily to higher property and revenue taxes.

Federal income tax increased in the 1998 period due to higher taxable income.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information about the Company's primary market risks associated with activities in derivative financial instruments, other financial instruments and derivative commodity instruments, see "Liquidity and Capital Resources - Financial Market Risks" in Part I, Item 2 of this report, Part I, Item 2 of the combined CEI and Con Edison Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 1998 and June 30, 1998 and Item 7 of the 1997 Form 10-K.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

GRAMERCY PARK

Reference is made to "Gramercy Park" in Part I, Item 3, Legal Proceedings in the 1997 Form 10-K and in Part II, Item 1, Legal Proceedings in the combined CEI and Con Edison Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1998.

CHALLENGES TO THE SETTLEMENT AGREEMENT

Reference is made to "Challenges to the Settlement Agreement" in Part I, Item 3, Legal Proceedings in the 1997 Form 10-K and in Part II, Item 1, Legal Proceedings in the combined CEI and Con Edison Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998 (the "Second Quarter Form 10-Q"). In September 1998 the motion to dismiss the lawsuit commenced by the Public Utility Law Project of New York, Inc. was denied. In October 1998 a motion by the New York State Public Service Commission to appeal the denial was granted.

RATE PROCEEDINGS

Reference is made to "Rate Proceedings" in Part I, Item 3, Legal Proceedings in the 1997 Form 10-K and in Part II, Item 1, Legal Proceedings in the Second Quarter Form 10-Q. In September 1998, the United States Court of Appeals for the Second Circuit denied plaintiffs' motion for reargument of the court's affirmation of the dismissal by the United States District Court for the Southern District of New York of the suit against Con Edison. In the proceeding brought by these plaintiffs in the New York State Supreme Court, County of Kings, there are two motions pending: (1) Con Edison's motion for reargument of the court's denial of Con Edison's motion to dismiss and (2) plaintiffs' motion to certify the class.

SUPERFUND - GLOBAL LANDFILL SITE

Reference is made to the information under the caption "SUPERFUND - Global Landfill Site" in Part I, Item 3, Legal Proceedings in the 1997 Form 10-K and in Part II, Item 1, Legal Proceedings in the Second Quarter Form 10-Q.

SUPERFUND - ANCHOR MOTOR SITE

Reference is made to the information under the caption "SUPERFUND - Anchor Motor Site" in Part I, Item 3, Legal Proceedings in the 1997 Form 10-K and in Part II, Item 1, Legal Proceedings in the Second Quarter Form 10-Q.

SUPERFUND - BORNE CHEMICAL SITE

Reference is made to the information under the caption "SUPERFUND - Borne Chemical Site" in Part I, Item 3, Legal Proceedings in the 1997 Form 10-K and in Part II, Item 1, Legal Proceedings in the Second Quarter Form 10-Q.

ARTHUR KILL TRANSFORMER FIRE

The United States Attorney for the Southern District of New York and regulatory agencies are investigating Con Edison's response to a September 1998 transformer fire at Con Edison's Arthur Kill generating station. Following the fire, it was determined that oil containing high levels of polychlorinated biphenyls (PCBs) was released to the environment during the incident. Con Edison is cooperating with the investigations. In October 1998 the New York State Department of Environmental Conservation notified Con Edison of the inclusion of the Arthur Kill station in the State's Registry of Inactive Hazardous Waste Sites. Con Edison is in the process of auctioning the Arthur Kill station. See "Transition to Competition" in Part I, Item 2 of this Report.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS

Exhibit 12 Statement of computation of Con Edison's ratio of earnings to fixed charges for the twelve-month periods ended September 30, 1998 and 1997.

Exhibit 27.1 Financial Data Schedule for CEI.*

Exhibit 27.2 Financial Data Schedule for Con Edison.*

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

(B) REPORTS ON FORM 8-K

CEI and Con Edison each filed a Current Report on Form 8-K, dated September 24, 1998, reporting (under Item 5) Con Edison's sale of debentures to refund certain series of preferred stock and Year 2000 issues and consequences. No other CEI or Con Edison Current Reports on Form 8-K were filed during the quarter ended September 30, 1998.

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 5, 1998 By: JOAN S. FREILICH
Joan S. Freilich
Executive Vice President, Chief Financial
Officer and Duly Authorized Officer

DATE: November 5, 1998 By: HYMAN SCHOENBLUM
Hyman Schoenblum
Vice President, Controller and
Chief Accounting Officer

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
Ratio of Earnings to Fixed Charges
Twelve Months Ended
(Thousands of Dollars)

	SEPTEMBER 1998 -----	SEPTEMBER 1997 -----
Earnings		
Net Income	\$750,768	\$689,359
Federal Income Tax	340,991	325,970
Federal Income Tax Deferred	70,620	54,820
Investment Tax Credits Deferred	(8,740)	(8,730)
	-----	-----
Total Earnings Before Federal Income Tax	1,153,639	1,061,419
Fixed Charges*	352,441 -----	348,199 -----
Total Earnings Before Federal Income Tax and Fixed Charges	\$1,506,080 =====	\$1,409,618 =====
* Fixed Charges		
Interest on Long-Term Debt	\$299,387	\$304,299
Amort. of Debt Discount, Premium & Expense	13,361	11,364
Interest on Component of Rentals	18,346	18,301
Other Interest	21,347	14,235
	-----	-----
Total Fixed Charges	\$352,441 =====	\$348,199 =====
Ratio of Earnings to Fixed Charges	4.27	4.05

UT

The schedule contains summary financial
Information extracted from Consolidated Balance
Sheet, Income Statement and Statement of Cash
Flows for Consolidated Edison, Inc. and is
qualified in its entirety by reference to such
financial statements and the notes thereto.

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Consolidated Edison, Inc.

1,000

Dec-31-1998

Sep-30-1998

9-Mos

Per-Book

11,341,559

345,724

1,420,219

554,869

860,841

14,523,212

582,967

862,616

4,692,205

6,035,610

84,550

233,468

4,047,837

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325,000

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37,771

2,804

3,756,172

14,523,212

5,475,711

319,864

4,314,832

4,634,696

841,015

706

841,721

247,201

594,520

13,609

580,911

373,356

232,864

977,966

2.48

2.48

UT

The schedule contains summary financial information extracted from Consolidated Balance Sheet, Income Statement and Statement of Cash Flows for Consolidated Edison Company of New York, Inc. and is qualified in its entirety by reference to such financial statements and the notes thereto.

0000023632

Consolidated Edison Company of New York, Inc.
1,000

Dec-31-1998

Sep-30-1998

9-Mos

Per-Book

11,341,559

253,758

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860,841

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373,356

232,864

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