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, 2019

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
1-1217	**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	☐	No ☒
CECONY	Yes	☐	No ☒

As of October 31, 2019, Con Edison had outstanding 332,430,408 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.
Clean Energy Businesses	Con Edison Clean Energy Businesses, Inc., together with its subsidiaries
Con Edison Development	Consolidated Edison Development, Inc.
Con Edison Energy	Consolidated Edison Energy, Inc.
Con Edison Solutions	Consolidated Edison Solutions, Inc.
Con Edison Transmission	Con Edison Transmission, Inc., together with its subsidiaries
CET Electric	Consolidated Edison Transmission, LLC
CET Gas	Con Edison Gas Pipeline and Storage, LLC
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

CPUC	California Public Utilities Commission
EPA	U.S. Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
IASB	International Accounting Standards Board
IRS	Internal Revenue Service
NJBPU	New Jersey Board of Public Utilities
NJDEP	New Jersey Department of Environmental Protection
NYISO	New York Independent System Operator
NYPA	New York Power Authority
NYSDEC	New York State Department of Environmental Conservation
NYSERDA	New York State Energy Research and Development Authority
NYSPSC	New York State Public Service Commission
NYSRC	New York State Reliability Council, LLC
PJM	PJM Interconnection LLC
SEC	U.S. Securities and Exchange Commission

Accounting

AFUDC	Allowance for funds used during construction
ASU	Accounting Standards Update
GAAP	Generally Accepted Accounting Principles in the United States of America
HLBV	Hypothetical liquidation at book value
OCI	Other Comprehensive Income
VIE	Variable Interest Entity

Environmental

CO_2	Carbon dioxide
GHG	Greenhouse gases
MGP Sites	Manufactured gas plant sites
PCBs	Polychlorinated biphenyls
PRP	Potentially responsible party
RGGI	Regional Greenhouse Gas Initiative
Superfund	Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes

Units of Measure

AC	Alternating current
Bcf	Billion cubic feet
Dt	Dekatherms
kV	Kilovolt
kWh	Kilowatt-hour
MDt	Thousand dekatherms
MMlb	Million pounds
MVA	Megavolt ampere
MW	Megawatt or thousand kilowatts
MWh	Megawatt hour

Other

AMI	Advanced metering infrastructure
COSO	Committee of Sponsoring Organizations of the Treadway Commission
DER	Distributed energy resources
Fitch	Fitch Ratings
First Quarter Form 10-Q	The Companies' combined Quarterly Report on Form 10-Q for the quarterly period ended March 31 of the current year
Second Quarter Form 10-Q	The Companies' combined Quarterly Report on Form 10-Q for the quarterly period ended June 30 of the current year
Third Quarter Form 10-Q	The Companies' combined Quarterly Report on Form 10-Q for the quarterly period ended September 30 of the current year
Form 10-K	The Companies’ combined Annual Report on Form 10-K for the year ended December 31, 2018
LTIP	Long Term Incentive Plan
Moody’s	Moody’s Investors Service
REV	Reforming the Energy Vision
S&P	S&P Global Ratings
TCJA	The federal Tax Cuts and Jobs Act of 2017, as enacted on December 22, 2017
VaR	Value-at-Risk

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FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements 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 expectation and not facts. Words such as “forecasts,” “expects,” “estimates,” “anticipates,” “intends,” “believes,” “plans,” “will” and similar expressions identify forward-looking statements. Forward-looking statements are based on information available at the time the statements are made, and accordingly speak only as of that time. Actual results or developments might differ materially from those included in the forward-looking statements because of various factors including, but not limited to:

- the Companies are extensively regulated and are subject to 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 intentional misconduct of employees or contractors could adversely affect the Companies;
- the failure of, or damage to, the Companies’ facilities could adversely affect the Companies;
- a cyber attack could adversely affect the Companies;
- the Companies are exposed to risks from the environmental consequences of their operations;
- a disruption in the wholesale energy markets or failure by an energy supplier or customer could adversely affect the Companies;
- the Companies have substantial unfunded pension and other postretirement benefit liabilities;
- Con Edison’s ability to pay dividends or interest depends on dividends from its subsidiaries;
- the Companies require access to capital markets to satisfy funding requirements;
- changes to tax laws could adversely affect the Companies;
- the Companies’ strategies may not be effective to address changes in the external business environment; and
- the Companies also face other risks that are beyond their control.

The Companies assume no obligation to update forward-looking statements.

Consolidated Edison, Inc.
CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Millions of Dollars/Except Share Data)	**2019**	**2018**	**2019**	**2018**
OPERATING REVENUES				
Electric	$2,753	$2,783	$6,665	$6,611
Gas	306	298	1,790	1,726
Steam	58	64	469	474
Non-utility	248	183	699	577
TOTAL OPERATING REVENUES	3,365	3,328	9,623	9,388
OPERATING EXPENSES				
Purchased power	483	545	1,203	1,287
Fuel	31	39	163	201
Gas purchased for resale	98	164	671	736
Other operations and maintenance	847	797	2,422	2,389
Depreciation and amortization	421	360	1,253	1,061
Taxes, other than income taxes	618	597	1,800	1,707
TOTAL OPERATING EXPENSES	2,498	2,502	7,512	7,381
OPERATING INCOME	867	826	2,111	2,007
OTHER INCOME (DEDUCTIONS)				
Investment income	25	39	70	96
Other income	10	7	26	18
Allowance for equity funds used during construction	4	4	11	11
Other deductions	(25)	(61)	(76)	(154)
TOTAL OTHER INCOME (DEDUCTIONS)	14	(11)	31	(29)
INCOME BEFORE INTEREST AND INCOME TAX EXPENSE	881	815	2,142	1,978
INTEREST EXPENSE				
Interest on long-term debt	220	195	660	576
Other interest	45	13	122	28
Allowance for borrowed funds used during construction	(3)	(3)	(10)	(7)
NET INTEREST EXPENSE	262	205	772	597
INCOME BEFORE INCOME TAX EXPENSE	619	610	1,370	1,381
INCOME TAX EXPENSE	116	175	243	330
NET INCOME	$503	$435	$1,127	$1,051
Income attributable to non-controlling interest	30	—	79	—
NET INCOME FOR COMMON STOCK	$473	$435	$1,048	$1,051
Net income per common share—basic	$1.42	$1.40	$3.20	$3.38
Net income per common share—diluted	$1.42	$1.39	$3.19	$3.37
AVERAGE NUMBER OF SHARES OUTSTANDING—BASIC (IN MILLIONS)	332.2	311.1	327.3	310.8
AVERAGE NUMBER OF SHARES OUTSTANDING—DILUTED (IN MILLIONS)	333.2	312.3	328.3	311.9

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

Consolidated Edison, Inc.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Millions of Dollars)	**2019**	**2018**	**2019**	**2018**
NET INCOME	$503	$435	$1,127	$1,051
INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	(30)	—	(79)	—
OTHER COMPREHENSIVE INCOME, NET OF TAXES				
Pension and other postretirement benefit plan liability adjustments, net of taxes	1	2	6	8
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAXES	1	2	6	8
COMPREHENSIVE INCOME	$474	$437	$1,054	$1,059

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,	
(Millions of Dollars)	2019	2018
OPERATING ACTIVITIES		
Net income	$1,127	$1,051
PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME		
Depreciation and amortization	1,253	1,061
Deferred income taxes	257	308
Rate case amortization and accruals	(88)	(85)
Common equity component of allowance for funds used during construction	(11)	(11)
Net derivative gains	55	5
Unbilled revenue and net unbilled revenue deferrals	29	135
Gain on sale of assets	(5)	—
Other non-cash items, net	(25)	(44)
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable – customers	8	(246)
Materials and supplies, including fuel oil and gas in storage	—	(4)
Revenue decoupling mechanism receivable	(91)	—
Other receivables and other current assets	103	(31)
Taxes receivable	39	47
Prepayments	(520)	(487)
Accounts payable	(67)	(8)
Pensions and retiree benefits obligations, net	253	264
Pensions and retiree benefits contributions	(353)	(475)
Accrued taxes	(27)	(60)
Accrued interest	95	67
Superfund and environmental remediation costs, net	(8)	(14)
Distributions from equity investments	46	88
System benefit charge	9	74
Deferred charges, noncurrent assets and other regulatory assets	(238)	(223)
Deferred credits and other regulatory liabilities	144	382
Other current and noncurrent liabilities	(25)	(194)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,960	1,600
INVESTING ACTIVITIES		
Utility construction expenditures	(2,428)	(2,457)
Cost of removal less salvage	(219)	(188)
Non-utility construction expenditures	(143)	(193)
Investments in electric and gas transmission projects	(159)	(123)
Investments in/acquisitions of renewable electric production projects	—	(15)
Proceeds from sale of assets	48	—
Other investing activities	17	29
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(2,884)	(2,947)
FINANCING ACTIVITIES		
Net issuance/(payment) of short-term debt	(1,266)	775
Issuance of long-term debt	1,989	1,905
Retirement of long-term debt	(702)	(1,319)
Debt issuance costs	(15)	(21)
Common stock dividends	(690)	(631)
Issuance of common shares - public offering	825	—
Issuance of common shares for stock plans	40	39
Distribution to noncontrolling interest	(10)	—
NET CASH FLOWS FROM FINANCING ACTIVITIES	171	748
CASH, TEMPORARY CASH INVESTMENTS, AND RESTRICTED CASH:		
NET CHANGE FOR THE PERIOD	(753)	(599)
BALANCE AT BEGINNING OF PERIOD	1,006	844
BALANCE AT END OF PERIOD	$253	$245
SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION		
Cash paid/(received) during the period for:		
Interest	$576	$519
Income taxes	$(28)	$(1)
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION		
Construction expenditures in accounts payable	$328	$318
Issuance of common shares for dividend reinvestment	$36	$36
Software licenses acquired but unpaid as of end of period	$80	$100
Equipment acquired but unpaid as of end of period	$33	—

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

Consolidated Edison, Inc.
CONSOLIDATED BALANCE SHEET (UNAUDITED)

(Millions of Dollars)	September 30, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and temporary cash investments	$78	$895
Accounts receivable – customers, less allowance for uncollectible accounts of $67 and $62 in 2019 and 2018, respectively	1,254	1,267
Other receivables, less allowance for uncollectible accounts of $5 in 2019 and 2018	169	285
Taxes receivable	10	49
Accrued unbilled revenue	505	514
Fuel oil, gas in storage, materials and supplies, at average cost	358	358
Prepayments	707	187
Regulatory assets	83	76
Restricted cash	175	111
Revenue decoupling mechanism	91	—
Other current assets	151	122
TOTAL CURRENT ASSETS	3,581	3,864
INVESTMENTS	1,983	1,766
UTILITY PLANT, AT ORIGINAL COST		
Electric	31,584	30,378
Gas	9,879	9,100
Steam	2,594	2,562
General	3,492	3,331
TOTAL	47,549	45,371
Less: Accumulated depreciation	10,329	9,769
Net	37,220	35,602
Construction work in progress	1,963	1,978
NET UTILITY PLANT	39,183	37,580
NON-UTILITY PLANT		
Non-utility property, less accumulated depreciation of $357 and $275 in 2019 and 2018, respectively	3,848	4,000
Construction work in progress	203	169
NET PLANT	43,234	41,749
OTHER NONCURRENT ASSETS		
Goodwill	446	440
Intangible assets, less accumulated amortization of $103 and $29 in 2019 and 2018, respectively	1,580	1,654
Regulatory assets	4,159	4,294
Operating lease right-of-use asset	834	—
Other deferred charges and noncurrent assets	123	153
TOTAL OTHER NONCURRENT ASSETS	7,142	6,541
TOTAL ASSETS	$55,940	$53,920

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

Consolidated Edison, Inc.
CONSOLIDATED BALANCE SHEET (UNAUDITED)

(Millions of Dollars)	September 30, 2019	December 31, 2018
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt due within one year	$1,914	$650
Term loan	—	825
Notes payable	1,300	1,741
Accounts payable	1,082	1,187
Customer deposits	348	351
Accrued taxes	35	61
Accrued interest	224	129
Accrued wages	115	109
Fair value of derivative liabilities	72	50
Regulatory liabilities	93	114
System benefit charge	636	627
Operating lease liabilities	59	—
Other current liabilities	341	363
TOTAL CURRENT LIABILITIES	6,219	6,207
NONCURRENT LIABILITIES		
Provision for injuries and damages	139	146
Pensions and retiree benefits	810	1,228
Superfund and other environmental costs	767	779
Asset retirement obligations	360	450
Fair value of derivative liabilities	147	16
Deferred income taxes and unamortized investment tax credits	6,136	5,820
Operating lease liabilities	819	—
Regulatory liabilities	4,590	4,641
Other deferred credits and noncurrent liabilities	282	299
TOTAL NONCURRENT LIABILITIES	14,050	13,379
LONG-TERM DEBT	17,537	17,495
EQUITY		
Common shareholders' equity	17,959	16,726
Noncontrolling interest	175	113
TOTAL EQUITY (See Statement of Equity)	18,134	16,839
TOTAL LIABILITIES AND EQUITY	$55,940	$53,920

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

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

(In Millions, except for dividends per share)	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, 2017	310	$34	$6,298	$10,235	23	$(1,038)	$(85)	$(26)	$7	$15,425
Net income				428						428
Common stock dividends ($0.715 per share)				(221)						(221)
Issuance of common shares for stock plans	1		25							25
Other comprehensive income								4		4
Noncontrolling interest										—
BALANCE AS OF MARCH 31, 2018	311	$34	$6,323	$10,442	23	$(1,038)	$(85)	$(22)	$7	$15,661
Net income				188						188
Common stock dividends ($0.715 per share)				(223)						(223)
Issuance of common shares for stock plans			27							27
Other comprehensive income								2		2
Noncontrolling interest										—
BALANCE AS OF JUNE 30, 2018	311	$34	$6,350	$10,407	23	$(1,038)	$(85)	$(20)	$7	$15,655
Net income				435						435
Common stock dividends ($0.715 per share)				(223)						(223)
Issuance of common shares for stock plans			25							25
Other comprehensive income								2		2
Noncontrolling interest									4	4
BALANCE AS OF SEPTEMBER 30, 2018	311	$34	$6,375	$10,619	23	$(1,038)	$(85)	$(18)	$11	$15,898
Net income				331						331
Common stock dividends ($0.715 per share)				(222)						(222)
Issuance of common shares - public offering	10		719				(14)			705
Issuance of common shares for stock plans			23							23
Other comprehensive income								2		2
Noncontrolling interest									102	102
BALANCE AS OF DECEMBER 31, 2018	321	$34	$7,117	$10,728	23	$(1,038)	$(99)	$(16)	$113	$16,839
Net income				424					21	445
Common stock dividends ($0.74 per share)				(237)						(237)
Issuance of common shares – public offering	6		433				(8)			425
Issuance of common shares for stock plans			27							27
Other comprehensive income								4		4
Distributions to noncontrolling interest									(2)	(2)
BALANCE AS OF MARCH 31, 2019	327	$34	$7,577	$10,915	23	$(1,038)	$(107)	$(12)	$132	$17,501
Net income				152					27	179
Common stock dividends ($0.74 per share)				(242)						(242)
Issuance of common shares – public offering	5	1	402				(3)			400
Issuance of common shares for stock plans			29							29
Other comprehensive income								1		1
Distributions to noncontrolling interest									(3)	(3)
BALANCE AS OF JUNE 30, 2019	332	$35	$8,008	$10,825	23	$(1,038)	$(110)	$(11)	$156	$17,865
Net income				473					30	503
Common stock dividends ($0.74 per share)				(247)						(247)
Issuance of common shares for stock plans			23							23
Other comprehensive income								1		1
Distributions to noncontrolling interest									(11)	(11)
BALANCE AS OF SEPTEMBER 30, 2019	332	$35	$8,031	$11,051	23	$(1,038)	$(110)	$(10)	$175	$18,134

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

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Millions of Dollars)	**2019**	**2018**	**2019**	**2018**
OPERATING REVENUES				
Electric	$2,544	$2,571	$6,174	$6,107
Gas	275	264	1,605	1,540
Steam	58	64	469	474
TOTAL OPERATING REVENUES	2,877	2,899	8,248	8,121
OPERATING EXPENSES				
Purchased power	423	472	1,058	1,117
Fuel	31	39	163	201
Gas purchased for resale	52	66	445	457
Other operations and maintenance	712	666	2,022	1,926
Depreciation and amortization	346	322	1,020	949
Taxes, other than income taxes	590	570	1,715	1,621
TOTAL OPERATING EXPENSES	2,154	2,135	6,423	6,271
OPERATING INCOME	723	764	1,825	1,850
OTHER INCOME (DEDUCTIONS)				
Investment and other income	10	6	23	14
Allowance for equity funds used during construction	3	4	9	10
Other deductions	(22)	(43)	(63)	(123)
TOTAL OTHER INCOME (DEDUCTIONS)	(9)	(33)	(31)	(99)
INCOME BEFORE INTEREST AND INCOME TAX EXPENSE	714	731	1,794	1,751
INTEREST EXPENSE				
Interest on long-term debt	168	167	501	492
Other interest	16	10	52	23
Allowance for borrowed funds used during construction	(3)	(2)	(8)	(7)
NET INTEREST EXPENSE	181	175	545	508
INCOME BEFORE INCOME TAX EXPENSE	533	556	1,249	1,243
INCOME TAX EXPENSE	119	125	271	274
NET INCOME	$414	$431	$978	$969

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Millions of Dollars)	**2019**	**2018**	**2019**	**2018**
NET INCOME	$414	$431	$978	$969
Pension and other postretirement benefit plan liability adjustments, net of taxes	1	—	1	1
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAXES	1	—	1	1
COMPREHENSIVE INCOME	$415	$431	$979	$970

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)	2019	2018
OPERATING ACTIVITIES		
Net income	$978	$969
PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME		
Depreciation and amortization	1,020	949
Deferred income taxes	244	346
Rate case amortization and accruals	(87)	(98)
Common equity component of allowance for funds used during construction	(9)	(10)
Unbilled revenue and net unbilled revenue deferrals	38	43
Gain on sale of assets	(5)	—
Other non-cash items, net	(19)	(20)
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable – customers	(2)	(218)
Materials and supplies, including fuel oil and gas in storage	9	(3)
Revenue decoupling mechanism	(91)	—
Other receivables and other current assets	107	(47)
Accounts receivable from affiliated companies	14	(267)
Prepayments	(499)	(448)
Accounts payable	(92)	(32)
Accounts payable to affiliated companies	(4)	8
Pensions and retiree benefits obligations, net	237	242
Pensions and retiree benefits contributions	(322)	(436)
Superfund and environmental remediation costs, net	(10)	(14)
Accrued taxes	(23)	(63)
Accrued taxes to affiliated companies	—	(72)
Accrued interest	68	67
System benefit charge	9	70
Deferred charges, noncurrent assets and other regulatory assets	(248)	(158)
Deferred credits and other regulatory liabilities	184	376
Other current and noncurrent liabilities	(7)	(99)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,490	1,085
INVESTING ACTIVITIES		
Utility construction expenditures	(2,271)	(2,315)
Cost of removal less salvage	(214)	(183)
Proceeds from sale of assets	48	—
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(2,437)	(2,498)
FINANCING ACTIVITIES		
Net issuance/(payment) of short-term debt	(262)	854
Issuance of long-term debt	700	1,640
Retirement of long-term debt	(475)	(1,236)
Debt issuance costs	(9)	(18)
Capital contribution by parent	875	95
Dividend to parent	(685)	(635)
NET CASH FLOWS FROM FINANCING ACTIVITIES	144	700
CASH, TEMPORARY CASH INVESTMENTS, AND RESTRICTED CASH:		
NET CHANGE FOR THE PERIOD	(803)	(713)
BALANCE AT BEGINNING OF PERIOD	818	730
BALANCE AT END OF PERIOD	$15	$17
SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION		
Cash paid/(received) during the period for:		
Interest	$439	$424
Income taxes	$13	$268
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION		
Construction expenditures in accounts payable	$295	$279
Software licenses acquired but unpaid as of end of period	$76	$95
Equipment acquired but unpaid as of end of period	$33	—

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

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

(Millions of Dollars)	September 30, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and temporary cash investments	$15	$818
Accounts receivable – customers, less allowance for uncollectible accounts of $62 and $57 in 2019 and 2018, respectively	1,160	1,163
Other receivables, less allowance for uncollectible accounts of $3 in 2019 and 2018	104	211
Taxes receivable	—	5
Accrued unbilled revenue	374	392
Accounts receivable from affiliated companies	200	214
Fuel oil, gas in storage, materials and supplies, at average cost	295	304
Prepayments	616	117
Regulatory assets	69	64
Revenue decoupling mechanism receivable	91	—
Other current assets	81	69
TOTAL CURRENT ASSETS	3,005	3,357
INVESTMENTS	436	385
UTILITY PLANT, AT ORIGINAL COST		
Electric	29,736	28,595
Gas	9,012	8,295
Steam	2,594	2,562
General	3,201	3,056
TOTAL	44,543	42,508
Less: Accumulated depreciation	9,504	8,988
Net	35,039	33,520
Construction work in progress	1,843	1,850
NET UTILITY PLANT	36,882	35,370
NON-UTILITY PROPERTY		
Non-utility property, less accumulated depreciation of $25 in 2019 and 2018	3	4
NET PLANT	36,885	35,374
OTHER NONCURRENT ASSETS		
Regulatory assets	3,831	3,923
Operating lease right-of-use asset	610	—
Other deferred charges and noncurrent assets	41	69
TOTAL OTHER NONCURRENT ASSETS	4,482	3,992
TOTAL ASSETS	$44,808	$43,108

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

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

(Millions of Dollars)	September 30, 2019	December 31, 2018
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES		
Long-term debt due within one year	$350	$475
Notes payable	930	1,192
Accounts payable	883	977
Accounts payable to affiliated companies	13	17
Customer deposits	335	339
Accrued taxes	33	55
Accrued interest	180	112
Accrued wages	104	99
Fair value of derivative liabilities	33	25
Regulatory liabilities	56	73
System benefit charge	578	569
Operating lease liabilities	49	—
Other current liabilities	269	267
TOTAL CURRENT LIABILITIES	3,813	4,200
NONCURRENT LIABILITIES		
Provision for injuries and damages	135	141
Pensions and retiree benefits	577	952
Superfund and other environmental costs	684	693
Asset retirement obligations	301	292
Fair value of derivative liabilities	82	6
Deferred income taxes and unamortized investment tax credits	6,082	5,739
Operating lease liabilities	595	—
Regulatory liabilities	4,200	4,258
Other deferred credits and noncurrent liabilities	236	241
TOTAL NONCURRENT LIABILITIES	12,892	12,322
LONG-TERM DEBT	14,024	13,676
SHAREHOLDER'S EQUITY (See Statement of Shareholder's Equity)	14,079	12,910
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	$44,808	$43,108

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)

(In Millions, except for dividends per share)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Repurchased Con Edison Stock	Capital Stock Expense	Accumulated Other Comprehensive Income/(Loss)	Total
BALANCE AS OF DECEMBER 31, 2017	235	$589	$4,649	$8,231	$(962)	$(62)	$(6)	$12,439
Net income				389				389
Common stock dividend to parent				(211)				(211)
Capital contribution by parent			45					45
Other comprehensive income								—
BALANCE AS OF MARCH 31, 2018	235	$589	$4,694	$8,409	$(962)	$(62)	$(6)	$12,662
Net income				149				149
Common stock dividend to parent				$(212)				(212)
Capital contribution by parent			25					25
Other comprehensive income							1	1
BALANCE AS OF JUNE 30, 2018	235	$589	$4,719	$8,346	$(962)	$(62)	$(5)	$12,625
Net income				$431				431
Common stock dividend to parent				(212)				(212)
Capital contribution by parent			25					25
Other comprehensive income								—
BALANCE AS OF SEPTEMBER 30, 2018	235	$589	$4,744	$8,565	$(962)	$(62)	$(5)	$12,869
Net income				227				227
Common stock dividend to parent				(211)				(211)
Capital contribution by parent			25					25
Other comprehensive income								—
BALANCE AS OF DECEMBER 31, 2018	235	$589	$4,769	$8,581	$(962)	$(62)	$(5)	$12,910
Net income				412				412
Common stock dividend to parent				(228)				(228)
Capital contribution by parent			225					225
Other comprehensive income								—
BALANCE AS OF MARCH 31, 2019	235	$589	$4,994	$8,765	$(962)	$(62)	$(5)	$13,319
Net income				152				152
Common stock dividend to parent				(228)				(228)
Capital contribution by parent			625					625
Other comprehensive income								—
BALANCE AS OF JUNE 30, 2019	235	$589	$5,619	$8,689	$(962)	$(62)	$(5)	$13,868
Net income				414				414
Common stock dividend to parent				(229)				(229)
Capital contribution by parent			25					25
Other comprehensive income							1	1
BALANCE AS OF SEPTEMBER 30, 2019	235	$589	$5,644	$8,874	$(962)	$(62)	$(4)	$14,079

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 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, which 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 Clean Energy Businesses, Inc. (together with its subsidiaries, the Clean Energy Businesses) and Con Edison Transmission, Inc. (together with its subsidiaries, Con Edison Transmission) in Con Edison’s consolidated financial statements. 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 presentation 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, 2018 and their separate unaudited financial statements (including the combined notes thereto) included in Part 1, Item 1 of their combined Quarterly Report on Form 10-Q for the quarterly periods ended March 31, 2019 and June 30, 2019.

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. The company also provides 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 Clean Energy Businesses, Inc. has three subsidiaries: Consolidated Edison Development, Inc. (Con Edison Development), a company that develops, owns and operates renewable and energy infrastructure projects; Consolidated Edison Energy, Inc. (Con Edison Energy), a company that provides energy-related products and services to wholesale customers; and Consolidated Edison Solutions, Inc. (Con Edison Solutions), a company that provides energy-related products and services to retail customers. Con Edison Transmission, Inc. invests in electric transmission facilities through its subsidiary, Consolidated Edison Transmission, LLC (CET Electric), and invests in gas pipeline and storage facilities through its subsidiary Con Edison Gas Pipeline and Storage, LLC (CET Gas).

Note A – Summary of Significant Accounting Policies and Other Matters

Revenue Recognition

The following table presents, for the three and nine months ended September 30, 2019 and 2018, revenue from contracts with customers as defined in Accounting Standards Codification (ASC) Topic 606, "Revenue from Contracts with Customers," as well as additional revenue from sources other than contracts with customers, disaggregated by major source.

(Millions of Dollars)	For the Three Months Ended September 30, 2019 Revenues from contracts with customers		Other revenues (a)	Total operating revenues	For the Three Months Ended September 30, 2018 Revenues from contracts with customers		Other revenues (a)	Total operating revenues
CECONY								
Electric	$2,582		$(38)	$2,544	$2,631		$(60)	$2,571
Gas	263		12	275	264		—	264
Steam	54		4	58	64		—	64
Total CECONY	$2,899		$(22)	$2,877	$2,959		$(60)	$2,899
O&R								
Electric	205		5	210	215		(3)	212
Gas	25		6	31	31		3	34
Total O&R	$230		$11	$241	$246		$—	$246
Clean Energy Businesses								
Renewables	193	(b)	—	193	68	(b)	—	68
Energy services	14		—	14	24		—	24
Other	—		40	40	—		89	89
Total Clean Energy Businesses	$207		$40	$247	$92		$89	$181
Con Edison Transmission	1		—	1	1		—	1
Other (c)	—		(1)	(1)	—		1	1
Total Con Edison	$3,337		$28	$3,365	$3,298		$30	$3,328

(a) For the Utilities, this includes revenue from alternative revenue programs, such as the revenue decoupling mechanisms under their New York electric and gas rate plans. For the Clean Energy Businesses, this includes revenue from wholesale services.
(b) Included within the totals for Renewables revenue at the Clean Energy Businesses is $3 million for the three months ended September 30, 2019 and 2018, of revenue related to engineering, procurement and construction services.
(c) Parent company and consolidation adjustments.

(Millions of Dollars)	For the Nine Months Ended September 30, 2019 Revenues from contracts with customers		Other revenues (a)	Total operating revenues	For the Nine Months Ended September 30, 2018 Revenues from contracts with customers		Other revenues (a)	Total operating revenues
CECONY								
Electric	$6,048		$126	$6,174	$6,106		$1	$6,107
Gas	1,573		32	1,605	1,516		24	1,540
Steam	456		13	469	467		7	474
Total CECONY	$8,077		$171	$8,248	$8,089		$32	$8,121
O&R								
Electric	488		5	493	508		(3)	505
Gas	178		7	185	179		7	186
Total O&R	$666		$12	$678	$687		$4	$691
Clean Energy Businesses								
Renewables	465	(b)	—	465	273	(b)	—	273
Energy services	53		—	53	65		—	65
Other	—		178	178	—		235	235
Total Clean Energy Businesses	$518		$178	$696	$338		$235	$573
Con Edison Transmission	3		—	3	3		—	3
Other (c)	—		(2)	(2)	—		—	—
Total Con Edison	$9,264		$359	$9,623	$9,117		$271	$9,388

(a) For the Utilities, this includes revenue from alternative revenue programs, such as the revenue decoupling mechanisms under their New York electric and gas rate plans. For the Clean Energy Businesses, this includes revenue from wholesale services.
(b) Included within the totals for Renewables revenue at the Clean Energy Businesses is $9 million and $100 million for the nine months ended September 30, 2019 and 2018, respectively, of revenue related to engineering, procurement and construction services.
(c) Parent company and consolidation adjustments.

	2019			2018		
(Millions of Dollars)	**Unbilled contract revenue (a)**	**Unearned revenue (b)**		**Unbilled contract revenue (a)**	**Unearned revenue (b)**	
Beginning balance as of January 1,	$29	$20		$58	$87	
Additions (c)	63	2		111	34	
Subtractions (c)	68	2	(d)	138	105	(d)
Ending balance as of September 30,	$24	$20		$31	$16	

(a) Unbilled contract revenue represents accumulated incurred costs and earned profits on contracts (revenue arrangements), which 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, which 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, which 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.
(d) Of the subtractions from unearned revenue, $2 million and $50 million were included in the balance as of January 1, 2019 and 2018, respectively.

As of September 30, 2019, the aggregate amount of the remaining fixed performance obligations of the Clean Energy Businesses under contracts with customers for energy services is $89 million, of which $53 million will be recognized within the next two years, and the remaining $36 million will be recognized pursuant to long-term service and maintenance agreements.

Utility Plant

General utility plant of Con Edison and CECONY included $95 million and $90 million, respectively, at September 30, 2019 and $100 million and $95 million, respectively, at December 31, 2018, related to a May 2018 acquisition of software licenses. The estimated aggregate annual amortization expense related to the software licenses for Con Edison and CECONY is $7 million. The accumulated amortization for Con Edison and CECONY was $8 million at September 30, 2019 and was $3 million at December 31, 2018.

Long-Lived and Intangible Assets

In January 2019, Pacific Gas and Electric Company (PG&E) filed in the United States Bankruptcy Court for the Northern District of California for reorganization under Chapter 11 of the U.S. Bankruptcy Code. The output of certain Con Edison Development renewable electric production projects with an aggregate generating capacity of 680 MW (AC) (PG&E Projects) is sold to PG&E under long-term power purchase agreements (PG&E PPAs). Most of the PG&E PPAs have contract prices that are higher than estimated market prices. PG&E, as a debtor in possession, may assume or reject the PG&E PPAs, subject to review by the bankruptcy court. In September 2019, PG&E submitted its plan of reorganization to the bankruptcy court. PG&E's plan includes the assumption by PG&E of all of its power purchase agreements. PG&E's plan is subject to, among other things: confirmation by the bankruptcy court by June 30, 2020 (or any extension of the date by which PG&E's bankruptcy must be resolved for PG&E to participate in the insurance fund described below); approval by the California Public Utilities Commission (CPUC) of PG&E's implementation of the plan and participation in the insurance fund; and PG&E obtaining funding for distributions under the plan. PG&E may revoke, withdraw or delay consideration of the plan prior to its confirmation by the bankruptcy court, and file subsequent amended plans of reorganization. In October 2019, the Ad Hoc PG&E senior note holder committee (Noteholders) and tort claimant committee (TCC) submitted to the bankruptcy court an alternative plan of reorganization for PG&E. The Noteholder/TCC plan also calls for PG&E to assume all of its power purchase agreements and participate in the insurance fund. The Noteholder/TCC plan is also subject to, among other things, confirmation by the bankruptcy court, approval by the CPUC and obtaining funding for distributions under the plan. The Noteholder/TCC plan can be revoked, amended, withdrawn or delayed. Bankruptcy court approval is required for a plan of reorganization to be sent to creditors for consideration.

In January and May 2019, FERC issued orders (which PG&E is challenging) affirming its jurisdiction to review and approve the modification or abrogation of wholesale power contracts that are the subject of rejection in bankruptcy. In June 2019, the bankruptcy court ruled that FERC does not have concurrent jurisdiction with it and that FERC's January and May 2019 orders are of no force and effect in the bankruptcy proceeding. FERC and additional parties, including Con Edison Development, are challenging the bankruptcy court's June 2019 ruling in appeals that are pending in the United States Court of Appeals for the Ninth Circuit.

In July 2019, California enacted a law addressing future California wildfires. The law includes provisions for the establishment of wildfire liquidity and insurance funds and possible limitation of future wildfire liabilities for California utilities. PG&E, Southern California Edison Company and San Diego Gas & Electric Company have agreed to participate in the insurance fund. PG&E’s participation will require bankruptcy court approval and is conditioned on, among other things, resolution of PG&E’s bankruptcy by June 30, 2020, and a determination by the CPUC that PG&E’s bankruptcy reorganization plan is consistent with the state’s climate goals as required under the California Renewables Portfolio Standard Program and related procurement requirements of the state.

The PG&E bankruptcy is an event of default under the PG&E PPAs. Unless the lenders for the related project debt otherwise agree, distributions from the related projects to Con Edison Development will not be made during the pendency of the bankruptcy. See “Reconciliation of Cash, Temporary Cash Investments and Restricted Cash,” below.

At September 30, 2019, Con Edison’s consolidated balance sheet included $827 million of net non-utility plant relating to the PG&E Projects, $1,075 million of intangible assets relating to the PG&E PPAs, $287 million of net non-utility plant of additional projects that secure the related project debt and $1,012 million of non-recourse related project debt. See Note C. Con Edison has tested whether its net non-utility plant relating to the PG&E Projects and intangible assets relating to the PG&E PPAs have been impaired. The projected future cash flows used in the test reflected Con Edison’s expectation that the PG&E PPAs are not likely to be rejected. Based on the test, Con Edison has determined that there was no impairment. If, in the future, one or more of the PG&E PPAs is rejected or any such rejection becomes likely, there will be an impairment of the related intangible assets and could be an impairment of the related non-utility plant. The amount of any such impairment could be material.

Acquisitions and Investments
For the nine months ended September 2019, the Clean Energy Businesses reclassified approximately $100 million related to the purchase price adjustments for the December 2018 acquisition by a Con Edison Development subsidiary of Sempra Solar Holdings, LLC. The adjustments primarily decreased property, plant and equipment and asset retirement obligations, and were recorded within the one year available to finalize the purchase price allocation, including working capital and other closing adjustments.

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 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 exercise price and its common shares that are subject to a May 2019 forward sale agreement (see Note C). Before the issuance of common shares upon settlement of the forward sale agreement, the shares will be reflected in the company’s diluted earnings per share calculations using the treasury stock method. Under this method, the number of common shares used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares that would be issued upon physical settlement of the forward sale agreement over the number of shares that could be purchased by the company in the market (based on the average market price during the period) using the proceeds due upon physical settlement (based on the adjusted forward sale price at the end of the reporting period).

For the three and nine months ended September 30, 2019 and 2018, basic and diluted EPS for Con Edison are calculated as follows:

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	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Millions of Dollars, except per share amounts/Shares in Millions)	2019	2018	2019	2018
Net income for common stock	$473	$435	$1,048	$1,051
Weighted average common shares outstanding – basic	332.2	311.1	327.3	310.8
Add: Incremental shares attributable to effect of potentially dilutive securities	1.0	1.2	1.0	1.1
Adjusted weighted average common shares outstanding – diluted	333.2	312.3	328.3	311.9
Net Income per common share – basic	$1.42	$1.40	$3.20	$3.38
Net Income per common share – diluted	$1.42	$1.39	$3.19	$3.37

The computation of diluted EPS for the three and nine months ended September 30, 2018 excludes immaterial amounts of performance share awards that were not included because of their anti-dilutive effect.

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

For the three and nine months ended September 30, 2019 and 2018, changes to accumulated other comprehensive income/(loss) (OCI) for Con Edison and CECONY are as follows:

	For the Three Months Ended September 30,			
	Con Edison		CECONY	
(Millions of Dollars)	2019	2018	2019	2018
Beginning balance, accumulated OCI, net of taxes (a)	$(11)	$(20)	$(5)	$(5)
Amounts reclassified from accumulated OCI related to pension plan liabilities, net of tax of $(1) for Con Edison in 2019 and 2018 (a)(b)	1	2	1	—
Current period OCI, net of taxes	1	2	1	—
Ending balance, accumulated OCI, net of taxes	$(10)	$(18)	$(4)	$(5)

	For the Nine Months Ended September 30,			
	Con Edison		CECONY	
(Millions of Dollars)	2019	2018	2019	2018
Beginning balance, accumulated OCI, net of taxes (a)	$(16)	$(26)	$(5)	$(6)
OCI before reclassifications, net of tax of $(1) for Con Edison in 2019 and 2018	2	3	—	—
Amounts reclassified from accumulated OCI related to pension plan liabilities, net of tax of $(1) and $(2) for Con Edison in 2019 and 2018, respectively (a)(b)	4	5	1	1
Current period OCI, net of taxes	6	8	1	1
Ending balance, accumulated OCI, net of taxes	$(10)	$(18)	$(4)	$(5)

(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 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 cost. See Notes E and F.

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, 2019 and 2018, cash, temporary cash investments and restricted cash for Con Edison and CECONY are as follows:

	At September 30,			
	Con Edison		CECONY	
(Millions of Dollars)	2019	2018	2019	2018
Cash and temporary cash investments	$78	$199	$15	$17
Restricted cash (a)	175	46	—	—
Total cash, temporary cash investments and restricted cash	$253	$245	$15	$17

(a) Restricted cash included cash of Con Edison Development renewable electric production project subsidiaries ($174 million and $44 million at September 30, 2019 and 2018, respectively) that, under the related project debt agreements, is either restricted until the various maturity dates of the project debt to being used for normal operating expenses and capital expenditures, debt service, and required reserves or restricted as a result of the PG&E bankruptcy. During the pendency of the PG&E bankruptcy, unless the lenders for the related project debt otherwise agree, cash may not be distributed from the related projects to Con Edison Development. See "Long-Lived and Intangible Assets," above, and Note C. In addition, restricted cash included O&R's New Jersey utility subsidiary, Rockland Electric Company transition bond charge collections, net of principal, interest, trustee and service fees ($1 million and $2 million at September 30, 2019 and 2018, respectively).

Note B – Regulatory Matters

Rate Plans

In October 2019, CECONY, the staff of the New York State Public Service Commission (NYSPSC) and other parties entered into a Joint Proposal for CECONY electric and gas rate plans for the three-year period January 2020 through December 2022. The Joint Proposal is subject to NYSPSC approval. The following tables contain a summary of the rate plans.

CECONY Electric	
Effective period	January 2020 – December 2022 (c)
Base rate changes (a)	Yr. 1 – $113 million Yr. 2 – $370 million Yr. 3 – $326 million
Amortizations to income of net regulatory liabilities (b)	Yr. 1 – $267 million Yr. 2 – $269 million Yr. 3 – $272 million
Other revenue sources	Retention of $75 million of annual transmission congestion revenues. Potential earnings adjustment mechanism incentives for energy efficiency and other potential incentives of up to: Yr. 1 - $69 million; Yr. 2 - $74 million; and Yr. 3 - $79 million.
Revenue decoupling mechanism	Continuation of reconciliation of actual to authorized electric delivery revenues.
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 - $450 million; Yr. 2 - $461 million; and Yr. 3 - $476 million.
Cost reconciliations	Continuation of reconciliation of expenses for pension and other postretirement benefits, variable-rate debt, major storms, 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	Target levels reflected in rates: Electric average net plant target excluding advanced metering infrastructure (AMI): Yr. 1 - $24,572 million; Yr. 2 - $25,366 million; Yr. 3 - $26,197 million AMI: Yr. 1 - $572 million; Yr. 2 - $740 million; Yr. 3 - $806 million (g)
Average rate base	Yr. 1 - $21,660 million Yr. 2 - $22,783 million Yr. 3 - $23,926 million
Weighted average cost of capital (after-tax)	6.61 percent
Authorized return on common equity	8.80 percent
Earnings sharing	Most earnings above an annual earnings threshold of 9.3 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	4.63 percent
Common equity ratio	48 percent

(a) Base rates reflect recovery by the company of certain costs of its energy efficiency, Reforming the Energy Vision demonstration projects, non-wire alternative projects (including the Brooklyn Queens demand management program), and off-peak electric vehicle charging programs (Yr. 1 - $206 million; Yr. 2 - $245 million; and Yr. 3 - $251 million) over a ten-year period, including the overall pre-tax rate of return on such costs.

(b) Amounts reflect amortization of the 2018 tax savings under the federal Tax Cuts and Jobs Act of 2017 (TCJA) allocable to CECONY's electric customers ($377 million) over a three-year period ($126 million annually), the protected portion of the regulatory liability for excess deferred income taxes allocable to CECONY's electric customers ($1,663 million) over the remaining lives of the related assets ($49 million in Yr. 1, $50 million in Yr. 2, and $53 million in Yr. 3) and the unprotected portion of the net regulatory liability ($784 million) over five years ($157 million annually). Amounts also reflect amortization of the regulatory asset for deferred MTA power reliability costs ($238 million) over a 5-year period ($48 million annually).

(c) If at the end of any semi-annual period ending June 30 and December 31, Consolidated Edison Inc.'s investments in its non-utility businesses exceed 15 percent of its total consolidated revenues, assets or cash flow, or if the ratio of holding company debt to total consolidated debt rises above 20 percent, CECONY is required to notify the NYSPSC and submit a ring-fencing plan or a demonstration why additional ring-fencing measures are not necessary.

(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.

(e) In general, if actual expenses for municipal infrastructure support (other than company labor) are below the amounts reflected in rates the company will defer the difference for credit to customers, and if the actual expenses are above the amount reflected in rates the company will defer for recovery from customers 80 percent of the difference subject to a maximum deferral, subject to certain exceptions, of 15 percent of the amount reflected in rates.

(f) In addition, the NYSPSC staff has commenced a focused operations audit to investigate the income tax accounting of CECONY and other New York utilities. Any NYSPSC-ordered adjustment to CECONY's income tax accounting will be refunded to or collected from customers, as determined by the NYSPSC.

(g) Reconciliation of net utility plant for AMI will be done on a combined basis for electric and gas.

CECONY Gas	
Effective period	January 2020 – December 2022 (c)
Base rate changes (a)	Yr. 1 – $84 million Yr. 2 – $122 million Yr. 3 – $167 million
Amortizations to income of net regulatory liabilities (b)	Yr. 1 – $45 million Yr. 2 – $43 million Yr. 3 – $10 million
Other revenue sources	Retention of annual revenues from non-firm customers of up to $65 million and 15 percent of any such revenues above $65 million. Potential earnings adjusted mechanism incentives for energy efficiency and other potential incentives of up to Yr. 1 - $20 million; Yr. 2 - $22 million; and Yr. 3 - $25 million
Revenue decoupling mechanism	Continuation of reconciliation of actual to authorized gas delivery revenues, modified to be calculated based upon revenue per customer class instead of revenue per customer.
Recoverable energy costs	Continuation of current rate recovery of purchased gas costs.
Negative revenue adjustments	Potential charges if performance targets relating to service, safety and other matters are not met: Yr. 1 - $81 million; Yr. 2 - $88 million; and Yr. 3 - $96 million.
Cost reconciliations	Continuation of reconciliation of expenses for pension and other postretirement benefits, variable-rate debt, major storms, 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	Target levels reflected in rates: Gas average net plant target excluding AMI: Yr. 1 - $8,123 million; Yr. 2 - $8,861 million; Yr. 3 - $9,600 million AMI: Yr. 1 - $142 million; Yr. 2 - $183 million; Yr. 3 - $211 million (g)
Average rate base	Yr. 1 - $7,171 million Yr. 2 - $7,911 million Yr. 3 - $8,622 million
Weighted average cost of capital (after-tax)	6.61 percent
Authorized return on common equity	8.80 percent
Earnings sharing	Most earnings above an annual earnings threshold of 9.3 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	4.63 percent
Common equity ratio	48 percent

(a) At the NYSPSC's option, the gas base rate increases shown above may be implemented with increases of $47 million in Yr. 1; $176 million in Yr. 2; and $170 million in Yr. 3. Base rates reflect recovery by the company of certain costs of its energy efficiency program (Yr. 1 - $30 million; Yr. 2 - $37 million; and Yr. 3 - $40 million) over a ten-year period, including the overall pre-tax rate of return on such costs.

(b) Amounts reflect amortization of the remaining 2018 TCJA tax savings allocable to CECONY's gas customers ($63 million) over a two year period ($32 annually), the protected portion of the regulatory liability for excess deferred income taxes allocable to CECONY's gas customers ($725 million) over the remaining lives of the related assets ($14 million in Yr. 1, $14 million in Yr. 2, and $12 million in Yr. 3) and the unprotected portion of the net regulatory liability ($107 million) over five years ($21 million annually)

(c)-(g) See footnotes (c), (d), (e), (f) and (g) to the table under "CECONY Electric," above.

O&R New York – Electric and Gas

In March 2019, the NYSPSC approved the November 2018 Joint Proposal for new electric and gas rates. The Joint Proposal provides for electric rate increases of $13.4 million, $8.0 million and $5.8 million, effective January 1, 2019, 2020 and 2021, respectively. The Joint Proposal provides for a gas rate decrease of $7.5 million, effective January 1, 2019, and gas rate increases of $3.6 million and $0.7 million, effective January 1, 2020 and 2021, respectively.

Rockland Electric Company (RECO)

In October 2019, the New Jersey Division of Rate Counsel staff submitted testimony in the New Jersey Board of Public Utilities proceeding in which RECO requested an electric rate increase, effective February 2020. The Division of Rate Counsel staff testimony supports an electric rate increase of $5.8 million reflecting, among other things, an 8.9 percent return on common equity and a common equity ratio of 47.14 percent. In October 2019, RECO filed an update to the request it filed in May 2019. The company increased its requested February 2020 rate increase from $19.9 million to $20.3 million. The updated filing reflects an increase to the common equity ratio from 49.93 percent to 50.16 percent and a decrease in the return on common equity from 10.00 percent to 9.60 percent.

Other Regulatory Matters

In August and November 2017, the NYSPSC issued orders in its proceeding investigating an April 21, 2017 Metropolitan Transportation Authority (MTA) subway power outage. The orders indicated that the investigation determined that the outage was caused by a failure of CECONY's electricity supply to a subway station, which led to a loss of the subway signals, and that one of the secondary services to the MTA facility had been improperly rerouted and was not properly documented by the company. The orders also indicated that the loss of power to the subway station affected multiple subway lines and caused widespread delays across the subway system. Pursuant to the orders, the company was required to take certain actions, including inspecting, repairing and installing certain electrical equipment that serves the subway system, analyzing power supply and power quality events affecting the MTA's signaling services, and filing monthly reports with the NYSPSC on all of the company's activities related to the subway system. The company completed the required actions in 2018. The company's costs related to this matter in excess of those reflected in its current electric rate plan were deferred as a regulatory asset and are addressed in the October 2019 Joint Proposal (see footnote (b) to the CECONY - Electric table under "Rate Plans," above).

In August 2018, the NYSPSC ordered CECONY to begin on January 1, 2019 to credit the company's electric and gas customers, and to begin on October 1, 2018 to credit its steam customers, with the net benefits of the federal Tax Cuts and Jobs Act of 2017 (TCJA) as measured based on amounts reflected in its rate plans prior to the enactment of the TCJA in December 2017. The net benefits include the revenue requirement impact of the reduction in the corporate federal income tax rate to 21 percent, the elimination for utilities of bonus depreciation and the amortization of excess deferred federal income taxes. CECONY estimates that its credit of net benefits of the TCJA to its electric, gas and steam customers in 2019 will amount to $259 million, $113 million and $25 million, respectively. CECONY's net benefits prior to January 1, 2019 and its net regulatory liability for future income taxes, including both the protected and unprotected portions, allocable to the company's electric and gas customers are addressed in the October 2019 Joint Proposal (see footnote (b) to the CECONY - Electric and Gas tables under "Rate Plans," above). CECONY's net benefits prior to October 1, 2018 allocable to the company's steam customers ($15 million) are being amortized over a three-year period. CECONY's net regulatory liability for future income taxes, including both the protected and unprotected portions, allocable to the company's steam customers ($185 million) is being amortized over the remaining lives of the related assets (with the amortization period for the unprotected portion subject to review in its next steam rate proceeding).

In January 2018, the NYSPSC issued an order initiating a focused operations audit of the income tax accounting of certain utilities, including CECONY and O&R. The Utilities are unable to estimate the amount or range of their possible loss related to this matter. At September 30, 2019, the Utilities had not accrued a liability related to this matter.

In March 2018, Winter Storms Riley and Quinn caused damage to the Utilities' electric distribution systems and interrupted service to approximately 209,000 CECONY customers, 93,000 O&R customers and 44,000 RECO customers. At September 30, 2019, CECONY's costs related to March 2018 storms, including Riley and Quinn, amounted to $134 million, including operation and maintenance expenses reflected in its electric rate plan ($15 million), operation and maintenance expenses charged against a storm reserve pursuant to its electric rate plan

($84 million), capital expenditures ($29 million) and removal costs ($6 million). At September 30, 2019, O&R and RECO costs related to 2018 storms amounted to $43 million and $17 million, respectively, most of which were deferred as regulatory assets pursuant to their electric rate plans. In January 2019, O&R began recovering its deferred storm costs over a six year period in accordance with its New York electric rate plan. The NYSPSC investigated the preparation and response to the storms by CECONY, O&R, and other New York electric utilities, including all aspects of their emergency response plans. In April 2019, following the issuance of a NYSPSC staff report on the investigation, the NYSPSC ordered the utilities to show cause why the NYSPSC should not commence a penalty action against them for violating their emergency response plans. The Utilities are unable to estimate the amount or range of their possible loss related to this matter. At September 30, 2019, the Utilities had not accrued a liability related to this matter.

In May 2018, FERC denied a complaint the NJBPU filed with FERC seeking the re-allocation to CECONY of certain PJM Interconnection LLC (PJM) transmission costs that had been allocated to the company prior to April 2017 when transmission service provided to the company pursuant to the PJM open access transmission tariff terminated. The transmission service terminated because the company did not exercise its option to continue the service following a series of requests PJM had submitted to FERC that substantially increased the charges for the transmission service. CECONY challenged each of these requests. FERC rejected all but one of CECONY's protests. In June 2015 and May 2016, CECONY filed appeals of certain FERC decisions with the U.S. Court of Appeals. In July 2018, FERC established a settlement proceeding relating to the allocation of PJM transmission costs. Under CECONY's electric rate plan, unless and until changed by the NYSPSC, the company will recover all charges incurred associated with the transmission service.

In July 2018, the NYSPSC commenced an investigation into the rupture of a CECONY steam main (see Note H).

In March 2019, the NYSPSC ordered CECONY to show cause why the NYSPSC should not commence a penalty action and prudence proceeding against CECONY for alleged violations of gas operator qualification, performance, and inspection requirements. The company is seeking to resolve this matter through settlement negotiations with the NYSPSC staff. Any settlement would be subject to NYSPSC approval. The company is unable to estimate the amount or range of its possible loss related to this matter. At September 30, 2019, the company had not accrued a liability related to this matter.

On July 13, 2019, electric service was interrupted to approximately 72,000 CECONY customers on the west side of Manhattan. The NYSPSC and the Northeast Power Coordinating Council, a regional reliability entity, are investigating the July 13, 2019 power outage. The NYSPSC is also investigating other CECONY power outages that occurred in July 2019. Pursuant to the reliability performance provisions of its electric rate plan, as a result of the July 13, 2019 power outage, the company is subject to a $5 million negative revenue adjustment (which it recognized in the third quarter of 2019). The company is unable to estimate the amount or range of its possible additional loss related to the power outages. At September 30, 2019, the company had accrued a $5 million liability related to the power outages.

Regulatory Assets and Liabilities
Regulatory assets and liabilities at September 30, 2019 and December 31, 2018 were comprised of the following items:

	Con Edison		CECONY	
(Millions of Dollars)	**2019**	**2018**	**2019**	**2018**
Regulatory assets				
Unrecognized pension and other postretirement costs	$1,919	$2,238	$1,816	$2,111
Environmental remediation costs	774	810	685	716
Revenue taxes	315	291	302	278
MTA power reliability deferral	245	229	245	229
Property tax reconciliation	160	101	150	86
Deferred derivative losses	99	17	90	11
Municipal infrastructure support costs	80	67	80	67
Pension and other postretirement benefits deferrals	77	73	55	56
Deferred storm costs	69	76	—	—
System peak reduction and energy efficiency programs	60	72	59	70
Meadowlands heater odorization project	35	36	35	36
Brooklyn Queens demand management program	35	39	35	39
Unamortized loss on reacquired debt	30	36	28	34
Preferred stock redemption	22	23	22	23
Recoverable REV demonstration project costs	21	20	18	18
Gate station upgrade project	19	17	19	17
Workers' compensation	5	5	5	5
O&R transition bond charges	—	2	—	—
Other	194	142	187	127
Regulatory assets – noncurrent	4,159	4,294	3,831	3,923
Deferred derivative losses	68	36	57	29
Recoverable energy costs	15	40	12	35
Regulatory assets – current	83	76	69	64
Total Regulatory Assets	$4,242	$4,370	$3,900	$3,987
Regulatory liabilities				
Future income tax	$2,448	$2,515	$2,302	$2,363
Allowance for cost of removal less salvage	952	928	808	790
TCJA net benefits*	462	434	444	411
Net unbilled revenue deferrals	145	117	145	117
Energy efficiency portfolio standard unencumbered funds	123	127	119	122
Pension and other postretirement benefit deferrals	67	62	41	40
Property tax refunds	45	45	45	45
Net proceeds from sale of property	44	6	44	6
System benefit charge carrying charge	43	27	38	24
Earnings sharing - electric, gas and steam	26	36	19	27
BQDM and REV Demo reconciliations	25	18	24	18
Settlement of prudence proceeding	15	37	15	37
Settlement of gas proceedings	11	15	11	15
Unrecognized other postretirement costs	5	7	—	7
Carrying charges on repair allowance and bonus depreciation	4	21	4	21
New York State income tax rate change	3	17	3	17
Base rate change deferrals	1	10	1	10
Property tax reconciliation	—	36	—	36
Other	171	183	137	152
Regulatory liabilities – noncurrent	4,590	4,641	4,200	4,258
Refundable energy costs	36	31	8	8
Deferred derivative gains	33	30	32	29
Revenue decoupling mechanism	24	53	16	36
Regulatory liabilities – current	93	114	56	73
Total Regulatory Liabilities	$4,683	$4,755	$4,256	$4,331

* See "Other Regulatory Matters," above.

Note C – Capitalization

In February 2019, Con Edison borrowed $825 million under a two-year variable-rate term loan to fund the repayment of a six-month variable-rate term loan. In June 2019, Con Edison pre-paid $150 million of the amount borrowed.

In March 2019, Con Edison issued 5,649,369 shares of its common stock for $425 million upon physical settlement of the remaining shares subject to its November 2018 forward sale agreements.

In April 2019, CECONY redeemed at maturity $475 million of 6.65 percent 10-year debentures.

In May 2019, Con Edison entered into a forward sale agreement relating to 5,800,000 shares of its common stock. In June 2019, the company issued 4,750,000 shares for $400 million upon physical settlement of shares subject to the forward sale agreement. At September 30, 2019, 1,050,000 shares remain subject to the forward sale agreement. The company expects the remaining shares under the forward sale agreement to settle by December 28, 2020. The company or the forward purchaser may accelerate the forward sale agreement upon the occurrence of certain events. On a settlement date, if the company decides to physically settle, it will issue shares to the forward purchaser at the then-applicable forward sale price. The forward sale price is equal to $84.83 per share subject to adjustment on a daily basis based on a floating interest rate factor less a spread and will be subject to decrease by amounts related to expected dividends. The remaining shares under the forward sale agreement will be physically settled, unless the company elects cash or net share settlement (which it has the right to do, subject to certain conditions, other than in limited circumstances). In the event the company elects to cash settle or net share settle, the settlement amount will be generally related to (1)(a) the market value of the common stock during the unwind period under the forward sale agreement minus (b) the applicable forward sale price; multiplied by (2) the number of shares subject to such cash settlement or net share settlement. If this settlement amount is a negative number, the forward purchaser will pay the company the absolute value of that amount or deliver to the company a number of shares having a value equal to the absolute value of such amount. If this settlement amount is a positive number, the company will pay the forward purchaser that amount or deliver to the forward purchaser a number of shares having a value equal to such amount.

In May 2019, CECONY issued $700 million aggregate principal amount of 4.125 percent debentures, due 2049.

In May 2019, O&R's New Jersey utility subsidiary paid the remaining $1 million principal amount of Transition Bonds issued in 2004.

In May 2019, a Con Edison Development subsidiary borrowed $464 million at a variable-rate, due 2026, secured by equity interests in solar electric production projects. The company has entered into fixed-rate interest rate swaps in connection with this borrowing. See Note L.

In September 2019, O&R agreed to issue in November 2019 $43 million aggregate principal amount of 3.73 percent debentures, due 2049 and to issue in December 2019 $44 million aggregate principal amount of 2.94 percent debentures, due 2029 and $38 million aggregate principal amount of 3.46 percent debentures, due 2039.

In October 2019, a Con Edison Development subsidiary issued $303 million aggregate principal amount of 3.82 percent senior notes, due 2038, secured by the company's Panoche Valley and Wistaria Solar renewable electric production projects.

The carrying amounts and fair values of long-term debt at September 30, 2019 and December 31, 2018 were:

(Millions of Dollars)	2019		2018	
Long-Term Debt (including current portion) (a)	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Con Edison	$19,451	$22,412	$18,145	$18,740
CECONY	$14,374	$17,047	$14,151	$14,685

(a) Amounts shown are net of unamortized debt expense and unamortized debt discount of $167 million and $141 million for Con Edison and CECONY, respectively, as of September 30, 2019 and $185 million and $139 million for Con Edison and CECONY, respectively, as of December 31, 2018.

The fair values of the Companies' long-term debt have been estimated primarily using available market information and at September 30, 2019 are classified as Level 2 (see Note M).

At December 31, 2018, the Clean Energy Businesses had $2,076 million of non-recourse project debt secured by the pledge of the applicable renewable energy production projects, of which $1,965 million was included in long-term debt and $111 million was included in long-term debt due within one year in Con Edison's consolidated balance sheet. As a result of the January 2019 PG&E bankruptcy (see "Long-Lived and Intangible Assets" in Note A), during the first quarter of 2019, Con Edison reclassified on its consolidated balance sheet the PG&E-related project debt that was included in long-term debt to long-term debt due within one year. At September 30, 2019, long-term debt due within one year included $1,012 million of PG&E-related project debt. The lenders for the PG&E-related project debt may, upon written notice, declare principal and interest on the PG&E-related project debt to be due and payable immediately and, if such amounts are not timely paid, foreclose on the related projects. The company is seeking to negotiate agreements with the PG&E-related project debt lenders pursuant to which the lenders would defer exercising these remedies.

Note D – Short-Term Borrowing

At September 30, 2019, Con Edison had $1,300 million of commercial paper outstanding of which $930 million was outstanding under CECONY’s program. The weighted average interest rate at September 30, 2019 was 2.3 percent for both Con Edison and CECONY. At December 31, 2018, Con Edison had $1,741 million of commercial paper outstanding of which $1,192 million was outstanding under CECONY’s program. The weighted average interest rate at December 31, 2018 was 3.0 percent for both Con Edison and CECONY.

At September 30, 2019 and December 31, 2018, no loans were outstanding under the Companies' December 2016 credit agreement (Credit Agreement). An immaterial amount of letters of credit were outstanding under the Credit Agreement as of September 30, 2019 and December 31, 2018. In April 2019, the termination date of the Credit Agreement was extended from December 2022 to December 2023 with respect to banks with aggregate commitments of $2,200 million.

Note E – Pension Benefits

Total Periodic Benefit Cost

The components of the Companies’ total periodic benefit cost for the three and nine months ended September 30, 2019 and 2018 were as follows:

	For the Three Months Ended September 30,			
	Con Edison		CECONY	
(Millions of Dollars)	**2019**	**2018**	**2019**	**2018**
Service cost – including administrative expenses	$62	$72	$58	$68
Interest cost on projected benefit obligation	150	140	141	131
Expected return on plan assets	(247)	(258)	(234)	(245)
Recognition of net actuarial loss	130	172	123	163
Recognition of prior service cost/(credit)	(4)	(4)	(5)	(5)
TOTAL PERIODIC BENEFIT COST	$91	$122	$83	$112
Cost capitalized	(26)	(32)	(24)	(30)
Reconciliation to rate level	(5)	(22)	(4)	(24)
Total expense recognized	$60	$68	$55	$58

	For the Nine Months Ended September 30,			
	Con Edison		CECONY	
(Millions of Dollars)	2019	2018	2019	2018
Service cost – including administrative expenses	$187	$218	$175	$204
Interest cost on projected benefit obligation	451	420	423	394
Expected return on plan assets	(741)	(775)	(702)	(734)
Recognition of net actuarial loss	389	516	369	488
Recognition of prior service cost/(credit)	(13)	(13)	(15)	(15)
TOTAL PERIODIC BENEFIT COST	$273	$366	$250	$337
Cost capitalized	(80)	(94)	(76)	(89)
Reconciliation to rate level	(12)	(68)	(10)	(74)
Total expense recognized	$181	$204	$164	$174

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 line "Other deductions" in the Companies' consolidated income statements.

Expected Contributions

Based on estimates as of September 30, 2019, the Companies expect to make contributions to the pension plans during 2019 of $350 million (of which $318 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. During the first nine months of 2019, the Companies contributed $346 million to the pension plans (of which $315 million was made by CECONY). CECONY also contributed $15 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, 2019 and 2018 were as follows:

	For the Three Months Ended September 30,			
	Con Edison		CECONY	
(Millions of Dollars)	2019	2018	2019	2018
Service cost	$4	$5	$3	$3
Interest cost on accumulated other postretirement benefit obligation	11	11	9	9
Expected return on plan assets	(16)	(18)	(14)	(16)
Recognition of net actuarial loss/(gain)	(2)	2	(2)	1
Recognition of prior service cost/(credit)	(1)	(2)	—	(1)
TOTAL PERIODIC OTHER POSTRETIREMENT BENEFIT COST/(CREDIT)	$(4)	$(2)	$(4)	$(4)
Cost capitalized	(1)	(2)	(2)	(1)
Reconciliation to rate level	3	2	2	2
Total expense/(credit) recognized	$(2)	$(2)	$(4)	$(3)

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	For the Nine Months Ended September 30,			
	Con Edison		CECONY	
(Millions of Dollars)	2019	2018	2019	2018
Service cost	$13	$15	$9	$10
Interest cost on accumulated other postretirement benefit obligation	33	32	27	26
Expected return on plan assets	(49)	(55)	(41)	(47)
Recognition of net actuarial loss/(gain)	(6)	6	(7)	2
Recognition of prior service cost/(credit)	(2)	(5)	(1)	(2)
TOTAL PERIODIC OTHER POSTRETIREMENT BENEFIT COST/(CREDIT)	$(11)	$(7)	$(13)	$(11)
Cost capitalized	(6)	(6)	(4)	(4)
Reconciliation to rate level	10	6	6	7
Total expense/(credit) recognized	$(7)	$(7)	$(11)	$(8)

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

Contributions

During the first nine months of 2019, the Companies contributed $7 million (substantially all of which was made by CECONY) to the other postretirement benefit plans. 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 (PCBs) 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, 2019 and December 31, 2018 were as follows:

	Con Edison		CECONY	
(Millions of Dollars)	2019	2018	2019	2018
Accrued Liabilities:				
Manufactured gas plant sites	$679	$689	$596	$603
Other Superfund Sites	88	90	88	90
Total	$767	$779	$684	$693
Regulatory assets	$774	$810	$685	$716

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, 2019 and 2018 were as follows:

	For the Three Months Ended September 30,			
	Con Edison		CECONY	
(Millions of Dollars)	2019	2018	2019	2018
Remediation costs incurred	$4	$8	$2	$5

	For the Nine Months Ended September 30,			
	Con Edison		CECONY	
(Millions of Dollars)	2019	2018	2019	2018
Remediation costs incurred	$15	$17	$10	$14

Insurance and other third-party recoveries received by Con Edison or CECONY were immaterial for the three and nine months ended September 30, 2019 and 2018.

In 2018, 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 $2.8 billion and $2.6 billion, 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, which 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, 2019, 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 for the Companies at September 30, 2019 and December 31, 2018 were as follows:

	Con Edison		CECONY	
(Millions of Dollars)	2019	2018	2019	2018
Accrued liability – asbestos suits	$8	$8	$7	$7
Regulatory assets – asbestos suits	$8	$8	$7	$7
Accrued liability – workers' compensation	$79	$79	$75	$75
Regulatory assets – workers' compensation	$5	$5	$5	$5

Note H – Other 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 the company, 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 the company 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, which caused it to sag and overstressed the defective fusion joint. The NTSB also made safety recommendations, including recommendations to the company 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 the company related to the NYSPSC's investigations of the incident and the practices of qualifying persons to perform plastic fusions. Pursuant to the agreement, the company is providing $27 million of future benefits to customers (for which it has accrued a regulatory liability) and will not recover from customers $126 million of costs for gas emergency response activities that it had previously incurred and expensed. Approximately eighty suits are pending against the company seeking generally unspecified damages and, in some cases, punitive damages, for wrongful death, personal injury, property damage and business interruption. The company has notified its insurers of the incident and believes that the policies in force at the time of the incident will cover the company'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. The company is unable to estimate the amount or range of its possible loss for damages related to the incident. At September 30, 2019, the company had not accrued a liability for damages related to the incident.

Manhattan Steam Main Rupture

In July 2018, a CECONY steam main located on Fifth Avenue and 21st Street in Manhattan ruptured. Debris from the incident included dirt and mud containing asbestos. The response to the incident required the closing of buildings and streets for various periods. The NYSPSC has commenced an investigation. As of September 30, 2019, with respect to the incident, the company incurred estimated operating costs of $16 million for property damage, clean- up and other response costs and invested $10 million in capital and retirement costs. The company has notified its insurers of the incident and believes that the policies currently in force will cover the company's costs, in excess of a required retention (the amount of which is not material), to satisfy any liability it may have for damages to others in connection with the incident. The company is unable to estimate the amount or range of its possible loss related to the incident. At September 30, 2019, the company had not accrued a liability related to the incident.

Other Contingencies

For information about the PG&E bankruptcy, see "Long-Lived and Intangible Assets" in Note A and Note C. Also, for additional contingencies, see "Other Regulatory Matters" in Note B and "Uncertain Tax Positions" in Note J.

Guarantees

Con Edison and its subsidiaries have entered into various agreements providing financial or performance assurance primarily to third parties on behalf of their subsidiaries. Maximum amounts guaranteed by Con Edison under these agreements totaled $1,954 million and $2,439 million at September 30, 2019 and December 31, 2018, respectively.

A summary, by type and term, of Con Edison's total guarantees under these agreements at September 30, 2019 is as follows:

Guarantee Type	0 – 3 years	4 – 10 years	> 10 years	Total
		(Millions of Dollars)		
Con Edison Transmission	$162	$411	$—	$573
Energy transactions	501	29	194	724
Renewable electric production projects	124	9	454	587
Other	70	—	—	70
Total	$857	$449	$648	$1,954

Con Edison Transmission — Con Edison has guaranteed payment by CET Electric of the contributions CET Electric agreed to make to New York Transco LLC (NY Transco). CET Electric owns a 45.7 percent interest in NY Transco. In April 2019, the New York Independent System Operator (NYISO) selected a transmission project that was jointly proposed by National Grid and NY Transco. The siting, construction and operation of the project will require approvals and permits from appropriate governmental agencies and authorities, including the NYSPSC. The NYISO indicated it will work with the developers to enter into agreements for the development and operation of the projects, including a schedule for entry into service by December 2023. Guarantee amount shown includes the maximum possible required amount of CET Electric's contributions for this project as calculated based on the assumptions that the project is completed at 175 percent of its estimated costs and NY Transco does not use any debt financing for the project. Also included within the table above are guarantees for $25 million from Con Edison on behalf of CET Gas in relation to Mountain Valley Pipeline (MVP), LLC, a company developing a proposed gas transmission project in West Virginia and Virginia.

Energy Transactions — Con Edison guarantees payments on behalf of the Clean Energy Businesses in order to facilitate physical and financial transactions in electricity, gas, pipeline capacity, transportation, oil, renewable energy credits and energy services. To the extent that liabilities exist under the contracts subject to these guarantees, such liabilities are included in Con Edison's consolidated balance sheet.

Renewable Electric Production Projects — Con Edison, Con Edison Development, and Con Edison Solutions guarantee payments on behalf of their wholly-owned subsidiaries associated with their investment in, or development for others of, solar and wind energy facilities.

Other — Other guarantees include $70 million in guarantees provided by Con Edison to Travelers Insurance Company for indemnity agreements for surety bonds in connection with operation of solar energy facilities and energy service projects of Con Edison Development and Con Edison Solutions, respectively.

Note I – Leases

In January 2019, the Companies adopted Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)," including the amendments thereto, using a modified retrospective transition method of adoption that required no prior period adjustments or charges to retained earnings for cumulative impact. The standard supersedes the lease requirements within ASC Topic 840, "Leases."

The Companies lease land, office buildings, equipment and access rights to support electric transmission facilities. Upon adoption of Topic 842, the Companies recognized lease right-of-use assets and lease liabilities on their consolidated balance sheets for virtually all of their leases (other than leases that meet the definition of a short-term lease, the expense for which was immaterial). A lease right-of-use asset represents a right to use an identifiable underlying asset and obtain substantially all of the economic benefits from the use of that asset for the lease term. A lease liability represents an obligation to make lease payments arising from the lease. Leases are classified as either operating leases or finance leases. Operating leases are included in operating lease right-of-use asset and operating lease liabilities on the Companies' consolidated balance sheets. Finance leases are included in other noncurrent assets, other current liabilities and other noncurrent liabilities. The Utilities, as regulated entities, are permitted to continue to recognize expense for operating leases using the timing that conforms to the regulatory rate treatment as rental payments are recovered from our customers and to account the same way for finance leases. Lessor accounting is similar to the previous model, but updated to align with ASC Topic 606 "Revenue from Contracts with Customers."

The Companies elected the following practical expedients: (1) a package of practical expedients that allows the Companies to not reassess: (a) whether expired or existing contracts contained leases; (b) the lease classification for expired or existing leases and (c) the initial direct costs for existing leases; (2) for all underlying asset classes, an expedient that allows the Companies to not apply the recognition requirements to short-term leases and an expedient that allows the Companies to account for lease and associated non-lease components as a single lease component; (3) an expedient that allows the use of hindsight to determine lease term; and (4) an expedient that allows the Companies to not evaluate under Topic 842 land easements that exist or expired before the entity's adoption of Topic 842 and that were not previously accounted for as leases under Topic 840.

The Companies, upon adoption of Topic 842 recognized, and for new operating leases at commencement date recognize, operating lease right-of-use assets and operating lease liabilities based on the present value of the future minimum lease payments over the lease term. As most of the Companies' leases do not provide an implicit rate, the Companies used their collateralized incremental borrowing rate based on the information available at the commencement date to determine the present value of future payments. Most of the Companies' leases have remaining lease terms of one year to 35 years, and may include options to renew or extend the leases for up to five years at the fair rental value. The Companies' lease terms may include options to renew, extend or terminate the lease when it is reasonably certain that the Companies will exercise that option. There were no leases with material variable lease payments or residual value guarantees.

Operating lease cost and cash paid for amounts included in the measurement of lease liabilities for the three and nine months ended September 30, 2019 were as follows:

	For the Three Months Ended September 30, 2019	
(Millions of Dollars)	**Con Edison**	**CECONY**
Operating lease cost	$21	$16
Operating lease cash flows	$10	$5

	For the Nine Months Ended September 30, 2019	
(Millions of Dollars)	**Con Edison**	**CECONY**
Operating lease cost	$62	$48
Operating lease cash flows	$27	$13

As of September 30, 2019, assets recorded as finance leases for Con Edison and CECONY were $2 million and $1 million, respectively, and the accumulated amortization associated with finance leases for Con Edison and CECONY were $5 million and $3 million, respectively. For the three and nine months ended September 30, 2019, finance lease costs and cash flows for Con Edison and CECONY were immaterial.

Right-of-use assets obtained in exchange for lease obligations for Con Edison and CECONY were $2 million and $1 million, respectively, for the three months ended September 30, 2019 and $3 million and $2 million, respectively, for the nine months ended September 30, 2019.

Other information related to leases for Con Edison and CECONY at September 30, 2019 was as follows:

	Con Edison	**CECONY**
Weighted Average Remaining Lease Term:		
Operating leases	18.9 years	14.3 years
Finance leases	11.2 years	2.3 years
Weighted Average Discount Rate:		
Operating leases	4.3%	3.6%
Finance leases	3.8%	4.7%

Future minimum lease payments under non-cancellable leases at September 30, 2019 were as follows:

(Millions of Dollars)	Con Edison		CECONY	
Year Ending September 30,	Operating Leases	Finance Leases	Operating Leases	Finance Leases
2020	$74	$1	$58	$1
2021	73	—	57	—
2022	69	—	53	—
2023	69	—	53	—
2024	69	—	53	—
All years thereafter	966	1	550	—
Total future minimum lease payments	$1,320	$2	$824	$1
Less: imputed interest	(442)	—	(180)	—
Total	$878	$2	$644	$1
Reported as of September 30, 2019				
Operating lease liabilities (current)	$59	$—	$49	$—
Operating lease liabilities (noncurrent)	819	—	595	—
Other current liabilities	—	1	—	1
Other noncurrent liabilities	—	1	—	—
Total	$878	$2	$644	$1

At September 30, 2019, the Companies do not have material obligations under operating or finance leases that have not yet commenced.

Disclosures related to the three and nine months ended September 30, 2019 are presented as required under Topic 842. Prior period disclosures for the year ended December 31, 2018 are presented under Topic 840. The Companies have elected to use a practical expedient provided by Topic 842 whereby comparative disclosures for prior periods are allowed to be presented under Topic 840. Prior period disclosures under Topic 840 have been provided on an annual basis. As a result, the disclosures presented under Topic 842 and Topic 840 will not be fully comparable in specific disclosure requirements or time period.

The future minimum lease commitments at December 31, 2018, accounted for under Topic 840, for the Companies' operating lease agreements that are not cancellable by the Companies were as follows:

(Millions of Dollars)	Con Edison	CECONY
2019	$72	$56
2020	72	56
2021	71	54
2022	68	53
2023	68	53
All years thereafter	890	592
Total	$1,241	$864

The Companies are lessors under certain leases whereby the Companies 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, 2019.

Note J – Income Tax

Con Edison's income tax expense decreased to $116 million for the three months ended September 30, 2019 from $175 million for the three months ended September 30, 2018. The decrease in income tax expense is primarily due to lower income before income tax expense (excluding income attributable to noncontrolling interest (see Note N)), lower state income taxes, the absence of a $42 million re-measurement of deferred tax assets due to the TCJA associated with Con Edison's 2017 federal net operating loss carryforward into 2018 recognized at the filing of its 2017 federal tax return, an increase in the amortization of excess deferred federal income taxes due to the TCJA and higher renewable energy credits and adjustments for prior period federal income tax returns primarily due to increased research and development credits at the Clean Energy Businesses, offset, in part, by an increase in uncertain tax positions at the Clean Energy Businesses.

CECONY's income tax expense decreased to $119 million for the three months ended September 30, 2019 from $125 million for the three months ended September 30, 2018. The decrease in income tax expense is primarily due to lower income before income tax expense, lower state income taxes and an increase in the amortization of excess deferred federal income taxes due to the TCJA, offset, in part, by lower tax benefits in 2019 for plant-related flow through items and adjustments for the 2017 federal income tax return primarily due to increased non-deductible business expenses.

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, 2019 and 2018 is as follows:

	Con Edison		CECONY	
(% of Pre-tax income)	**2019**	**2018**	**2019**	**2018**
STATUTORY TAX RATE				
Federal	21 %	21 %	21 %	21 %
Changes in computed taxes resulting from:				
State income tax	4	5	5	5
Other plant-related items	—	(1)	—	(1)
Renewable energy credits	(1)	(1)	—	—
TCJA deferred tax re-measurement	—	7	—	—
Reserve for uncertain tax positions	1	—	—	—
Amortization of excess deferred federal income taxes	(3)	(2)	(3)	(2)
Prior period return adjustments	(2)	—	—	—
Other	—	(1)	(1)	(1)
Effective tax rate	20 %	28 %	22 %	22 %

Con Edison's income tax expense decreased to $243 million for the nine months ended September 30, 2019 from $330 million for the nine months ended September 30, 2018. The decrease in income tax expense is primarily due to lower income before income tax expense (excluding income attributable to noncontrolling interest (see Note N)), lower state income taxes, the absence of a $42 million re-measurement of deferred tax assets due to the TCJA associated with Con Edison's 2017 federal net operating loss carryforward into 2018 recognized at the filing of its 2017 federal tax return, an increase in the amortization of excess deferred federal income taxes due to the TCJA, higher renewable energy credits and adjustments for prior period federal income tax returns primarily due to increased research and development credits at the Clean Energy Businesses, offset, in part, by an increase in uncertain tax positions at the Clean Energy Businesses.

CECONY's income tax expense decreased to $271 million for the nine months ended September 30, 2019 from $274 million for the nine months ended September 30, 2018. The decrease in income tax expense is primarily due to lower state income taxes and an increase in the amortization of excess deferred federal income taxes due to the TCJA, offset, in part, by higher income before income tax expense and lower tax benefits in 2019 for plant-related flow through items and adjustments for the 2017 federal income tax returns primarily due to increased non-deductible business expenses.

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, 2019 and 2018 is as follows:

	Con Edison		CECONY	
(% of Pre-tax income)	2019	2018	2019	2018
STATUTORY TAX RATE				
Federal	21 %	21 %	21 %	21 %
Changes in computed taxes resulting from:				
State income tax	4	5	5	5
Cost of removal	1	1	1	1
Other plant-related items	—	(1)	(1)	(1)
Renewable energy credits	(2)	(1)	—	—
TCJA deferred tax re-measurement	—	3	—	—
Amortization of excess deferred federal income taxes	(4)	(3)	(3)	(3)
Other	(1)	(1)	(1)	(1)
Effective tax rate	19 %	24 %	22 %	22 %

CECONY and O&R deferred as regulatory liabilities their estimated net benefits under the TCJA for the nine months ended September 30, 2018. CECONY's net benefits prior to January 1, 2019 for its electric service and amortization of excess deferred federal income taxes for its electric service for the nine months ended September 30, 2019 continue to be deferred. RECO deferred as a regulatory liability its estimated net benefits under the TCJA for the three months ended March 31, 2018. The net benefits include the revenue requirement impact of the reduction in the corporate federal income tax rate to 21 percent, the elimination for utilities of bonus depreciation and the amortization of excess deferred federal income taxes the utilities collected from customers that will not need to be paid to the Internal Revenue Service under the TCJA. See “Other Regulatory Matters” in Note B.

Uncertain Tax Positions

At September 30, 2019, the estimated liability for uncertain tax positions for Con Edison was $15 million ($4 million for CECONY). Con Edison reasonably expects to resolve within the next twelve months approximately $12 million of various federal and state 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 approximately $3 million, which, 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 $15 million ($14 million, net of federal taxes).

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. In the three and nine months ended September 30, 2019, the Companies recognized an immaterial amount of interest expense and penalties for uncertain tax positions in their consolidated income statements. At September 30, 2019 and December 31, 2018, the Companies recognized an immaterial amount of accrued interest on their consolidated balance sheets.

Note K – Financial Information by Business Segment

Con Edison's principal business segments are CECONY's regulated utility activities, O&R's regulated utility activities, the Clean Energy Businesses 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, 2019 and 2018 were as follows:

	For the Three Months Ended September 30,							
	Operating revenues		Inter-segment revenues		Depreciation and amortization		Operating income/(loss)	
(Millions of Dollars)	2019	2018	2019	2018	2019	2018	2019	2018
CECONY								
Electric	$2,544	$2,571	$4	$4	$266	$248	$803	$850
Gas	275	264	2	2	58	52	(24)	(34)
Steam	58	64	18	19	22	22	(56)	(52)
Consolidation adjustments	—	—	(24)	(25)	—	—	—	—
Total CECONY	$2,877	$2,899	$—	$—	$346	$322	$723	$764
O&R								
Electric	$210	$212	$—	$—	$16	$14	$56	$52
Gas	31	34	—	—	6	5	(10)	(10)
Total O&R	$241	$246	$—	$—	$22	$19	$46	$42
Clean Energy Businesses	$247	$181	$—	$—	$53	$18	$100	$25
Con Edison Transmission	1	1	—	—	—	—	(1)	(2)
Other (a)	(1)	1	—	—	—	1	(1)	(3)
Total Con Edison	$3,365	$3,328	$—	$—	$421	$360	$867	$826

(a) Parent company and consolidation adjustments. Other does not represent a business segment.

	For the Nine Months Ended September 30,							
	Operating revenues		Inter-segment revenues		Depreciation and amortization		Operating income/(loss)	
(Millions of Dollars)	2019	2018	2019	2018	2019	2018	2019	2018
CECONY								
Electric	$6,174	$6,107	$13	$12	$785	$732	$1,374	$1,421
Gas	1,605	1,540	6	6	168	152	414	369
Steam	469	474	52	56	67	65	37	60
Consolidation adjustments	—	—	(71)	(74)	—	—	—	—
Total CECONY	$8,248	$8,121	$—	$—	$1,020	$949	$1,825	$1,850
O&R								
Electric	$493	$505	$—	$—	$46	$41	$88	$79
Gas	185	186	—	—	17	16	25	31
Total O&R	$678	$691	$—	$—	$63	$57	$113	$110
Clean Energy Businesses	696	573	—	—	169	55	183	59
Con Edison Transmission	3	3	—	—	1	1	(5)	(5)
Other (a)	(2)	—	—	—	—	(1)	(5)	(7)
Total Con Edison	$9,623	$9,388	$—	$—	$1,253	$1,061	$2,111	$2,007

(a) Parent company and consolidation adjustments. Other does not represent a business segment.

Note L – Derivative Instruments and Hedging Activities

The Utilities and the Clean Energy Businesses 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 and the Clean Energy Business do not elect hedge accounting. The Clean Energy Businesses use interest rate swaps to manage the risks associated with interest rates related to outstanding and expected future debt issuances and borrowings. Derivatives are recognized on the consolidated balance sheet at fair value (see Note M), 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.

In August 2017, the FASB issued amendments to the guidance for derivatives and hedging through ASU 2017-12, “Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities.” The amendments in this update provide greater clarification on hedge accounting for risk components, presentation and disclosure of hedging instruments, and overall targeted improvements to simplify hedge accounting. The amendments were effective for reporting periods beginning after December 15, 2018. The application of the guidance did not have a material impact on the Companies’ financial position, results of operations and liquidity because the Companies do not elect hedge accounting for their derivative instruments and hedging activities.

The fair values of the Companies’ derivatives including the offsetting of assets and liabilities on the consolidated balance sheet at September 30, 2019 and December 31, 2018 were:

(Millions of Dollars)	2019				2018		
Balance Sheet Location	**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)**
Con Edison							
Fair value of derivative assets							
Current	$51	$(8)	$43	(b)	$43	$(14)	$29 (b)
Noncurrent	7	(7)	—		16	(7)	9 (d)
Total fair value of derivative assets	$58	$(15)	$43		$59	$(21)	$38
Fair value of derivative liabilities							
Current	$(89)	$17	$(72)	(c)	$(61)	$11	$(50)
Noncurrent	(156)	9	(147)	(c)	(25)	9	(16) (d)
Total fair value of derivative liabilities	$(245)	$26	$(219)		$(86)	$20	$(66)
Net fair value derivative assets/(liabilities)	$(187)	$11	$(176)		$(27)	$(1)	$(28)
CECONY							
Fair value of derivative assets							
Current	$42	$(19)	$23	(b)	$25	$(6)	$19 (b)
Noncurrent	6	(6)	—		11	(5)	6
Total fair value of derivative assets	$48	$(25)	$23		$36	$(11)	$25
Fair value of derivative liabilities							
Current	$(61)	$28	$(33)		$(31)	$6	$(25)
Noncurrent	(90)	8	(82)		(12)	6	(6)
Total fair value of derivative liabilities	$(151)	$36	$(115)		$(43)	$12	$(31)
Net fair value derivative assets/(liabilities)	$(103)	$11	$(92)		$(7)	$1	$(6)

(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, 2019 and December 31, 2018, margin deposits for Con Edison ($7 million) and CECONY ($6 million) were classified as derivative assets 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 $(7) million in current liabilities and $(57) million in noncurrent liabilities. At September 30, 2019, the Clean Energy Businesses had interest rate swaps with notional amounts of $934 million. The expiration dates of the swaps range from 2024-2041.

(d) Includes amounts for interest rate swaps of $2 million in noncurrent assets and $(6) million in noncurrent liabilities. At December 31, 2018, the Clean Energy Business had interest rate swaps with notional amounts of $499 million. The expiration dates of the swaps range from 2024-2035.

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 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 record realized and unrealized gains and losses on their derivative contracts in purchased power, gas purchased for resale and non-utility revenue in the reporting period in which they occur. The Clean Energy Businesses record 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.

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, 2019 and 2018:

		For the Three Months Ended September 30,			
		Con Edison		CECONY	
(Millions of Dollars)	**Balance Sheet Location**	**2019**	**2018**	**2019**	**2018**
Pre-tax gains/(losses) deferred in accordance with accounting rules for regulated operations:					
Current	Deferred derivative gains	$15	$6	$15	$6
Noncurrent	Deferred derivative gains	—	—	—	2
Total deferred gains/(losses)		$15	$6	$15	$8
Current	Deferred derivative losses	$6	$25	$6	$25
Current	Recoverable energy costs	(35)	(4)	(32)	(6)
Noncurrent	Deferred derivative losses	18	15	16	14
Total deferred gains/(losses)		$(11)	$36	$(10)	$33
Net deferred gains/(losses)		$4	$42	$5	$41
	Income Statement Location				
Pre-tax gains/(losses) recognized in income					
	Gas purchased for resale	$1	$—	$—	$—
	Non-utility revenue	5	(7)	—	—
	Other operations and maintenance expense	(1)	—	(1)	
	Other interest expense	(26)	—	—	—
Total pre-tax gains/(losses) recognized in income		$(21)	$(7)	$(1)	$—

		For the Nine Months Ended September 30,			
		Con Edison		CECONY	
(Millions of Dollars)	**Balance Sheet Location**	**2019**	**2018**	**2019**	**2018**
Pre-tax gains/(losses) deferred in accordance with accounting rules for regulated operations:					
Current	Deferred derivative gains	$3	$(11)	$3	$(10)
Noncurrent	Deferred derivative gains	(8)	5	(5)	4
Total deferred gains/(losses)		$(5)	$(6)	$(2)	$(6)
Current	Deferred derivative losses	$(32)	$21	$(28)	$23
Current	Recoverable energy costs	(94)	(13)	(82)	(14)
Noncurrent	Deferred derivative losses	(82)	23	(79)	21
Total deferred gains/(losses)		$(208)	$31	$(189)	$30
Net deferred gains/(losses)		$(213)	$25	$(191)	$24
	Income Statement Location				
Pre-tax gains/(losses) recognized in income					
	Gas purchased for resale	$(2)	$(1)	$—	$—
	Non-utility revenue	20	(7)	—	—
	Other interest expense	(60)	—	—	—
Total pre-tax gains/(losses) recognized in income		$(42)	$(8)	$—	$—

The following table presents the hedged volume of Con Edison's and CECONY's commodity derivative transactions at September 30, 2019:

	Electric Energy (MWh) (a)(b)	Capacity (MW) (a)	Natural Gas (Dt) (a)(b)	Refined Fuels (gallons)
Con Edison	27,843,993	25,054	277,395,718	6,720,000
CECONY	25,361,275	16,800	260,350,000	6,720,000

(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, which 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 and the Clean Energy Businesses. 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, 2019, Con Edison and CECONY had $154 million and $6 million of credit exposure in connection with open energy supply net receivables and hedging activities, net of collateral, respectively. Con Edison's net credit exposure consisted of $58 million with independent system operators, $50 million with non-investment grade/non-rated counterparties, $35 million with investment-grade counterparties and $11 million with commodity exchange brokers. CECONY's net credit exposure consisted of $6 million with commodity exchange brokers and an immaterial amount with investment-grade counterparties.

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, 2019:

(Millions of Dollars)	Con Edison (a)	CECONY (a)
Aggregate fair value – net liabilities	$112	$95
Collateral posted	26	20
Additional collateral (b) (downgrade one level from current ratings)	18	14
Additional collateral (b) (downgrade to below investment grade from current ratings)	123 (c)	92 (c)

(a) Non-derivative transactions for the purchase and sale of electricity and gas and qualifying derivative instruments, which 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 and the Clean Energy Businesses were no longer extended unsecured credit for such purchases, the Companies would be required to post an immaterial amount of additional collateral at September 30, 2019. For certain other such non-derivative transactions, the Companies could be 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, 2019, if Con Edison had been downgraded to below investment grade, it would have been required to post additional collateral for such derivative instruments of $26 million.

Note M – 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, which 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, which 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, 2019 and December 31, 2018 are summarized below.

	2019					2018				
(Millions of Dollars)	**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)	$4	$33	$2	$11	$50	$6	$36	$7	$(6)	$43
Interest rate swaps (a)(b)(c)	—	—	—	—	—	—	2	—	—	2
Other (a)(b)(d)	330	123	—	—	453	287	114	—	—	401
Total assets	$334	$156	$2	$11	$503	$293	$152	$7	$(6)	$446
Derivative liabilities:										
Commodity (a)(b)(c)	$18	$98	$46	$(7)	$155	$8	$43	$20	$(11)	$60
Interest rate swaps (a)(b)(c)	—	64	—	—	64	—	6	—	—	6
Total liabilities	$18	$162	$46	$(7)	$219	$8	$49	$20	$(11)	$66
CECONY										
Derivative assets:										
Commodity (a)(b)(c)	$3	$25	$1	$—	$29	$3	$28	$1	$(1)	$31
Other (a)(b)(d)	310	117	—	—	427	267	109	—	—	376
Total assets	$313	$142	$1	$—	$456	$270	$137	$1	$(1)	$407
Derivative liabilities:										
Commodity (a)(b)(c)	$15	$87	$32	$(19)	$115	$5	$30	$3	$(6)	$32

(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 no transfers between levels 1, 2, and 3 during the nine months ended September 30, 2019.

Con Edison and CECONY had $2 million of commodity derivative liabilities transferred from level 3 to level 2 during the year ended December 31, 2018 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, 2018 to less than three years as of December 31, 2018.

(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, 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, 2019 and December 31, 2018, 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.

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 and interest rate swaps. Under the Companies' policies and procedures, multiple independent sources of information are obtained for forward price curves used to value commodity derivatives and interest rate swaps. Fair value and changes in fair value of commodity derivatives and interest rate swaps are reported on a monthly basis to the Companies' risk committees, comprised of officers and employees of the Companies that oversee energy hedging at the Utilities and the Clean Energy Businesses. The risk management group reports to the Companies' Vice President and Treasurer.

	Fair Value of Level 3 at September 30, 2019 *(Millions of Dollars)*	Valuation Techniques	Unobservable Inputs	Range
Con Edison – Commodity				
Electricity	$(26)	Discounted Cash Flow	Forward energy prices (a)	$16.20-$71.77 per MWh
	(18)	Discounted Cash Flow	Forward capacity prices (a)	$0.45-$7.75 per kW-month
Natural Gas	(1)	Discounted Cash Flow	Forward natural gas prices (a)	$0.97-$2.43 per Dt
Transmission Congestion Contracts/Financial Transmission Rights	1	Discounted Cash Flow	Inter-zonal forward price curves adjusted for historical zonal losses (b)	$(1.00)-$7.03 per MWh
Total Con Edison—Commodity	$(44)			
CECONY – Commodity				
Electricity	$(24)	Discounted Cash Flow	Forward energy prices (a)	$23.40-$71.77 per MWh
	(8)	Discounted Cash Flow	Forward capacity prices (a)	$0.45-$7.75 per kW-month
Transmission Congestion Contracts	1	Discounted Cash Flow	Inter-zonal forward price curves adjusted for historical zonal losses (b)	$0.35-$4.11 per MWh
Total CECONY—Commodity	$(31)			

(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, 2019 and 2018 and classified as Level 3 in the fair value hierarchy:

	For the Three Months Ended September 30,			
	Con Edison		CECONY	
(Millions of Dollars)	**2019**	**2018**	**2019**	**2018**
Beginning balance as of July 1,	$(46)	$(4)	$(30)	$—
Included in earnings	4	4	1	2
Included in regulatory assets and liabilities	(1)	(4)	(1)	—
Settlements	(1)	(6)	(1)	(2)
Ending balance as of September 30,	$(44)	$(10)	$(31)	$—

	For the Nine Months Ended September 30,			
	Con Edison		CECONY	
(Millions of Dollars)	2019	2018	2019	2018
Beginning balance as of January 1,	$(13)	$1	$(2)	$4
Included in earnings	(2)	4	1	4
Included in regulatory assets and liabilities	(32)	(7)	(29)	(5)
Settlements	3	(9)	(1)	(4)
Transfer out of level 3	—	1	—	1
Ending balance as of September 30,	$(44)	$(10)	$(31)	$—

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 ($3 million gain and $1 million loss) and purchased power costs (immaterial for both periods) on the consolidated income statement for the three months ended September 30, 2019 and 2018, respectively. Realized and unrealized gains and losses on Level 3 commodity derivative assets and liabilities are reported in non-utility revenues ($2 million gain and $4 million loss) and purchased power costs (immaterial for both periods) on the consolidated income statement for the nine months ended September 30, 2019 and 2018, respectively. The change in fair value relating to Level 3 commodity derivative assets and liabilities held at September 30, 2019 and 2018 is included in non-utility revenues ($3 million gain and $1 million loss) and purchased power costs (immaterial for both periods) on the consolidated income statement for the three months ended September 30, 2019 and 2018, respectively. For the nine months ended September 30, 2019 and 2018, the change in fair value relating to Level 3 commodity derivatives assets and liabilities is included in non-utility revenues ($2 million gain and $5 million loss) and purchased power costs (immaterial for both periods), respectively, on the consolidated income statement.

Note N – 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 2018, 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.

Con Edison Development

In September 2019, Con Edison Development, which previously owned an 80 percent membership interest in OCI Solar San Antonio 4 LLC (Texas Solar 4), acquired the remaining 20 percent interest. Texas Solar 4 is a consolidated entity. Prior to the acquisition, Con Edison had a variable interest in Texas Solar 4, as to which Con Edison was the primary beneficiary since the power to direct the activities that most significantly impact the economics of Texas Solar 4 was held by a Con Edison Development subsidiary. Texas Solar 4 owns a project company that developed a 40 MW (AC) solar electric production project. Electricity generated by the project is sold pursuant to a long-term power purchase agreement. Con Edison's losses from Texas Solar 4 for the three and nine months ended September 30, 2019 and 2018 were immaterial.

In December 2018, a Con Edison Development subsidiary 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 are consolidated entities in which Con Edison has less than a 100 percent membership interest. Con Edison is the primary beneficiary since the power to direct the activities that most significantly impact the economics of the Tax Equity Projects is held by Con Edison Development subsidiaries. Electricity generated by the Tax Equity Projects is sold to utilities and municipalities pursuant to long-term power purchase agreements. For the three months ended September 30, 2019, the hypothetical liquidation at book value (HLBV) method of accounting for the Tax Equity Projects resulted in $30 million of income ($23 million, after tax) for the tax equity investor and a $13 million loss ($10 million, after tax) for Con Edison. For the nine months ended September 30, 2019, the HLBV method of accounting for the Tax Equity Projects resulted in $79 million of income ($60 million, after-tax) for the tax equity investor and a $47 million loss ($36 million, after-tax) for Con Edison.

At September 30, 2019 and December 31, 2018, Con Edison's consolidated balance sheet included the following amounts associated with its VIEs:

	Tax Equity Projects				
	Great Valley Solar (c)(d)		Copper Mountain - Mesquite Solar (c)(e)		Texas Solar 4 (c)(f)
(Millions of Dollars)	**2019**	**2018**	**2019**	**2018**	**2018**
Restricted cash	$—	$—	$—	$—	$4
Non-utility property, less accumulated depreciation (g)(h)	295	313	465	492	98
Other assets	47	18	131	97	9
Total assets (a)	$342	$331	$596	$589	$111
Long-term debt due within one year	$—	$—	$—	$—	$2
Other liabilities	19	17	22	33	26
Long-term debt	—	—	—	—	56
Total liabilities (b)	$19	$17	$22	$33	$84

(a) The assets of the Tax Equity Projects represent assets of a consolidated VIE that can be used only to settle obligations of the consolidated VIE.
(b) The liabilities of the Tax Equity Projects represent liabilities of a consolidated VIE for which creditors do not have recourse to the general credit of the primary beneficiary.
(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 $57 million and $33 million at September 30, 2019 and December 31, 2018, respectively.
(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 $115 million and $71 million at September 30, 2019 and December 31, 2018, respectively.
(f) Noncontrolling interest of the third party was $7 million at December 31, 2018.
(g) Non-utility property is reduced by accumulated depreciation of $7 million for Great Valley Solar and $10 million for Copper Mountain - Mesquite Solar at September 30, 2019.
(h) Non-utility property is reduced by accumulated depreciation of $1 million for Great Valley Solar, $1 million for Copper Mountain - Mesquite Solar and $15 million for Texas Solar 4 at December 31, 2018.

Note O – New Financial Accounting Standards

In June 2016, the FASB issued amendments to the guidance for recognition of credit losses for financial instruments through ASU 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The amendments replace the incurred loss impairment methodology which involved delayed recognition of credit losses. The amendments introduce an expected credit loss impairment model which requires immediate recognition of anticipated losses over the instrument's life. A broader range of reasonable and supportable information must be considered in developing the credit loss estimates. The Companies' financial instruments that would be subject to the amendments include their accounts receivable - customers and other receivables. For public entities, the amendments are effective, and the Companies plan to adopt the amendments, for reporting periods beginning after December 15, 2019. The adoption of this guidance is not expected to have a material impact on the Companies' financial position, results of operations and liquidity. The Companies will implement additional internal controls related to the amendments, however the adoption of the amendments is not expected to require a change that will materially affect the Companies' internal control over financial reporting.

In January 2017, the FASB issued amendments to the guidance for the subsequent measurement of goodwill through ASU 2017-04, “Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.” The amendments in this update simplify goodwill impairment testing by eliminating Step 2 of the goodwill impairment test wherein an entity has to compute the implied fair value of goodwill by performing procedures to determine the fair value of its assets and liabilities. Under the new guidance, an entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value up to the total amount of goodwill allocated to that reporting unit. For public entities, the amendments are effective for reporting periods beginning after December 15, 2019. Early adoption is permitted. The application of this guidance is not expected to have a material impact on the Companies’ financial position, results of operations and liquidity.

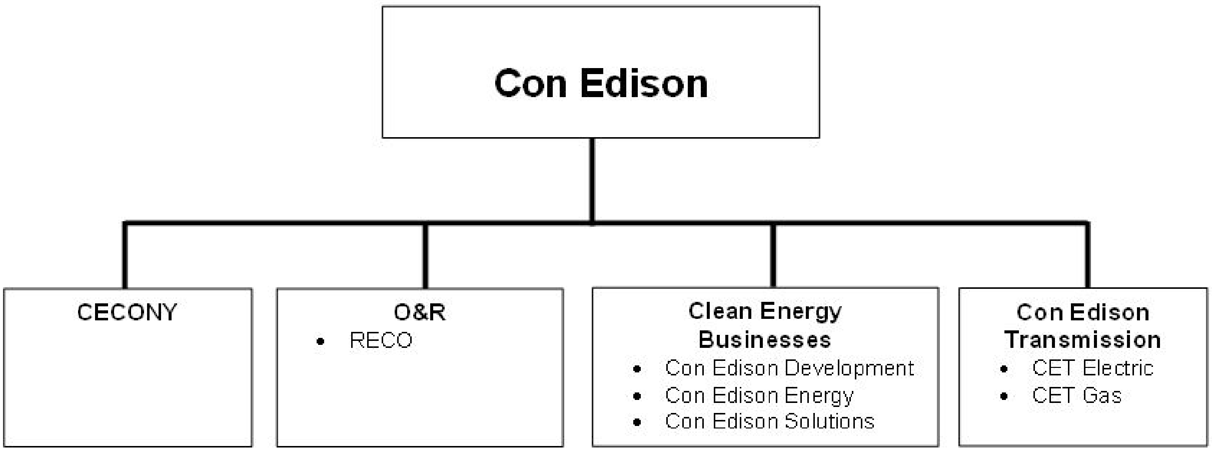
Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operations

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, the MD&A in Item 7 of the Companies’ combined Annual Report on Form 10-K for the year ended December 31, 2018 (File Nos. 1-14514 and 1-1217, the Form 10-K) and the MD&A in Part 1, Item 2 of the Companies' combined Quarterly Report on Form 10-Q for the quarterly periods ended March 31, 2019 and June 30, 2019 (File Nos. 1-14514 and 1-1217).

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), Con Edison Clean Energy Businesses, Inc. 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, the Clean Energy Businesses 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. The Clean Energy Businesses develop, own and operate renewable and energy infrastructure projects and provide energy-related products and services to wholesale and retail customers. Con Edison Transmission invests in electric transmission facilities and gas pipeline and storage facilities.

Con Edison seeks to provide shareholder value through continued dividend growth, supported by earnings growth in regulated utilities and contracted assets. The company invests to provide reliable, resilient, safe and clean energy critical for New York City’s growing economy. The company is an industry leading owner and operator of contracted, large-scale solar generation in the United States. Con Edison is a responsible neighbor, helping the communities it serves become more sustainable.

CECONY

Electric

CECONY provides electric service to approximately 3.5 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 of 2019, electric peak demand in CECONY's service area was 12,389 MW (which occurred on July 17, 2019). At design conditions, electric peak demand in the company's service area would have been approximately 13,222 MW in 2019 compared to the company's forecast of 13,270 MW. The company decreased its five-year forecast of average annual change in electric peak demand in its service area at design conditions from approximately 0.1 percent (for 2019 to 2023) to approximately (0.1) percent (for 2020 to 2024).

Gas

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

In May 2019, the company increased its five-year forecast of average annual growth of the peak gas demand in its service area at design conditions from approximately 1.3 percent (for 2019 to 2023) to approximately 1.5 percent (for 2020 to 2024). The increase reflects increased applications for firm gas service in advance of the March 15, 2019 start of a temporary moratorium on new applications in most of Westchester County.

Steam

CECONY operates the largest steam distribution system in the United States by producing and delivering approximately 20,445 MMlb of steam annually to approximately 1,591 customers in parts of Manhattan.

In July 2019, the company's five-year forecast of average annual change in the peak steam demand in its service area at design conditions increased from approximately (0.5) percent (for 2019 to 2023) to (0.4) percent (for 2020 to 2024).

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 of 2019, electric peak demand in O&R's service area was 1,446 MW (which occurred on July 21, 2019). At design conditions, electric peak demand in the company's service area would have been approximately 1,543 MW in 2019 compared to the company's forecast of 1,585 MW. The company increased its five-year forecast of average annual change in electric peak demand in its service area at design conditions from approximately (0.3) percent (for 2019 to 2023) to approximately (0.2) percent (for 2020 to 2024).

Gas

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

In May 2019, the company increased its five-year forecast of average annual growth of the peak gas demand in its service area at design conditions from approximately 0.6 percent (for 2019 to 2023) to 0.7 percent (for 2020 to 2024).

Clean Energy Businesses

Con Edison Clean Energy Businesses, Inc. has three wholly-owned subsidiaries: Consolidated Edison Development, Inc. (Con Edison Development), Consolidated Edison Energy, Inc. (Con Edison Energy) and Consolidated Edison Solutions, Inc. (Con Edison Solutions). Con Edison Clean Energy Businesses, Inc., together with these subsidiaries, are referred to in this report as the Clean Energy Businesses. The Clean Energy Businesses develop, own and operate renewable and energy infrastructure projects and provide energy-related products and services to wholesale and retail customers. In December 2018, a Con Edison Development subsidiary acquired Sempra Solar Holdings, LLC.

Con Edison Transmission

Con Edison Transmission, Inc. invests in electric and gas transmission projects through its wholly-owned subsidiaries, Consolidated Edison Transmission, LLC (CET Electric) and Con Edison Gas Pipeline and Storage, LLC (CET Gas). CET Electric owns a 45.7 percent interest in New York Transco LLC (NY Transco), which owns and is proposing to build additional electric transmission assets in New York. CET Gas owns, through subsidiaries, a 50 percent interest in Stagecoach Gas Services, LLC, a joint venture that owns and operates an existing gas pipeline and storage business located in northern Pennsylvania and southern New York. Also, CET Gas and CECONY own 71.2 percent and 28.8 percent interests, respectively, in Honeoye Storage Corporation which owns and operates a gas storage facility in upstate New York. In addition, CET Gas owns a 12.5 percent interest in Mountain Valley Pipeline LLC, a joint venture developing a proposed 300-mile gas transmission project in West Virginia and Virginia. Con Edison Transmission, Inc., together with CET Electric and CET Gas, are referred to in this report as Con Edison Transmission.

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

	For the Three Months Ended September 30, 2019				For the Nine Months Ended September 30, 2019				At September 30, 2019	
(Millions of Dollars, except percentages)	**Operating Revenues**		**Net Income for Common Stock**		**Operating Revenues**		**Net Income for Common Stock**		**Assets**	
CECONY	$2,877	86%	$414	88%	$8,248	86%	$978	93%	$44,808	80%
O&R	241	7	25	5	678	7	60	6	2,935	5
Total Utilities	3,118	93	439	93	8,926	93	1,038	99	47,743	85
Clean Energy Businesses (a)	247	7	22	5	696	7	(19)	(2)	6,376	12
Con Edison Transmission	1	—	14	2	3	—	38	4	1,559	3
Other (b)	(1)	—	(2)	—	(2)	—	(9)	(1)	262	—
Total Con Edison	**$3,365**	**100%**	**$473**	**100%**	**$9,623**	**100%**	**$1,048**	**100%**	**$55,940**	**100%**

(a) Net income for common stock from the Clean Energy Businesses for the three and nine months ended September 30, 2019 includes $(17) million and $(41) million, respectively, of net after-tax mark-to-market losses and reflects $23 million (after-tax) and $60 million (after-tax), respectively, of income attributable to the non-controlling interest of a tax equity investor in renewable electric production projects accounted for under the HLBV method of accounting. See Note N to the Third Quarter Financial Statements.
(b) Other includes parent company and consolidation adjustments.

Results of Operations

Net income for common stock and earnings per share for the three and nine months ended September 30, 2019 and 2018 were as follows:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2019	2018	2019	2018	2019	2018	2019	2018
(Millions of Dollars, except per share amounts)	**Net Income for Common Stock**		**Earnings per Share**		**Net Income for Common Stock**		**Earnings per Share**	
CECONY	$414	$431	$1.25	$1.38	$978	$969	$2.99	$3.12
O&R	25	21	0.07	0.07	60	52	0.18	0.17
Clean Energy Businesses (a)	22	27	0.07	0.10	(19)	58	(0.06)	0.19
Con Edison Transmission	14	13	0.04	0.04	38	35	0.11	0.11
Other (b)	(2)	(57)	(0.01)	(0.19)	(9)	(63)	(0.02)	(0.21)
Con Edison (c)	**$473**	**$435**	**$1.42**	**$1.40**	**$1,048**	**$1,051**	**$3.20**	**$3.38**

(a) Net income for common stock from the Clean Energy Businesses for the three and nine months ended September 30, 2019 includes $(17) million or $(0.05) a share and $(41) million or $(0.13) a share, respectively, of net after-tax mark-to-market losses and reflects $23 million or $0.07 a share (after-tax) and $60 million or $0.18 a share (after-tax), respectively, of income attributable to the non-controlling interest of a tax equity investor in renewable electric production projects accounted for under the HLBV method of accounting. See Note N to the Third Quarter Financial Statements. Net income for common stock from the Clean Energy Businesses for the three and nine months ended September 30, 2018 includes $(2) million or $0.00 a share and $(3) million or $(0.01) a share, respectively, of net after-tax mark-to-market losses.

(b) Other includes parent company and consolidation adjustments. Includes $(42) million or $(0.14) a share of income tax expense resulting from a re-measurement of the company's deferred tax assets and liabilities following the issuance of proposed regulations relating to the TCJA for the three and nine months ended September 30, 2018. See Note I to the Third Quarter Financial Statements. Also includes for the three and nine months ended September 30, 2018 $10 million (net of tax) or $0.03 a share of transaction costs related to a Con Edison Development subsidiary's agreement to purchase Sempra Solar Holdings, LLC.

(c) Earnings per share on a diluted basis were $1.42 a share and $1.39 a share for the three months ended September 30, 2019 and 2018, respectively, and $3.19 a share and $3.37 a share for the nine months ended September 30, 2019 and 2018, respectively.

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, 2019 as compared with the 2018 periods.

Variation for the Three Months Ended September 30, 2019 vs. 2018

	Earnings per Share	Net Income for Common Stock (Millions of Dollars)	
CECONY (a)			
Changes in rate plans	$0.11	$35	Reflects higher electric and gas net base revenues of $0.19 a share and $0.01 a share, respectively, due primarily to electric and gas base rates increases in January 2019 under the company's rate plans.
Weather impact on steam revenues	—	(1)	
Operations and maintenance expenses	(0.11)	(34)	Reflects higher costs for pension and other postretirement benefits of $(0.04) a share, stock-based compensation of $(0.03) a share and uncollectibles of $(0.02) a share.
Depreciation, property taxes and other tax matters	(0.10)	(31)	Reflects higher property taxes of $(0.06) a share and higher depreciation and amortization expense of $(0.06) a share, offset, in part, by the reduction in the sales and use tax reserve upon conclusion of the audit assessment of $0.02 a share.
Other	(0.03)	14	Reflects primarily the dilutive effect of Con Edison's stock issuances of $(0.09) a share, offset, in part, by lower costs associated with components of pension and other postretirement benefits other than service cost of $0.05 a share.
Total CECONY	(0.13)	(17)	
O&R (a)			
Changes in rate plans	0.03	11	Reflects primarily an electric base rate increase under the company's new rate plan, effective January 1, 2019.
Operations and maintenance expenses	—	(1)	
Depreciation, property taxes and other tax matters	(0.01)	(2)	Reflects higher depreciation and amortization expense.
Other	(0.02)	(4)	Reflects primarily the dilutive effect of Con Edison's stock issuances of $(0.01) a share.
Total O&R	—	4	
Clean Energy Businesses			
Operating revenues less energy costs	0.27	85	Reflects primarily higher revenues from renewable electric production projects resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC, including the consolidation of certain jointly-owned projects that were previously accounted for as equity investments of $0.30 a share, and lower gas purchased for resale due to lower purchased volume of $0.12 a share, offset, in part, by lower wholesale revenues of $(0.13) a share.
Operations and maintenance expenses	(0.01)	(2)	Reflects higher costs associated with additional renewable electric production projects in operation resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC. of $(0.03) a share, offset, in part, by lower energy services costs of $0.02 a share.
Depreciation and amortization	(0.08)	(26)	Reflects an increase in renewable electric production projects resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC.
Net interest expense	(0.12)	(35)	Reflects primarily an increase in debt resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC.
HLBV effects	(0.07)	(23)	
Other	(0.02)	(4)	Reflects primarily the absence in 2019 of equity income from certain jointly-owned projects that were accounted for as equity investments in 2018 but consolidated after the December 2018 acquisition of Sempra Solar Holdings, LLC.
Total Clean Energy Businesses	(0.03)	(5)	
Con Edison Transmission	—	1	Reflects income from equity investments.
Other, including parent company expenses	0.18	55	
Total Reported (GAAP basis)	$0.02	$38	

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.

Variation for the Nine Months Ended September 30, 2019 vs. 2018

	Earnings per Share	Net Income for Common Stock (Millions of Dollars)	
CECONY (a)			
Changes in rate plans	$0.59	$185	Reflects higher electric and gas net base revenues of $0.42 a share and $0.12 a share, respectively, due primarily to electric and gas base rates increases in January 2019 under the company's rate plans and growth in the number of gas customers of $0.02 a share.
Weather impact on steam revenues	(0.05)	(15)	Reflects the impact of warmer winter weather in 2019.
Operations and maintenance expenses	(0.23)	(71)	Reflects higher costs for pension and other postretirement benefits of $(0.11) a share, stock-based compensation of $(0.07) a share and regulatory assessments and fees that are collected in revenues from customers of $(0.05) a share.
Depreciation, property taxes and other tax matters	(0.38)	(121)	Reflects higher property taxes of $(0.19) a share, higher depreciation and amortization expense of $(0.17) a share and the absence of New York State sales and use tax refunds received in 2018 of $(0.04) a share; offset, in part, by the reduction in the sales and use tax reserve upon conclusion of the audit assessment of $0.02 a share.
Other	(0.06)	31	Reflects primarily the dilutive effect of Con Edison's stock issuances of $(0.16) a share and higher interest expense on long-term debt of $(0.09) a share, offset, in part, by lower costs associated with components of pension and other postretirement benefits other than service cost of $0.14 a share.
Total CECONY	(0.13)	9	
O&R (a)			
Changes in rate plans	0.03	10	Reflects an electric base rate increase of $0.05 a share, offset, in part, by a gas base rate decrease of $(0.02) a share under the company's new rate plans, effective January 1, 2019.
Operations and maintenance expenses	0.02	6	Reflects primarily a reduction of a regulatory asset associated with certain site investigation and environmental remediation costs in 2018.
Depreciation, property taxes and other tax matters	(0.02)	(5)	Reflects higher depreciation and amortization expense.
Other	(0.02)	(3)	Reflects primarily the dilutive effect of Con Edison's stock issuances of $(0.01) a share.
Total O&R	0.01	8	
Clean Energy Businesses			
Operating revenues less energy costs	0.44	137	Reflects primarily higher revenues from renewable electric production projects resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC, including the consolidation of certain jointly-owned projects that were previously accounted for as equity investments of $0.68 a share, offset, in part, by lower engineering, procurement and construction services revenues of $(0.22) a share.
Operations and maintenance expenses	0.14	43	Reflects primarily lower engineering, procurement and construction costs of $0.20 a share and lower energy services costs of $0.02 a share, offset, in part, by higher costs associated with additional renewable electric production projects in operation resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC. of $(0.08) a share.
Depreciation and amortization	(0.27)	(84)	Reflects an increase in renewable electric production projects resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC.
Net interest expense	(0.31)	(96)	Reflects primarily an increase in debt resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC.
HLBV effects	(0.18)	(60)	
Other	(0.07)	(17)	Reflects primarily the absence in 2019 of equity income from certain jointly-owned projects that were accounted for as equity investments in 2018 but consolidated after the December 2018 acquisition of Sempra Solar Holdings, LLC.
Total Clean Energy Businesses	(0.25)	(77)	
Con Edison Transmission	—	3	Reflects income from equity investments.
Other, including parent company expenses	0.19	54	
Total Reported (GAAP basis)	$(0.18)	$(3)	

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.

The Companies' other operations and maintenance expenses for the three and nine months ended September 30, 2019 and 2018 were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(Millions of Dollars)	**2019**	**2018**	**2019**	**2018**
CECONY				
Operations	$414	$393	$1,190	$1,186
Pensions and other postretirement benefits	34	18	100	53
Health care and other benefits	46	46	126	132
Regulatory fees and assessments (a)	134	132	356	335
Other	84	77	250	220
Total CECONY	712	666	2,022	1,926
O&R	81	80	225	234
Clean Energy Businesses (b)	53	50	168	226
Con Edison Transmission	2	3	7	7
Other (c)	(1)	(2)	—	(4)
Total other operations and maintenance expenses	**$847**	**$797**	**$2,422**	**$2,389**

(a) Includes Demand Side Management, System Benefit Charges and Public Service Law 18A assessments which are collected in revenues.
(b) The decrease in operations and maintenance for the nine months ended September 30, 2019 compared with the 2018 period is due primarily to lower engineering, procurement and construction costs.
(c) Includes parent company and consolidation adjustments.

A discussion of the results of operations by principal business segment for the three and nine months ended September 30, 2019 and 2018 follows. For additional business segment financial information, see Note K to the Third Quarter Financial Statements.

The Companies' results of operations for the three months ended September 30, 2019 and 2018 were as follows:

	CECONY		O&R		Clean Energy Businesses		Con Edison Transmission		Other (a)		Con Edison (b)	
(Millions of Dollars)	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Operating revenues	$2,877	$2,899	$241	$246	$247	$181	$1	$1	$(1)	$1	$3,365	$3,328
Purchased power	423	472	61	73	—	—	—	—	(1)	—	483	545
Fuel	31	39	—	—	—	—	—	—	—	—	31	39
Gas purchased for resale	52	66	10	12	36	85	—	—	—	1	98	164
Other operations and maintenance	712	666	81	80	53	50	2	3	(1)	(2)	847	797
Depreciation and amortization	346	322	22	19	53	18	—	—	—	1	421	360
Taxes, other than income taxes	590	570	21	20	5	3	—	—	2	4	618	597
Operating income	723	764	46	42	100	25	(1)	(2)	(1)	(3)	867	826
Other income less deductions	(9)	(33)	(3)	(5)	1	18	27	24	(2)	(15)	14	(11)
Net interest expense	181	175	10	10	61	13	7	5	3	2	262	205
Income before income tax expense	533	556	33	27	40	30	19	17	(6)	(20)	619	610
Income tax expense	119	125	8	6	(12)	3	5	4	(4)	37	116	175
Net income	**$414**	**$431**	**$25**	**$21**	**$52**	**$27**	**$14**	**$13**	**$(2)**	**$(57)**	**$503**	**$435**
Income attributable to non-controlling interest	—	—	—	—	30	—	—	—	—	—	30	—
Net income for common stock	**$414**	**$431**	**$25**	**$21**	**$22**	**$27**	**$14**	**$13**	**$(2)**	**$(57)**	**$473**	**$435**

(a) Includes parent company and consolidation adjustments.
(b) Represents the consolidated results of operations of Con Edison and its businesses.

CECONY

(Millions of Dollars)	For the Three Months Ended September 30, 2019 Electric	Gas	Steam	2019 Total	For the Three Months Ended September 30, 2018 Electric	Gas	Steam	2018 Total	2019-2018 Variation
Operating revenues	$2,544	$275	$58	$2,877	$2,571	$264	$64	$2,899	$(22)
Purchased power	418	—	5	423	465	—	7	472	(49)
Fuel	27	—	4	31	34	—	5	39	(8)
Gas purchased for resale	—	52	—	52	—	66	—	66	(14)
Other operations and maintenance	565	102	45	712	518	101	47	666	46
Depreciation and amortization	266	58	22	346	248	52	22	322	24
Taxes, other than income taxes	465	87	38	590	456	79	35	570	20
Operating income	**$803**	**$(24)**	**$(56)**	**$723**	**$850**	**$(34)**	**$(52)**	**$764**	**$(41)**

Electric

CECONY's results of electric operations for the three months ended September 30, 2019 compared with the 2018 period were as follows:

(Millions of Dollars)	For the Three Months Ended September 30, 2019	September 30, 2018	Variation
Operating revenues	$2,544	$2,571	$(27)
Purchased power	418	465	(47)
Fuel	27	34	(7)
Other operations and maintenance	565	518	47
Depreciation and amortization	266	248	18
Taxes, other than income taxes	465	456	9
Electric operating income	**$803**	**$850**	**$(47)**

CECONY's electric sales and deliveries for the three months ended September 30, 2019 compared with the 2018 period were:

	Millions of kWh Delivered				Revenues in Millions (a)			
	For the Three Months Ended				For the Three Months Ended			
Description	September 30, 2019	September 30, 2018	Variation	Percent Variation	September 30, 2019	September 30, 2018	Variation	Percent Variation
Residential/Religious (b)	3,687	3,777	(90)	(2.4)%	$923	$988	$(65)	(6.6)%
Commercial/Industrial	2,831	2,706	125	4.6	557	542	15	2.8
Retail choice customers	7,339	7,756	(417)	(5.4)	854	910	(56)	(6.2)
NYPA, Municipal Agency and other sales	2,756	2,758	(2)	(0.1)	219	225	(6)	(2.7)
Other operating revenues (c)	—	—	—	—	(9)	(94)	85	(90.4)
Total	**16,613**	**16,997**	**(384)**	**(2.3)% (d)**	**$2,544**	**$2,571**	**$(27)**	**(1.1)%**

(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 the company's rate plans.
(d) After adjusting for variations, primarily weather and billing days, electric delivery volumes in CECONY's service area increased 0.7 percent in the three months ended September 30, 2019 compared with the 2018 period.

Operating revenues decreased $27 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to lower purchased power expenses ($47 million) and fuel expenses ($7 million), offset, in part, by an increase in revenues from the rate plan ($21 million).

Purchased power expenses decreased $47 million in the three months ended September 30, 2019 compared with the 2018 period due to lower unit costs ($82 million), offset, in part, by higher purchased volumes ($35 million).

Fuel expenses decreased $7 million in the three months ended September 30, 2019 compared with the 2018 period due to lower unit costs ($8 million), offset, in part, by higher purchased volumes from the company's electric generating facilities ($1 million).

Other operations and maintenance expenses increased $47 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher costs for pension and other postretirement benefits ($18 million), stock-based compensation ($9 million), reserve for uncollectibles ($6 million) and municipal infrastructure support ($3 million).

Depreciation and amortization increased $18 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher electric utility plant balances.

Taxes, other than income taxes increased $9 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher property taxes ($19 million) and payroll taxes ($2 million), offset, in part, by the reduction in the sales and use tax reserve upon conclusion of the audit assessment ($5 million), higher deferral of under-collected property taxes ($4 million) and lower state and local taxes ($2 million).

Gas

CECONY's results of gas operations for the three months ended September 30, 2019 compared with the 2018 period were as follows:

	For the Three Months Ended		
(Millions of Dollars)	**September 30, 2019**	**September 30, 2018**	**Variation**
Operating revenues	$275	$264	$11
Gas purchased for resale	52	66	(14)
Other operations and maintenance	102	101	1
Depreciation and amortization	58	52	6
Taxes, other than income taxes	87	79	8
Gas operating income	**$(24)**	**$(34)**	**$10**

CECONY's gas sales and deliveries, excluding off-system sales, for the three months ended September 30, 2019 compared with the 2018 period were:

	Thousands of Dt Delivered					Revenues in Millions (a)			
	For the Three Months Ended					For the Three Months Ended			
Description	September 30, 2019	September 30, 2018	Variation	Percent Variation		September 30, 2019	September 30, 2018	Variation	Percent Variation
Residential	4,032	4,469	(437)	(9.8)%		$103	$118	$(15)	(12.7)%
General	4,097	4,191	(94)	(2.2)		45	54	(9)	(16.7)
Firm transportation	9,071	9,211	(140)	(1.5)		71	71	—	—
Total firm sales and transportation	**17,200**	**17,871**	**(671)**	**(3.8)**	**(b)**	**219**	**243**	**(24)**	**(9.9)**
Interruptible sales (c)	1,974	1,481	493	33.3		6	6	—	—
NYPA	12,329	12,815	(486)	(3.8)		1	1	—	—
Generation plants	19,558	29,128	(9,570)	(32.9)		7	9	(2)	(22.2)
Other	4,604	3,953	651	16.5		6	6	—	—
Other operating revenues (d)	—	—	—	—		36	(1)	37	Large
Total	**55,665**	**65,248**	**(9,583)**	**(14.7)%**		**$275**	**$264**	**$11**	**4.2%**

(a) 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.
(b) After adjusting for variations, primarily billing days, firm gas sales and transportation volumes in the company's service area increased 12.1 percent in the three months ended September 30, 2019 compared with the 2018 period, reflecting primarily increased volumes attributable to the growth in the number of gas customers.
(c) Includes 1,064 thousands and 681 thousands of Dt for the 2019 and 2018 periods, respectively, which are also reflected in firm transportation and other.
(d) 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 the company's rate plans.

Operating revenues increased $11 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to an increase in revenues from the rate plan ($28 million), offset, in part, by lower gas purchased for resale expense ($14 million).

Gas purchased for resale decreased $14 million in the three months ended September 30, 2019 compared with the 2018 period due to lower unit costs ($11 million) and purchased volumes ($3 million).

Other operations and maintenance expenses increased $1 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher stock-based compensation ($2 million) and municipal infrastructure support costs ($2 million), offset, in part, by surcharges for assessments and fees that are collected in revenues from customers ($3 million).

Depreciation and amortization increased $6 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher gas utility plant balances.

Taxes, other than income taxes increased $8 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher property taxes ($7 million) and lower deferral of under-collected property taxes ($2 million), offset, in part, by the reduction in the sales and use tax reserve upon conclusion of the audit assessment ($1 million).

Steam

CECONY's results of steam operations for the three months ended September 30, 2019 compared with the 2018 period were as follows:

	For the Three Months Ended		
(Millions of Dollars)	September 30, 2019	September 30, 2018	Variation
Operating revenues	$58	$64	$(6)
Purchased power	5	7	(2)
Fuel	4	5	(1)
Other operations and maintenance	45	47	(2)
Depreciation and amortization	22	22	—
Taxes, other than income taxes	38	35	3
Steam operating income	**$(56)**	**$(52)**	**$(4)**

CECONY's steam sales and deliveries for the three months ended September 30, 2019 compared with the 2018 period were:

	Millions of Pounds Delivered				Revenues in Millions			
	For the Three Months Ended				For the Three Months Ended			
Description	September 30, 2019	September 30, 2018	Variation	Percent Variation	September 30, 2019	September 30, 2018	Variation	Percent Variation
General	6	12	(6)	(50.0)%	$2	$2	$—	— %
Apartment house	722	781	(59)	(7.6)	13	16	(3)	(18.8)
Annual power	2,443	2,711	(268)	(9.9)	36	45	(9)	(20.0)
Other operating revenues (a)	—	—	—	—	7	1	6	Large
Total	**3,171**	**3,504**	**(333)**	**(9.5)% (b)**	**$58**	**$64**	**$(6)**	**(9.4)%**

(a) Other steam operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's rate plan.
(b) After adjusting for variations, primarily weather and billing days, steam sales and deliveries decreased 7.0 percent in the three months ended September 30, 2019 compared with the 2018 period.

Operating revenues decreased $6 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to a higher reserve related to steam earnings sharing ($4 million), lower purchased power expenses ($2 million) and fuel expenses ($1 million).

Purchased power decreased $2 million in the three months ended September 30, 2019 compared with the 2018 period due to lower unit costs ($1 million) and purchased volumes ($1 million).

Fuel expenses decreased $1 million in the three months ended September 30, 2019 compared with the 2018 period due to lower unit costs.

Other operations and maintenance expenses decreased $2 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to the absence of property damage, clean-up and other response costs related to a steam main rupture in 2018 ($9 million), offset, in part, by higher municipal infrastructure support costs ($3 million), costs for pension and other postretirement benefits ($2 million) and stock-based compensation ($1 million).

Taxes, other than income taxes increased $3 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher property taxes.

Other Income (Deductions)

Other income (deductions) increased $24 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to lower costs associated with components of pension and other postretirement benefits other than service cost.

Net Interest Expense

Net interest expense increased $6 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to an increase in interest accrued on the TCJA related regulatory liability.

Income Tax Expense

Income taxes decreased $6 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to lower income before income tax expense ($5 million), lower state income taxes ($1 million) and an increase in the amortization of excess deferred federal income taxes due to the TCJA ($4 million), offset, in part, by lower tax benefits in 2019 for plant-related flow through items ($2 million) and higher non-deductible business expenses in the 2018 federal tax return due to the TCJA ($3 million). CECONY deferred as a regulatory liability its estimated net benefits for the 2018 period under the TCJA and continued to defer its estimated net benefits in 2019 for only its electric service. See "Other Regulatory Matters" in Note B to the Third Quarter Financial Statements.

O&R

	For the Three Months Ended September 30, 2019			For the Three Months Ended September 30, 2018			
(Millions of Dollars)	Electric	Gas	2019 Total	Electric	Gas	2018 Total	2019-2018 Variation
Operating revenues	$210	$31	$241	$212	$34	$246	$(5)
Purchased power	61	—	61	73	—	73	(12)
Gas purchased for resale	—	10	10	—	12	12	(2)
Other operations and maintenance	63	18	81	60	20	80	1
Depreciation and amortization	16	6	22	14	5	19	3
Taxes, other than income taxes	14	7	21	13	7	20	1
Operating income	**$56**	**$(10)**	**$46**	**$52**	**$(10)**	**$42**	**$4**

Electric

O&R's results of electric operations for the three months ended September 30, 2019 compared with the 2018 period were as follows:

	For the Three Months Ended		
(Millions of Dollars)	September 30, 2019	September 30, 2018	Variation
Operating revenues	$210	$212	$(2)
Purchased power	61	73	(12)
Other operations and maintenance	63	60	3
Depreciation and amortization	16	14	2
Taxes, other than income taxes	14	13	1
Electric operating income	**$56**	**$52**	**$4**

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O&R's electric sales and deliveries for the three months ended September 30, 2019 compared with the 2018 period were:

	Millions of kWh Delivered				Revenues in Millions (a)			
	For the Three Months Ended				For the Three Months Ended			
Description	**September 30, 2019**	**September 30, 2018**	**Variation**	**Percent Variation**	**September 30, 2019**	**September 30, 2018**	**Variation**	**Percent Variation**
Residential/Religious (b)	586	595	(9)	(1.5)%	$106	$115	$(9)	(7.8)%
Commercial/Industrial	235	219	16	7.3	36	34	2	5.9
Retail choice customers	796	864	(68)	(7.9)	62	67	(5)	(7.5)
Public authorities	30	32	(2)	(6.3)	2	4	(2)	(50.0)
Other operating revenues (c)	—	—	—	—	4	(8)	12	Large
Total	**1,647**	**1,710**	**(63)**	**(3.7)% (d)**	**$210**	**$212**	**$(2)**	**(0.9)%**

(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. O&R's electric sales in New Jersey are not subject to a decoupling mechanism, 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 the company's electric rate plan.
(d) After adjusting for weather and other variations, electric delivery volumes in O&R's service area decreased 0.8 percent in the three months ended September 30, 2019 compared with the 2018 period.

Operating revenues decreased $2 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to lower purchased power expenses ($12 million), offset, in part, by higher revenues from the New York electric rate plan ($16 million).

Purchased power expenses decreased $12 million in the three months ended September 30, 2019 compared with the 2018 period due to lower unit costs ($11 million) and purchased volumes ($1 million).

Other operations and maintenance expenses increased $3 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to the deferral as a regulatory asset of costs for storm preparation in 2018 ($5 million), higher storm-related costs ($1 million), higher uncollectible accounts ($1 million), and higher stock-based compensation ($1 million), offset, in part, by the reduction of a regulatory asset associated with certain site investigation and remediation costs in 2018 ($6 million).

Depreciation and amortization increased $2 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher electric utility plant balances.

Taxes, other than income taxes increased $1 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher property taxes.

Gas

O&R's results of gas operations for the three months ended September 30, 2019 compared with the 2018 period were as follows:

	For the Three Months Ended		
(Millions of Dollars)	**September 30, 2019**	**September 30, 2018**	**Variation**
Operating revenues	$31	$34	$(3)
Gas purchased for resale	10	12	(2)
Other operations and maintenance	18	20	(2)
Depreciation and amortization	6	5	1
Taxes, other than income taxes	7	7	—
Gas operating income	**$(10)**	**$(10)**	**$—**

O&R's gas sales and deliveries, excluding off-system sales, for the three months ended September 30, 2019 compared with the 2018 period were:

	Thousands of Dt Delivered				Revenues in Millions (a)			
	For the Three Months Ended				For the Three Months Ended			
Description	September 30, 2019	September 30, 2018	Variation	Percent Variation	September 30, 2019	September 30, 2018	Variation	Percent Variation
Residential	621	605	16	2.6 %	$11	$13	$(2)	(15.4)%
General	161	202	(41)	(20.3)	1	3	(2)	(66.7)
Firm transportation	851	795	56	7.0	6	8	(2)	(25.0)
Total firm sales and transportation	**1,633**	**1,602**	**31**	**1.9 (b)**	**18**	**24**	**(6)**	**(25.0)**
Interruptible sales	798	772	26	3.4	1	1	—	—
Generation plants	6	1	5	Large	—	—	—	—
Other	74	62	12	19.4	1	—	1	—
Other gas revenues	—	—	—	—	11	9	2	22.2
Total	**2,511**	**2,437**	**74**	**3.0 %**	**$31**	**$34**	**$(3)**	**(8.8)%**

(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 5.2 percent in the three months ended September 30, 2019 compared with the 2018 period.

Operating revenues decreased $3 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to lower gas purchased for resale ($2 million) and lower revenues from the New York gas rate plan ($1 million).

Gas purchased for resale decreased $2 million in the three months ended September 30, 2019 compared with the 2018 period due to lower purchased volumes ($1 million) and unit costs ($1 million).

Other operations and maintenance expenses decreased $2 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to the reduction of a regulatory asset associated with certain site investigation and remediation costs in 2018.

Depreciation and amortization increased $1 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher gas utility plant balances.

Income Tax Expense
Income taxes increased $2 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher income before income tax expense ($2 million). O&R deferred as a regulatory liability its estimated net benefits for the 2018 period under the TCJA. See "Other Regulatory Matters" in Note B to the Third Quarter Financial Statements.

Clean Energy Businesses
The Clean Energy Businesses' results of operations for the three months ended September 30, 2019 compared with the 2018 period were as follows:

	For the Three Months Ended		
(Millions of Dollars)	September 30, 2019	September 30, 2018	Variation
Operating revenues	$247	$181	$66
Gas purchased for resale	36	85	(49)
Other operations and maintenance	53	50	3
Depreciation and amortization	53	18	35
Taxes, other than income taxes	5	3	2
Operating income	**$100**	**$25**	**$75**

Operating revenues increased $66 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher renewable electric production project revenues resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC, including the consolidation of certain jointly-owned projects that were previously accounted for as equity method investments ($126 million). Wholesale revenues decreased ($55 million) due to lower sales volumes, energy services revenues decreased ($12 million) and net mark-to-market values increased ($7 million).

Gas purchased for resale decreased $49 million in the three months ended September 30, 2019 compared with the 2018 period due to lower purchased volumes.

Other operations and maintenance expenses increased $3 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher costs associated with additional renewable electric production projects in operation resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC ($12 million), offset, in part, by lower energy services costs ($9 million).

Depreciation and amortization increased $35 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to an increase in renewable electric production projects resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC (including the consolidation of certain jointly-owned projects that the Clean Energy Businesses previously accounted for as equity method investments).

Taxes, other than income taxes increased $2 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher property taxes.

Other Income (Deductions)

Other income (deductions) decreased $17 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to the absence in 2019 of equity income from certain jointly-owned projects that were accounted for as equity investments in 2018 but consolidated after the December 2018 acquisition of Sempra Solar Holdings, LLC.

Net Interest Expense

Net interest expense increased $48 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to an increase in debt resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC, including $825 million that was borrowed to fund a portion of the purchase price, $576 million of Sempra Solar Holdings, LLC subsidiaries' project debt that was outstanding at the time of the acquisition and the consolidation of $506 million of project debt of certain jointly-owned projects that the Clean Energy Businesses previously accounted for as equity method investments.

Income Tax Expense

Income taxes decreased $15 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to lower income before income tax expense (excluding income attributable to non-controlling interest) ($4 million), higher renewable energy credits ($3 million), lower state income taxes ($1 million) and adjustments for prior period federal income tax returns primarily due to increased research and development credits ($14 million), offset, in part, by an increase in uncertain tax positions ($7 million).

Income Attributable to Non-Controlling Interest

Income attributable to non-controlling interest increased $30 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to the income attributable in the 2019 period to a tax equity investor in renewable electric production projects accounted for under the HLBV method of accounting. See Note N to the Third Quarter Financial Statements.

Con Edison Transmission

Income Tax Expense

Income taxes increased $1 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to higher income before income tax expense.

Other

Income Tax Expense

Income taxes decreased $41 million in the three months ended September 30, 2019 compared with the 2018 period due primarily to the absence of the TCJA re-measurement of deferred tax assets with Con Edison’s 2017 federal net operating loss carryforward into 2018 ($42 million), offset, in part, by higher state income taxes ($1 million).

The Companies' results of operations for the nine months ended September 30, 2019 and 2018 were as follows:

	CECONY		O&R		Clean Energy Businesses		Con Edison Transmission		Other (a)		Con Edison (b)	
(Millions of Dollars)	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Operating revenues	$8,248	$8,121	$678	$691	$696	$573	$3	$3	$(2)	$—	$9,623	$9,388
Purchased power	1,058	1,117	146	167	—	2	—	—	(1)	1	1,203	1,287
Fuel	163	201	—	—	—	—	—	—	—	—	163	201
Gas purchased for resale	445	457	68	60	159	219	—	—	(1)	—	671	736
Other operations and maintenance	2,022	1,926	225	234	168	226	7	7	—	(4)	2,422	2,389
Depreciation and amortization	1,020	949	63	57	169	55	1	1	—	(1)	1,253	1,061
Taxes, other than income taxes	1,715	1,621	63	63	17	12	—	—	5	11	1,800	1,707
Operating income	1,825	1,850	113	110	183	59	(5)	(5)	(5)	(7)	2,111	2,007
Other income less deductions	(31)	(99)	(8)	(15)	3	34	76	67	(9)	(16)	31	(29)
Net interest expense	545	508	30	29	170	39	18	14	9	7	772	597
Income before income tax expense	1,249	1,243	75	66	16	54	53	48	(23)	(30)	1,370	1,381
Income tax expense	271	274	15	14	(44)	(4)	15	13	(14)	33	243	330
Net income	**$978**	**$969**	**$60**	**$52**	**$60**	**$58**	**$38**	**$35**	**$(9)**	**$(63)**	**$1,127**	**$1,051**
Income attributable to non-controlling interest	—	—	—	—	79	—	—	—	—	—	79	—
Net income for common stock	**$978**	**$969**	**$60**	**$52**	**$(19)**	**$58**	**$38**	**$35**	**$(9)**	**$(63)**	**$1,048**	**$1,051**

(a) Includes parent company and consolidation adjustments.
(b) Represents the consolidated results of operations of Con Edison and its businesses.

CECONY

	For the Nine Months Ended September 30, 2019				For the Nine Months Ended September 30, 2018				
(Millions of Dollars)	Electric	Gas	Steam	2019 Total	Electric	Gas	Steam	2018 Total	2019-2018 Variation
Operating revenues	$6,174	$1,605	$469	$8,248	$6,107	$1,540	$474	$8,121	$127
Purchased power	1,033	—	25	1,058	1,091	—	26	1,117	(59)
Fuel	74	—	89	163	118	—	83	201	(38)
Gas purchased for resale	—	445	—	445	—	457	—	457	(12)
Other operations and maintenance	1,582	306	134	2,022	1,480	315	131	1,926	96
Depreciation and amortization	785	168	67	1,020	732	152	65	949	71
Taxes, other than income taxes	1,326	272	117	1,715	1,265	247	109	1,621	94
Operating income	**$1,374**	**$414**	**$37**	**$1,825**	**$1,421**	**$369**	**$60**	**$1,850**	**$(25)**

Electric

CECONY's results of electric operations for the nine months ended September 30, 2019 compared with the 2018 period were as follows:

	For the Nine Months Ended		
(Millions of Dollars)	September 30, 2019	September 30, 2018	Variation
Operating revenues	$6,174	$6,107	$67
Purchased power	1,033	1,091	(58)
Fuel	74	118	(44)
Other operations and maintenance	1,582	1,480	102
Depreciation and amortization	785	732	53
Taxes, other than income taxes	1,326	1,265	61
Electric operating income	**$1,374**	**$1,421**	**$(47)**

CECONY's electric sales and deliveries for the nine months ended September 30, 2019 compared with the 2018 period were:

	Millions of kWh Delivered				Revenues in Millions (a)			
	For the Nine Months Ended				For the Nine Months Ended			
Description	September 30, 2019	September 30, 2018	Variation	Percent Variation	September 30, 2019	September 30, 2018	Variation	Percent Variation
Residential/Religious (b)	8,203	8,374	(171)	(2.0)%	$2,060	$2,211	$(151)	(6.8)%
Commercial/Industrial	7,574	7,343	231	3.1	1,405	1,433	(28)	(2.0)
Retail choice customers	18,968	19,996	(1,028)	(5.1)	1,879	2,030	(151)	(7.4)
NYPA, Municipal Agency and other sales	7,477	7,747	(270)	(3.5)	511	509	2	0.4
Other operating revenues (c)	—	—	—	—	319	(76)	395	Large
Total	**42,222**	**43,460**	**(1,238)**	**(2.8)% (d)**	**$6,174**	**$6,107**	**$67**	**1.1%**

(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 the company's rate plans.
(d) After adjusting for variations, primarily weather and billing days, electric delivery volumes in CECONY's service area decreased 1.0 percent in the nine months ended September 30, 2019 compared with the 2018 period.

Operating revenues increased $67 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to an increase in revenues from the rate plan ($161 million), offset, in part, by lower purchased power expenses ($58 million) and fuel expenses ($44 million).

Purchased power expenses decreased $58 million in the nine months ended September 30, 2019 compared with the 2018 period due to lower unit costs ($152 million), offset, in part, by higher purchased volumes ($94 million).

Fuel expenses decreased $44 million in the nine months ended September 30, 2019 compared with the 2018 period due to lower unit costs ($40 million) and purchased volumes from the company's electric generating facilities ($4 million).

Other operations and maintenance expenses increased $102 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher costs for pension and other postretirement benefits ($49 million), surcharges for assessments and fees that are collected in revenues from customers ($36 million) and higher stock-based compensation ($24 million).

Depreciation and amortization increased $53 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher electric utility plant balances.

Taxes, other than income taxes increased $61 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher property taxes ($53 million), the absence of a New York State sales and use tax refund received in 2018 ($14 million) and lower deferral of under-collected property taxes ($5 million), offset, in part, by the reduction in the sales and use tax reserve upon conclusion of the audit assessment ($6 million) and lower state and local taxes ($5 million).

Gas

CECONY's results of gas operations for the nine months ended September 30, 2019 compared with the 2018 period were as follows:

	For the Nine Months Ended		
(Millions of Dollars)	**September 30, 2019**	**September 30, 2018**	**Variation**
Operating revenues	$1,605	$1,540	$65
Gas purchased for resale	445	457	(12)
Other operations and maintenance	306	315	(9)
Depreciation and amortization	168	152	16
Taxes, other than income taxes	272	247	25
Gas operating income	**$414**	**$369**	**$45**

CECONY's gas sales and deliveries, excluding off-system sales, for the nine months ended September 30, 2019 compared with the 2018 period were:

	Thousands of Dt Delivered					Revenues in Millions (a)			
	For the Nine Months Ended					For the Nine Months Ended			
Description	**September 30, 2019**	**September 30, 2018**	**Variation**	**Percent Variation**		**September 30, 2019**	**September 30, 2018**	**Variation**	**Percent Variation**
Residential	41,035	43,731	(2,696)	(6.2)%		$724	$728	$(4)	(0.5)%
General	25,018	25,894	(876)	(3.4)		299	298	1	0.3
Firm transportation	60,590	61,628	(1,038)	(1.7)		444	448	(4)	(0.9)
Total firm sales and transportation	**126,643**	**131,253**	**(4,610)**	**(3.5)**	**(b)**	**1,467**	**1,474**	**(7)**	**(0.5)**
Interruptible sales (c)	7,375	4,956	2,419	48.8		34	31	3	9.7
NYPA	30,296	27,528	2,768	10.1		2	2	—	—
Generation plants	41,545	55,949	(14,404)	(25.7)		18	20	(2)	(10.0)
Other	16,058	15,399	659	4.3		24	24	—	—
Other operating revenues (d)	—	—	—	—		60	(11)	71	Large
Total	**221,917**	**235,085**	**(13,168)**	**(5.6)%**		**$1,605**	**$1,540**	**$65**	**4.2%**

(a) 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.
(b) After adjusting for variations, primarily billing days, firm gas sales and transportation volumes in the company's service area increased 1.9 percent in the nine months ended September 30, 2019 compared with the 2018 period, reflecting primarily increased volumes attributable to the growth in the number of gas customers.
(c) Includes 3,797 thousands and 1,798 thousands of Dt for the 2019 and 2018 periods, respectively, which are also reflected in firm transportation and other.
(d) 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 the company's rate plans.

Operating revenues increased $65 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to an increase in revenues from the rate plan ($83 million), offset, in part, by lower gas purchased for resale expense ($12 million).

Gas purchased for resale decreased $12 million in the nine months ended September 30, 2019 compared with the 2018 period due to lower unit costs ($13 million), offset, in part, by higher purchased volumes ($1 million).

Other operations and maintenance expenses decreased $9 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to lower surcharges for assessments and fees that are collected in revenues from customers ($12 million) and equipment maintenance expenses ($4 million), offset, in part, by higher stock-based compensation ($5 million).

Depreciation and amortization increased $16 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher gas utility plant balances.

Taxes, other than income taxes increased $25 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher property taxes ($27 million), the absence of a New York State sales and use tax refund received in 2018 ($3 million) and higher state and local taxes ($1 million), offset, in part, by higher deferral of under-collected property taxes ($4 million) and the reduction in the sales and use tax reserve upon conclusion of the audit assessment ($1 million).

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Steam

CECONY's results of steam operations for the nine months ended September 30, 2019 compared with the 2018 period were as follows:

	For the Nine Months Ended		
(Millions of Dollars)	**September 30, 2019**	**September 30, 2018**	**Variation**
Operating revenues	$469	$474	$(5)
Purchased power	25	26	(1)
Fuel	89	83	6
Other operations and maintenance	134	131	3
Depreciation and amortization	67	65	2
Taxes, other than income taxes	117	109	8
Steam operating income	**$37**	**$60**	**$(23)**

CECONY's steam sales and deliveries for the nine months ended September 30, 2019 compared with the 2018 period were:

	Millions of Pounds Delivered				Revenues in Millions			
	For the Nine Months Ended				For the Nine Months Ended			
Description	**September 30, 2019**	**September 30, 2018**	**Variation**	**Percent Variation**	**September 30, 2019**	**September 30, 2018**	**Variation**	**Percent Variation**
General	394	442	(48)	(10.9)%	$20	$23	$(3)	(13.0)%
Apartment house	4,331	4,670	(339)	(7.3)	120	129	(9)	(7.0)
Annual power	10,383	11,313	(930)	(8.2)	304	333	(29)	(8.7)
Other operating revenues (a)	—	—	—	—	25	(11)	36	Large
Total	**15,108**	**16,425**	**(1,317)**	**(8.0)% (b)**	**$469**	**$474**	**$(5)**	**(1.1)%**

(a) Other steam operating revenues generally reflect changes in regulatory assets and liabilities in accordance with the company's rate plan.
(b) After adjusting for variations, primarily weather and billing days, steam sales and deliveries decreased 3.5 percent in the nine months ended September 30, 2019 compared with the 2018 period.

Operating revenues decreased $5 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to the impact of warmer winter weather ($21 million) and lower purchased power expenses ($1 million), offset, in part, by certain rate plan reconciliations ($12 million) and higher fuel expenses ($6 million).

Purchased power expenses decreased $1 million in the nine months ended September 30, 2019 compared with the 2018 period due to lower unit costs.

Fuel expenses increased $6 million in the nine months ended September 30, 2019 compared with the 2018 period due to higher unit costs ($9 million), offset, in part, by lower purchased volumes from the company's steam generating facilities ($3 million).

Other operations and maintenance expenses increased $3 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher municipal infrastructure support costs ($6 million), higher costs for pension and other postretirement benefits ($5 million) and stock-based compensation ($2 million), offset, in part, by the absence of property damage, clean-up and other response costs related to a steam main rupture in 2018 ($7 million).

Depreciation and amortization increased $2 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher steam utility plant balances.

Taxes, other than income taxes increased $8 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher property taxes.

Other Income (Deductions)

Other income (deductions) increased $68 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to lower costs associated with components of pension and other postretirement benefits other than service cost.

Net Interest Expense

Net interest expense increased $37 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher interest expense for long-term ($10 million) and short-term ($7 million) debt, an increase in interest accrued on the TCJA related regulatory liability ($9 million) and interest accrued on the system benefit charge liability ($6 million).

Income Tax Expense

Income taxes decreased $3 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to an increase in the amortization of excess deferred federal income taxes due to the TCJA ($5 million) and higher research and development credits ($1 million), offset, in part, by lower tax benefits in 2019 for plant-related flow through items ($1 million) and higher non-deductible business expenses in the 2018 federal tax return due to the TCJA ($3 million). CECONY deferred as a regulatory liability its estimated net benefits for the 2018 period under the TCJA and continued to defer its estimated net benefits in 2019 for only its electric service. See “Other Regulatory Matters” in Note B to the Third Quarter Financial Statements.

O&R

	For the Nine Months Ended September 30, 2019			For the Nine Months Ended September 30, 2018			
(Millions of Dollars)	**Electric**	**Gas**	**2019 Total**	**Electric**	**Gas**	**2018 Total**	**2019-2018 Variation**
Operating revenues	$493	$185	$678	$505	$186	$691	$(13)
Purchased power	146	—	146	167	—	167	(21)
Gas purchased for resale	—	68	68	—	60	60	8
Other operations and maintenance	173	52	225	178	56	234	(9)
Depreciation and amortization	46	17	63	41	16	57	6
Taxes, other than income taxes	40	23	63	40	23	63	—
Operating income	**$88**	**$25**	**$113**	**$79**	**$31**	**$110**	**$3**

Electric

O&R’s results of electric operations for the nine months ended September 30, 2019 compared with the 2018 period were as follows:

	For the Nine Months Ended		
(Millions of Dollars)	**September 30, 2019**	**September 30, 2018**	**Variation**
Operating revenues	$493	$505	$(12)
Purchased power	146	167	(21)
Other operations and maintenance	173	178	(5)
Depreciation and amortization	46	41	5
Taxes, other than income taxes	40	40	—
Electric operating income	**$88**	**$79**	**$9**

O&R's electric sales and deliveries for the nine months ended September 30, 2019 compared with the 2018 period were:

	Millions of kWh Delivered				Revenues in Millions (a)			
	For the Nine Months Ended				For the Nine Months Ended			
Description	September 30, 2019	September 30, 2018	Variation	Percent Variation	September 30, 2019	September 30, 2018	Variation	Percent Variation
Residential/Religious (b)	1,339	1,348	(9)	(0.7)%	$243	$260	$(17)	(6.5)%
Commercial/Industrial	621	609	12	2.0	87	91	(4)	(4.4)
Retail choice customers	2,194	2,274	(80)	(3.5)	147	158	(11)	(7.0)
Public authorities	80	104	(24)	(23.1)	7	10	(3)	(30.0)
Other operating revenues (c)	—	—	—	—	9	(14)	23	Large
Total	**4,234**	**4,335**	**(101)**	**(2.3)% (d)**	**$493**	**$505**	**$(12)**	**(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. O&R's electric sales in New Jersey are not subject to a decoupling mechanism, 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 the company's electric rate plan.
(d) After adjusting for weather and other variations, electric delivery volumes in O&R's service area decreased 1.7 percent in the nine months ended September 30, 2019 compared with the 2018 period.

Operating revenues decreased $12 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to lower purchased power expenses.

Purchased power expenses decreased $21 million in the nine months ended September 30, 2019 compared with the 2018 period due to lower unit costs ($22 million), offset, in part, by higher purchased volumes ($1 million).

Other operations and maintenance expenses decreased $5 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to the reduction of a regulatory asset associated with certain site investigation and remediation costs in 2018.

Depreciation and amortization increased $5 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher electric utility plant balances.

Gas

O&R's results of gas operations for the nine months ended September 30, 2019 compared with the 2018 period were as follows:

	For the Nine Months Ended		
(Millions of Dollars)	September 30, 2019	September 30, 2018	Variation
Operating revenues	$185	$186	$(1)
Gas purchased for resale	68	60	8
Other operations and maintenance	52	56	(4)
Depreciation and amortization	17	16	1
Taxes, other than income taxes	23	23	—
Gas operating income	**$25**	**$31**	**$(6)**

O&R's gas sales and deliveries, excluding off-system sales, for the nine months ended September 30, 2019 compared with the 2018 period were:

	Thousands of Dt Delivered					Revenues in Millions (a)			
	For the Nine Months Ended					For the Nine Months Ended			
Description	September 30, 2019	September 30, 2018	Variation	Percent Variation		September 30, 2019	September 30, 2018	Variation	Percent Variation
Residential	6,875	6,503	372	5.7%		$98	$96	$2	2.1%
General	1,608	1,502	106	7.1		18	18	—	—
Firm transportation	6,430	6,867	(437)	(6.4)		44	57	(13)	(22.8)
Total firm sales and transportation	**14,913**	**14,872**	**41**	**0.3**	**(b)**	**160**	**171**	**(11)**	**(6.4)**
Interruptible sales	2,690	2,842	(152)	(5.3)		4	5	(1)	(20.0)
Generation plants	6	1	5	Large		—	—	—	—
Other	637	636	1	0.2		1	1	—	—
Other gas revenues	—	—	—	—		20	9	11	Large
Total	**18,246**	**18,351**	**(105)**	**(0.6)%**		**$185**	**$186**	**$(1)**	**(0.5)%**

(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 1.8 percent in the nine months ended September 30, 2019 compared with 2018 period.

Operating revenues decreased $1 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to lower revenues from the New York gas rate plan ($7 million), offset, by an increase in gas purchased for resale ($8 million).

Gas purchased for resale increased $8 million in the nine months ended September 30, 2019 compared with the 2018 period due to higher unit costs ($6 million) and purchased volumes ($2 million).

Other operations and maintenance expenses decreased $4 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to the reduction of a regulatory asset associated with certain site investigation and remediation costs in 2018.

Depreciation and amortization increased $1 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher gas utility plant balances.

Income Tax Expense

Income taxes increased $1 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher income before income tax expense ($2 million), offset, in part, by an increase in amortization of excess deferred federal income taxes due to TCJA ($1 million).

Clean Energy Businesses

The Clean Energy Businesses' results of operations for the nine months ended September 30, 2019 compared with the 2018 period were as follows:

	For the Nine Months Ended		
(Millions of Dollars)	September 30, 2019	September 30, 2018	Variation
Operating revenues	$696	$573	$123
Purchased power	—	2	(2)
Gas purchased for resale	159	219	(60)
Other operations and maintenance	168	226	(58)
Depreciation and amortization	169	55	114
Taxes, other than income taxes	17	12	5
Operating income	**$183**	**$59**	**$124**

Operating revenues increased $123 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher renewable electric production project revenues resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC, including the consolidation of certain jointly-owned projects that were previously accounted for as equity method investments ($286 million), offset, in part, by lower engineering, procurement and construction services revenues due to the completion in 2018 of a solar electric production project developed for another company ($92 million). Wholesale revenues decreased ($66 million) due to lower sales volumes, energy services revenues decreased ($16 million) and net mark-to-market values increased ($12 million).

Purchased power expenses decreased $2 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to the absence in the 2019 period of the true-ups relating to the retail electric supply business sold in 2016.

Gas purchased for resale decreased $60 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to lower purchased volumes.

Other operations and maintenance expenses decreased $58 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to lower engineering, procurement and construction costs ($82 million) and lower energy services costs ($10 million), offset, in part, by higher costs associated with additional renewable electric production projects in operation resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC ($34 million).

Depreciation and amortization increased $114 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to an increase in renewable electric production projects resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC (including the consolidation of certain jointly-owned projects that the Clean Energy Businesses previously accounted for as equity method investments).

Taxes, other than income taxes increased $5 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher property taxes.

Other Income (Deductions)

Other income (deductions) decreased $31 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to the absence in 2019 of equity income from certain jointly-owned projects that were accounted for as equity investments in 2018 but consolidated after the December 2018 acquisition of Sempra Solar Holdings, LLC.

Net Interest Expense

Net interest expense increased $131 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to an increase in debt resulting from the December 2018 acquisition of Sempra Solar Holdings, LLC, including $825 million that was borrowed to fund a portion of the purchase price, $576 million of Sempra Solar Holdings, LLC subsidiaries' project debt that was outstanding at the time of the acquisition and the consolidation of $506 million of project debt of certain jointly-owned projects that the Clean Energy Businesses previously accounted for as equity method investments.

Income Tax Expense

Income taxes decreased $40 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to lower income before income tax expense (excluding income attributable to non-controlling interest) ($25 million), higher renewable energy credits ($7 million), lower state income taxes ($4 million) and adjustments for prior period federal income tax returns primarily due to increased research and development credits ($11 million), offset, in part, by an increase in uncertain tax positions ($7 million).

Income Attributable to Non-Controlling Interest

Income attributable to non-controlling interest increased $79 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to the income attributable in the 2019 period to a tax equity investor in renewable electric production projects accounted for under the HLBV method of accounting. See Note N to the Third Quarter Financial Statements.

Con Edison Transmission

Other Income (Deductions)

Other income (deductions) increased $9 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to increased earnings from equity investments in Mountain Valley Pipeline, LLC.

Income Tax Expense

Income taxes increased $2 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to higher income before income tax expense.

Other

Income Tax Expense

Income taxes decreased $47 million in the nine months ended September 30, 2019 compared with the 2018 period due primarily to the absence of the TCJA re-measurement of deferred tax assets associated with Con Edison's 2017 federal net operating loss carryforward into 2018 ($42 million) and lower state income taxes ($5 million).

Liquidity and Capital Resources

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, 2019 and 2018 are summarized as follows:

	For the Nine Months Ended September 30,											
	CECONY		O&R		Clean Energy Businesses		Con Edison Transmission		Other (a)		Con Edison (b)	
(Millions of Dollars)	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Operating activities	$1,490	$1,085	$168	$102	$285	$(7)	$150	$114	$(133)	$306	$1,960	$1,600
Investing activities	(2,437)	(2,498)	(163)	(147)	(142)	(195)	(143)	(106)	1	(1)	(2,884)	(2,947)
Financing activities	144	700	(20)	22	(79)	198	(9)	(8)	135	(164)	171	748
Net change for the period	(803)	(713)	(15)	(23)	64	(4)	(2)	—	3	141	(753)	(599)
Balance at beginning of period	818	730	52	47	126	56	2	2	8	9	1,006	844
Balance at end of period (c)	$15	$17	$37	$24	$190	$52	$—	$2	$11	$150	$253	$245

(a) Includes parent company and consolidation adjustments.
(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.

Cash Flows from Operating Activities

The Utilities' cash flows from operating activities reflect primarily their energy sales and deliveries and cost of operations. The volume of energy sales and deliveries is affected primarily by factors external to the Utilities, such as growth of 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. 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 generally not net income. The prices at which the Utilities provide energy to their customers are determined in accordance with their rate plans. 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. Pursuant to their rate plans, the Utilities have recovered from customers a portion of the tax liability they will pay in the future as a result of temporary differences between the book and tax basis of assets and liabilities. These temporary differences affect the timing of cash flows, but not net income, as the Companies are required to record deferred tax assets and liabilities at the current corporate tax rate for the temporary differences. For the Utilities, credits to their customers of the net benefits of the TCJA, including the reduction of the corporate tax rate to 21 percent, decrease cash flows from operating activities. See "Other Regulatory Matters" in Note B to the Third Quarter Financial Statements.

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, 2019 for Con Edison and CECONY were $360 million and $405 million higher, respectively, than in the 2018 period. The changes in net cash flows for Con Edison and CECONY reflect primarily a change in the timing of pension and retiree benefit contributions ($122 million and $114 million, respectively), lower storm restoration costs ($185 million and $124 million, respectively), lower MTA power reliability costs ($123 million and $123 million, respectively), reimbursement received for Puerto Rico related restoration costs ($95 million and $95 million, respectively), and for CECONY, lower net payments of income tax to affiliated companies ($255 million), offset, in part, by higher TCJA net benefits provided to customers in the 2019 period ($289 million and $287 million, respectively).

The change in net cash flows also reflects the timing of payments for and recovery of energy costs. This timing is reflected within changes to accounts receivable – customers and recoverable and refundable energy costs within other regulatory assets and liabilities and accounts payable balances.

Cash Flows Used in Investing Activities

Net cash flows used in investing activities for Con Edison and CECONY were $63 million and $61 million lower, respectively, for the nine months ended September 30, 2019 compared with the 2018 period. The change for Con Edison reflects primarily a decrease in non-utility construction expenditures at the Clean Energy Businesses ($50 million), the proceeds from the sale of a property formerly used by CECONY in its operations ($48 million) and a decrease in utility construction expenditures at CECONY ($44 million), offset, in part, by increases in investments in electric and gas transmission projects at Con Edison Transmission ($36 million), cost of removal less salvage at CECONY ($31 million) and an increase in utility construction expenditures at O&R ($15 million).

Cash Flows from Financing Activities

Net cash flows from financing activities for Con Edison and CECONY were $577 million and $556 million lower, respectively, in the nine months ended September 30, 2019 compared with the 2018 period.

In May 2019, Con Edison entered into a forward sale agreement relating to 5,800,000 shares of its common stock. In June 2019, the company issued 4,750,000 shares for $400 million upon physical settlement of shares subject to the forward sale agreement. Con Edison used the proceeds to invest in CECONY for funding of its capital requirements and other general corporate purposes. At September 30, 2019, 1,050,000 shares remain subject to the forward sale agreement. The company expects the remaining shares under the forward sale agreement to settle by December 28, 2020. See Note C to the Third Quarter Financial Statements.

In March 2019, Con Edison issued 5,649,369 shares of its common stock for $425 million upon physical settlement of the remaining shares subject to its November 2018 forward sale agreements. Con Edison used the proceeds to invest in its subsidiaries for funding of their capital requirements and to repay short-term debt incurred for that purpose.

In February 2019, Con Edison borrowed $825 million under a two-year variable-rate term loan to fund the repayment of a 6-month variable-rate term loan. In June 2019, Con Edison pre-paid $150 million of the amount borrowed.

In May 2019, CECONY issued $700 million aggregate principal amount of 4.125 percent debentures, due 2049, the net proceeds from the sale of which were used to repay short-term borrowings and for other general corporate purposes.

In April 2019, CECONY redeemed at maturity $475 million of 6.65 percent 10-year debentures.

In June 2018, CECONY issued $640 million aggregate principal amount of debentures, due 2021, at a variable interest rate of 0.40 percent above three-month LIBOR and called for redemption on various dates in July and August 2018 the $636 million of CECONY's tax-exempt debt for which the interest rates were to be determined pursuant to periodic auctions.

In May 2018, CECONY issued $700 million aggregate principal amount of 4.50 percent debentures, due 2058, and $300 million aggregate principal amount of 3.80 percent debentures, due 2028, the net proceeds from the sale of which were used to repay short-term borrowings and for other general corporate purposes.

In April 2018, CECONY redeemed at maturity $600 million of 5.85 percent 10-year debentures.

In September 2019, O&R agreed to issue in November 2019 $43 million aggregate principal amount of 3.73 percent debentures, due 2049 and to issue in December 2019 $44 million aggregate principal amount of 2.94 percent debentures, due 2029 and $38 million aggregate principal amount of 3.46 percent debentures, due 2039.

In August and December 2018, O&R issued $150 million aggregate principal amount of 4.35 percent debentures, due 2048.

In September 2018, O&R redeemed at maturity $50 million of 6.15 percent 10-year debentures.

In October 2019, a Con Edison Development subsidiary issued $303 million aggregate principal amount of 3.82 percent senior notes, due 2038, secured by the company's Panoche Valley and Wistaria Solar renewable electric production projects.

In May 2019, a Con Edison Development subsidiary borrowed $464 million at a variable-rate, due 2026, secured by equity interests in solar electric production projects, the net proceeds from the sale of which were used to repay borrowings from Con Edison and for other general corporate purposes. Con Edison used a portion of the repayment to pre-pay $150 million of an $825 million two-year variable-rate term loan and the remainder to repay short-term borrowings and for other general corporate purposes. The company has entered into fixed-rate interest rate swaps in connection with this borrowing. See Note L to the Third Quarter Financial Statements.

In September 2018, a Con Edison Development subsidiary issued $140 million aggregate principal amount of 4.41 percent Senior Notes, due 2028, secured by five of the company's wind electric production projects.

Con Edison's cash flows from financing for the nine months ended September 30, 2019 and 2018 also reflect the proceeds, and reduction in cash used for reinvested dividends, resulting from the issuance of common shares under the company's dividend reinvestment, stock purchase and long-term incentive plans of $76 million and $75 million, respectively.

Cash flows used in financing activities of the Companies also reflect commercial paper issuances and repayments. The commercial paper amounts outstanding at September 30, 2019 and 2018 and the average daily balances for the nine months ended September 30, 2019 and 2018 for Con Edison and CECONY were as follows:

	2019		2018	
(Millions of Dollars, except Weighted Average Yield)	Outstanding at September 30,	Daily average	Outstanding at September 30,	Daily average
Con Edison	$1,300	$1,122	$1,352	$830
CECONY	$930	$743	$1,004	$447
Weighted average yield	2.3	2.6	2.3	2.1

Capital Requirements and Resources

Capital Requirements

The capital expenditures reflected in the October 2019 Joint Proposal for new CECONY electric and gas rate plans (see “Rate Plans” in Note B to the Third Quarter Financial Statements) were:

(Millions of Dollars)	2020	2021	2022
Electric	$2,135	$2,137	$1,917
Gas	$1,073	$1,055	$989

Contractual Obligations

Con Edison’s material obligations to make payments pursuant to contracts totaled $52,720 million and $49,264 million at September 30, 2019 and December 31, 2018, respectively. The increase at September 30, 2019 is due primarily to increases in long-term debt ($1,288 million) and interest on long-term debt ($828 million). See "Cash Flows from Financing Activities,” above.

Capital Resources

For each of the Companies, the common equity ratio at September 30, 2019 and December 31, 2018 was:

	Common Equity Ratio (Percent of total capitalization)	
	September 30, 2019	December 31, 2018
Con Edison	50.8	49.0
CECONY	50.1	48.6

Assets, Liabilities and Equity

The Companies' assets, liabilities, and equity at September 30, 2019 and December 31, 2018 are summarized as follows.

	CECONY		O&R		Clean Energy Businesses		Con Edison Transmission		Other (a)		Con Edison (b)	
(Millions of Dollars)	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
ASSETS												
Current assets	$3,005	$3,357	$255	$263	$458	$372	$—	$32	$(137)	$(160)	$3,581	$3,864
Investments	436	385	26	25	—	—	1,528	1,362	(7)	(6)	1,983	1,766
Net plant	36,885	35,374	2,299	2,210	4,033	4,148	17	17	—	—	43,234	41,749
Other noncurrent assets	4,482	3,992	355	394	1,885	1,736	14	14	406	405	7,142	6,541
Total Assets	$44,808	$43,108	$2,935	$2,892	$6,376	$6,256	$1,559	$1,425	$262	$239	$55,940	$53,920
LIABILITIES AND SHAREHOLDERS' EQUITY												
Current liabilities	$3,813	$4,200	$410	$392	$1,819	$1,608	$94	$5	$83	$2	$6,219	$6,207
Noncurrent liabilities	12,892	12,322	1,060	1,094	44	(32)	82	66	(28)	(71)	14,050	13,379
Long-term debt	14,024	13,676	694	694	2,124	2,330	500	500	195	295	17,537	17,495
Equity	14,079	12,910	771	712	2,389	2,350	883	854	12	13	18,134	16,839
Total Liabilities and Equity	$44,808	$43,108	$2,935	$2,892	$6,376	$6,256	$1,559	$1,425	$262	$239	$55,940	$53,920

(a) Includes parent company and consolidation adjustments.
(b) Represents the consolidated results of operations of Con Edison and its businesses.

CECONY

Current assets at September 30, 2019 were $352 million lower than at December 31, 2018. The change in current assets reflects a decrease in cash and temporary cash investments primarily due to the July 2019 payment of New York City semi-annual property taxes ($803 million) and a decrease in other receivables ($107 million). The decrease in other receivables reflects primarily the receipt of payments related to costs for aid provided by CECONY for the restoration of power in Puerto Rico in the aftermath of the September 2017 hurricanes ($95 million). These decreases are offset, in part, by an increase in prepayments reflecting primarily the July 2019 payment of New York City semi-annual property taxes, offset, in part, by three months of amortization, while the December 2018 balance reflects the amortization of the entire previous semi-annual payment ($499 million).

Investments at September 30, 2019 were $51 million higher than at December 31, 2018. The change in investments reflects primarily an increase in supplemental retirement income plan assets. See Note E to the Third Quarter Financial Statements.

Net plant at September 30, 2019 was $1,511 million higher than at December 31, 2018. The change in net plant reflects primarily an increase in electric ($1,141 million) and gas ($717 million) plant balances, offset, in part, by an increase in accumulated depreciation ($516 million).

Other noncurrent assets at September 30, 2019 were $490 million higher than at December 31, 2018. The change in other noncurrent assets reflects primarily the adoption of ASU No. 2016-02, "Leases (Topic 842)" ($610 million). See Note I to the Third Quarter Financial Statements. The change also reflects primarily an increase in the regulatory asset for deferred derivative losses ($79 million), property tax reconciliation ($64 million) and MTA power reliability deferral ($16 million) which reflects costs incurred and deferred as a regulatory asset in the 2019 period. See "Other Regulatory Matters" in Note B to the Third Quarter Financial Statements. These increases are offset, in part, by a decrease in the regulatory asset for unrecognized pension and other postretirement costs to reflect the final actuarial valuation, as measured at December 31, 2018, of the pension and other retiree benefit plans in accordance with the accounting rules for retirement benefits ($295 million). See Notes B, E and F to the Third Quarter Financial Statements. The change in the regulatory asset also reflects the year's amortization of accounting costs.

Current liabilities at September 30, 2019 were $387 million lower than at December 31, 2018. The change in current liabilities reflects primarily a decrease in notes payable ($262 million) (see Note D to the Third Quarter Financial Statements) and lower debt due within one year as of September 30, 2019 ($125 million).

Noncurrent liabilities at September 30, 2019 were $570 million higher than at December 31, 2018. The change in noncurrent liabilities reflects primarily the adoption of ASU No. 2016-02, "Leases (Topic 842)" ($595 million). See Note I to the Third Quarter Financial Statements. The change also reflects an increase in deferred income taxes and unamortized investment tax credits ($343 million), which reflects primarily the accelerated method/life of tax depreciation, repair deductions and the prepayment of New York City property taxes. See Note J to the Third Quarter Financial Statements. These increases are offset, in part, by a decrease in the liability for pension and retiree benefits ($375 million), which primarily reflects contributions to the pension and other retiree benefit plans made by the Utilities in 2019 and the final actuarial valuation, as measured at December 31, 2018, of the plans in accordance with the accounting rules for retirement benefits. See Notes E and F to the Third Quarter Financial Statements.

Long-term debt at September 30, 2019 was $348 million higher than at December 31, 2018. The change in long-term debt reflects primarily the May 2019 issuance of $700 million of debentures offset, in part, by the reclassification of $350 million of long-term debt due June 2020 to long-term debt due within one year. See "Liquidity and Capital Resources - Cash Flows From Financing Activities" above and Note C to the Third Quarter Financial Statements.

Equity at September 30, 2019 was $1,169 million higher than at December 31, 2018. The change in equity reflects primarily capital contributions from parent ($875 million) in 2019 and net income for the nine months ended September 30, 2019 ($978 million), offset, in part, by common stock dividends to parent ($685 million) in 2019.

O&R

Current assets at September 30, 2019 were $8 million lower than at December 31, 2018. The change in current assets reflects primarily a decrease in cash and temporary cash investments ($14 million) and customer accounts receivables, less allowance for uncollectible accounts ($11 million). These decreases are offset, in part, by an increase in prepayments reflecting primarily the property tax payments made in the third quarter of 2019 that are amortized by year end ($18 million).

Net plant at September 30, 2019 was $89 million higher than at December 31, 2018. The change in net plant reflects primarily an increase in electric ($64 million) and gas ($47 million) plant balances, offset, in part, by an increase in accumulated depreciation ($29 million).

Other noncurrent assets at September 30, 2019 were $39 million lower than at December 31, 2018. The change in other noncurrent assets reflects primarily a decrease in the regulatory asset for unrecognized pension and other postretirement costs to reflect the final actuarial valuation, as measured at December 31, 2018, of the pension and other retiree benefit plans in accordance with the accounting rules for retirement benefits ($25 million). The change in the regulatory asset also reflects the year's amortization of accounting costs. The change also reflects a decrease in the regulatory asset for deferred storm costs ($7 million), environmental remediation costs ($5 million) and property tax reconciliation ($5 million).

Current liabilities at September 30, 2019 were $18 million higher than at December 31, 2018. The change in current liabilities reflects primarily an increase in accounts payable.

Noncurrent liabilities at September 30, 2019 were $34 million lower than at December 31, 2018. The change in noncurrent liabilities reflects primarily a decrease in the liability for pension and retiree benefits that primarily reflects contributions to the pension and other retiree benefit plans made by the Utilities in 2019. See Notes E and F to the Third Quarter Financial Statements.

Equity at September 30, 2019 was $59 million higher than at December 31, 2018. The change in equity reflects primarily net income for the nine months ended September 30, 2019 ($60 million), a capital contribution from parent ($30 million) in 2019 and an increase in other comprehensive income ($5 million), offset, in part, by common stock dividends to parent ($35 million) in 2019.

Clean Energy Businesses
Current assets at September 30, 2019 were $86 million higher than at December 31, 2018. The change in current assets reflects primarily increases in restricted cash and accrued unbilled revenue.

Net plant at September 30, 2019 was $115 million lower than at December 31, 2018. The change in net plant reflects primarily depreciation during the nine months ended September 30, 2019, investment tax credits and the reduction in the capitalized asset and related liability for asset retirement obligations for certain property leased by renewable electric production projects, offset, in part, by additional capital expenditures.

Other noncurrent assets at September 30, 2019 were $149 million higher than at December 31, 2018. The change in other noncurrent assets reflects primarily the adoption of ASU No. 2016-02, “Leases (Topic 842).” See Note I to the Third Quarter Financial Statements.

Current liabilities at September 30, 2019 were $211 million higher than at December 31, 2018. The change in current liabilities reflects primarily the reclassification of the PG&E-related project debt from long-term debt to long-term debt due within one year ($990 million), offset, in part, by the repayment of a borrowing under a 6-month term loan agreement ($825 million). See Note C to the Third Quarter Financial Statements.

Noncurrent liabilities at September 30, 2019 were $76 million higher than at December 31, 2018. The change in noncurrent liabilities reflects primarily the adoption of ASU No. 2016-02 “Leases (Topic 842)” ($222 million), offset, in part, by the reduction in the capitalized asset and related liability for asset retirement obligations for certain property leased by renewable electric production projects ($98 million) and an increase in deferred income taxes and unamortized investment tax credits ($81 million), which reflects primarily the accelerated method/life of tax depreciation and additional unamortized investment tax credits on renewable energy projects. See Note I to the Third Quarter Financial Statements.

Long-term debt at September 30, 2019 was $206 million lower than at December 31, 2018. The change in long-term debt reflects primarily the reclassification of the PG&E-related project debt to long-term debt due within one year ($990 million), offset, in part, by an $825 million borrowing from parent company of the proceeds of parent company's February 2019 two-year variable-rate term loan agreement, $450 million of which was repaid to parent company, and a borrowing of $464 million, due 2026, secured by equity interests in solar electric production projects. See Note C to the Third Quarter Financial Statements.

Equity at September 30, 2019 was $39 million higher than at December 31, 2018. The change in equity reflects primarily an increase in noncontrolling interest ($62 million), offset, in part, by a net loss for the nine months ended September 30, 2019 ($19 million).

CET

Current assets at September 30, 2019 were $32 million lower than at December 31, 2018. The change in current assets reflects an increased investment in Mountain Valley Pipeline, LLC and a NY Transco transmission project. See "Con Edison Transmission" below.

Investments at September 30, 2019 were $166 million higher than at December 31, 2018. The change in investments reflects primarily increased investment in Mountain Valley Pipeline, LLC and a NY Transco transmission project.

Equity at September 30, 2019 was $29 million higher than at December 31, 2018. The change in equity reflects primarily net income for the nine months ended September 30, 2019 ($38 million), offset, in part, by common stock dividends to parent ($9 million) in 2019.

Off-Balance Sheet Arrangements

In May 2019, Con Edison entered into a forward sale agreement which met the SEC definition of an off-balance sheet arrangement. See Note C to the Third Quarter Financial Statements. None of the Companies’ other transactions, agreements or other contractual arrangements meet the SEC definition of off-balance sheet arrangements.

Regulatory Matters

For information about the Utilities’ regulatory matters, see Note B to the Third Quarter Financial Statements.

Environmental Matters

In May 2019, New York City enacted a law designed to reduce greenhouse gas (GHG) emissions from large buildings 40 percent from 2005 levels by 2030. Building owners may achieve compliance through operational changes, building retrofits, the purchase of greenhouse gas offsets, the purchase of renewable energy credits and the use of clean distributed energy resources. CECONY is unable to predict the impact on it of the implementation of this law.

In June 2019, the U.S. Environmental Protection Agency announced its Affordable Clean Energy (ACE) rule in conjunction with the repeal of its Clean Power Plan. In September 2019, Con Edison, as part of a coalition of public and private electric utilities, filed a petition in the United States Court of Appeals for the District of Columbia Circuit to challenge the Environmental Protection Agency’s ACE rule and the repeal of the Clean Power Plan. The ACE rule could have potential cost implications for the utilities because it has the effect of limiting flexibility to use measures such as emissions trading and averaging to cost-effectively meet emissions limits. The ACE rule could also adversely impact initiatives to develop renewable energy sources and promote the use of electric vehicles.

In July 2019, New York State enacted a law that establishes a program requiring 70 percent of the electricity procured by load serving entities regulated by the NYSPSC to be produced by renewable energy systems by 2030, and requiring the statewide electrical demand system to have zero emissions by 2040. The law also codifies state targets for energy efficiency (end-use energy savings of 185 trillion British thermal units below 2025 energy-use forecast), offshore wind (9,000 megawatts (MW) by 2035), solar (6,000 MW by 2025) and energy storage (3,000 MW by 2030). In addition, the law establishes a climate action council to recommend measures to attain the law’s GHG limits, including measures to reduce emissions by displacing fossil-fuel fired electricity with renewable electricity or energy efficiency. The law requires the New York State Department of Environmental Conservation to issue regulations establishing statewide GHG emissions limits that are 60 percent of 1990 emissions levels by 2030 and 15 percent of 1990 emissions by 2050. The Utilities are unable to predict the impact on them of the implementation of this law.

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

Clean Energy Businesses

The following table provides information about the Clean Energy Businesses' renewable electric production projects that are in operation and/or in construction at September 30, 2019:

Project Name	Generating Capacity (MW AC)	Power Purchase Agreement (PPA) Term (In Years) (a)	Actual/Expected In-Service Date (b)	Location (State)	PPA Counterparty (c)
Utility Scale					
Solar					
PJM assets	53	(d)	2011/2013	New Jersey/Pennsylvania	Various
New England assets	24	Various	2011/2017	Massachusetts/Rhode Island	Various
California Solar (e) (g)	110	25	2012/2013	California	PG&E
Mesquite Solar 1 (e) (g)	165	20	2013	Arizona	PG&E
Copper Mountain Solar 2 (e) (g)	150	25	2013/2015	Nevada	PG&E
Copper Mountain Solar 3 (e) (g)	255	20	2014/2015	Nevada	SCPPA
California Solar 2 (e)	80	20	2014/2016	California	SCE/PG&E
Texas Solar 4 (e)	40	25	2014	Texas	City of San Antonio
Texas Solar 5 (e)	95	25	2015	Texas	City of San Antonio
Texas Solar 7 (e)	106	25	2016	Texas	City of San Antonio
California Solar 3 (e)	110	20	2016/2017	California	SCE/PG&E
Upton Solar (e)	158	25	2017	Texas	City of Austin
Panoche Valley	140	20	2017/2018	California	SCE
Copper Mountain Solar 1 (e)	58	12	2018	Nevada	PG&E
Copper Mountain Solar 4 (f) (e)	94	20	2018	Nevada	SCE
Mesquite Solar 2 (f) (e)	100	18	2018	Arizona	SCE
Mesquite Solar 3 (f) (e)	150	23	2018	Arizona	WAPA (Navy)
Great Valley Solar (f) (e)	200	17	2018	California	MCE/SMUD/PG&E/SCE
Wistaria Solar	100	20	2018	California	SCE
Other	26	Various	Various	Various	Various
Total Solar	**2,214**				
Wind					
Broken Bow II (e)	75	25	2014	Nebraska	NPPD
Wind Holdings (e)	180	Various	Various	Various	NWE/Basin Electric
Adams Rose Wind	23	7	2016	Minnesota	Dairyland
Coram Wind (e)	102	16	2016	California	PG&E
Other	22	Various	Various	Various	Various
Total Wind	**402**				
Total MW (AC) in Operation	**2,616**				
Total MW (AC) in Construction	**18**				
Total MW (AC) Utility Scale	**2,634**				
Behind the Meter					
Total MW (AC) in Operation	**46**				
Total MW (AC) in Construction	**8**				
Total MW Behind the Meter	**54**				

(a) Represents Power Purchase Agreement (PPA) contractual term or remaining term from Con Edison Development’s date of acquisition.
(b) Represents Actual/Expected In-Service Date or Con Edison Development's date of acquisition.
(c) PPA Counterparties include: Pacific Gas and Electric Company (PG&E), Southern California Public Power Authority (SCPPA), Southern California Edison Company (SCE), Western Area Power Administration (WAPA), Marin Clean Energy (MCE), Sacramento Municipal Utility District (SMUD), Nebraska Public Power District (NPPD) and NorthWestern Energy (NWE)
(d) Solar renewable energy credit hedges are in place, in lieu of PPAs, through 2022.
(e) Project has been pledged as security for project debt financing.
(f) Projects are financed with tax equity. See Note N to the Third Quarter Financial Statements.
(g) Acquired remaining 50% interest in projects/portfolios in 2018.

Con Edison Development

In January 2019, PG&E filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. The output of Con Edison Development renewable electric production projects with an aggregate of 680 MW (AC) of generating capacity (PG&E Projects) is sold to PG&E under long-term power purchase agreements (PG&E PPAs). At September 30, 2019, Con Edison's consolidated balance sheet included $827 million of net non-utility plant relating to the PG&E Projects, $1,075 million of intangible assets relating to the PG&E PPAs, $287 million of net non-utility plant of additional projects that secure the related project debt and $1,012 million of non-recourse related project debt. The PG&E bankruptcy is an event of default under the PG&E PPAs. Pursuant to the related project debt agreements, distributions from the related projects to Con Edison Development have been suspended. Unless the lenders for the related project debt otherwise agree, the lenders may, upon written notice, declare principal and interest on the related project debt to be due and payable immediately and, if such amounts are not timely paid, foreclose on the related projects. See "Long-Lived and Intangible Assets" in Note A and Note C to the Third Quarter Financial Statements.

Con Edison Development's renewable electric production volumes for the three and nine months ended September 30, 2019 compared with the 2018 period were:

	Millions of kWh							
	For the Three Months Ended				For the Nine Months Ended			
Description	September 30, 2019	September 30, 2018	Variation	Percent Variation	September 30, 2019	September 30, 2018	Variation	Percent Variation
Renewable electric production projects								
Solar	1,710	752	958	Large	4,443	2,087	2,356	Large
Wind	317	245	72	29.4%	978	776	202	26.0%
Total	**2,027**	**997**	**1,030**	**Large**	**5,421**	**2,863**	**2,558**	**89.3%**

Con Edison Transmission

CET Electric

In April 2019, the New York Independent System Operator (NYISO) selected a transmission project that was jointly proposed by National Grid and NY Transco ($600 million estimated cost, excluding certain interconnection costs that are not yet determined) that would increase transmission capacity by 1,850 MW between upstate and downstate when combined with another developer's project that was also selected by the NYISO. The siting, construction and operation of the projects will require approvals and permits from appropriate governmental agencies and authorities, including the NYSPSC. The NYISO indicated it will work with the developers to enter into agreements for the development and operation of the projects, including a schedule for entry into service by December 2023.

CET Gas

In October 2019, the operator of the Mountain Valley Pipeline, which is being constructed by a joint venture in which CET Gas has a 12.5 percent ownership interest, indicated that it now expects a late 2020 full in-service date for the project at an overall project cost of $5,300 million to $5,500 million, excluding allowance for funds used during construction. CET Gas, as it is permitted to do under the joint venture agreement, plans to limit its cash contributions to the joint venture to approximately $530 million, in which case its ownership interest in the joint venture would be reduced to approximately 10 percent (based on the current project cost estimate). At September 30, 2019, CET Gas's cash contributions to the joint venture amounted to $488 million.

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 relates primarily to variable rate debt and to new debt financing needed to fund capital requirements, including the construction expenditures of the Utilities and maturing debt securities. 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. The Clean Energy Businesses also use interest rate swaps. See Note L to the Third Quarter Financial Statements. Con Edison and CECONY estimate that at September 30, 2019, a 10 percent increase in interest rates applicable to its variable rate debt would result in an increase in annual interest expense of $7 million and $4 million, respectively. Under CECONY's current electric, gas and steam rate plans, variations in actual variable rate tax-exempt debt interest expense are reconciled to levels reflected in rates.

Commodity Price Risk

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

Con Edison estimates that, as of September 30, 2019, a 10 percent decline in market prices would result in a decline in fair value of $83 million for the derivative instruments used by the Utilities to hedge purchases of electricity and gas, of which $78 million is for CECONY and $5 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. In accordance with provisions approved by state regulators, the Utilities generally recover from customers the costs they incur for energy purchased for their customers, including gains and losses on certain derivative instruments used to hedge energy purchased and related costs.

The Clean Energy Businesses use a value-at-risk (VaR) model to assess the market price risk of their portfolio of electricity and gas commodity fixed-price purchase and sales commitments, physical forward contracts, generating assets and commodity derivative instruments. VaR represents the potential change in fair value of the portfolio due to changes in market prices, for a specified time period and confidence level. These businesses estimate VaR across their portfolio using a delta-normal variance/covariance model with a 95 percent confidence level, compare the measured VaR results against performance due to actual prices and stress test the portfolio each quarter using an assumed 30 percent price change from forecast. Since the VaR calculation involves complex methodologies and estimates and assumptions that are based on past experience, it is not necessarily indicative of future results. VaR for the portfolio, assuming a one-day holding period, for the nine months ended September 30, 2019 and the year ended December 31, 2018, respectively, was as follows:

95% Confidence Level, One-Day Holding Period	September 30, 2019	December 31, 2018
	(Millions of Dollars)	
Average for the period	$—	$—
High	1	1
Low	—	—

Investment Risk

The Companies’ investment risk relates to the investment of plan assets for their pension and other postretirement benefit plans and to the investments of Con Edison Transmission that are accounted for under the equity method.

The Companies’ current investment policy for pension plan assets includes investment targets of 45 to 55 percent equity securities, 33 to 43 percent debt securities and 10 to 14 percent real estate. At September 30, 2019, the pension plan investments consisted of 50 percent equity securities, 39 percent debt securities and 11 percent real estate.

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. Generally, O&R also defers such difference pursuant to its rate plans.

Material Contingencies

For information about the PG&E bankruptcy, see “Long-Lived and Intangible Assets” in Note A and Note C to the Third Quarter Financial Statements. For information concerning potential liabilities arising from the Companies’ other material contingencies, see "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, which information 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 the information on the PG&E bankruptcy under "Long-Lived and Intangible Assets" in Note A and Note C, "Other Regulatory Matters" in Note B and Notes G and H to the financial statements in Part I, Item 1 of this report, which information 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 6: Exhibits

Con Edison

Exhibit 10.1	Consolidated Edison, Inc. Supplemental Defined Contribution Pension Plan
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.

CECONY

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.
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Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase.
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase.
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

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 4, 2019	By	/s/ Robert Hoglund
		Robert Hoglund **Senior Vice President, Chief Financial Officer and Duly Authorized Officer**

Exhibit 10.1

CONSOLIDATED EDISON, INC.

SUPPLEMENTAL

DEFINED CONTRIBUTION

PENSION PLAN

Including the

CONSOLIDATED EDISON, INC. TOP HAT SUPPLEMENTAL DEFINED CONTRIBUTION PENSION PLAN

and the

CONSOLIDATED EDISON, INC. 415 EXCESS BENEFIT PLAN

Effective January 1, 2019

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PREAMBLE

The Consolidated Edison, Inc. Supplemental Defined Contribution Pension Plan (the “Plan”) was established effective January 1, 2019. The purpose of the Plan is to provide supplemental retirement benefits to management employees who are actively employed by CECONY, O&R, CEB and CET who participate in the Defined Contribution Pension Formula (the “DCPF”) under the Consolidated Edison Thrift Savings Plan or any successor plan thereto (the “Thrift Savings Plan”). The Plan has two separate component plans, the Consolidated Edison, Inc. Top Hat Supplemental Defined Contribution Pension Plan (the “Top Hat Plan”) and the Consolidated Edison, Inc. 415 Excess Benefit Plan (the “415 Excess Benefit Plan”). Unless otherwise specified herein, all references to the “Plan” will refer to both component plans together. The Top Hat Plan is intended to provide: (i) benefits that would have been payable under the Thrift Savings Plan but for the limitations imposed on tax-qualified retirement plans by Code Section 401(a)(17); and (ii) benefits that are attributable to Annual Incentive Awards for Officers of the Company. The 415 Excess Benefit Plan is intended to provide benefits that would have been payable under the Thrift Savings Plan but for the limitations imposed on annual additions to tax-qualified retirement plans by Code Section 415.

The Top Hat Plan shall be considered and interpreted in all respects as an unfunded “top hat” plan maintained primarily to provide deferred compensation benefits for a select group of management or highly compensated employees within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA and therefore to be exempt from Parts 2, 3 and 4 of Subtitle B of Title I of ERISA to the maximum extent possible under the provisions thereof. The 415 Excess Benefit Plan is intended to be a nonqualified, unfunded “excess benefit plan” within the meaning of Sections 3(36) and 4(b)(5) of ERISA.

All benefits payable under the Plan will be paid out of the general assets of the Company. The Company may, but has no obligation to, establish and fund a trust in order to aid it in providing benefits payable under the Plan.

Except as otherwise specifically provided herein, the rights and benefits of any Participant who retires or terminates employment are determined in accordance with the provision of the Plan as in effect and operative at the time of such retirement or termination.

ARTICLE I

DEFINITIONS

Except as otherwise specified herein, all definitions apply to both the Top Hat Plan and the 415 Excess Benefit Plan.

1.01 415 Excess Benefit Plan Account – Applicable Only to the 415 Excess Benefit Plan

means at the end of each calendar quarter of a Plan Year, the total value of all Supplemental Employer Compensation Credits that have been credited to a notional bookkeeping account for the Participant under the 415 Excess Benefit Plan, including the amount of Deemed Investment Earnings.

1.02 415 Limit – Applicable Only to the 415 Excess Benefit Plan

means the limitation on contributions and other additions set forth in Section 415(c) of the Code, as in effect each year under the Thrift Savings Plan.

1.03 Accounts

means the aggregate of a Participant's Top Hat Plan Account, Special Crediting Account and/or 415 Excess Benefit Plan Account, if applicable.

1.04 Affiliated Employer

means an entity with whom the Company would be considered a single employer under Sections 414(b) or 414(c) of the Code, a group of trades or businesses (whether or not incorporated) which are under common control as defined in Code Section 414(c), or an affiliated service group as defined in Code Section 414(m) of which the Company is a member; and any entity otherwise required to be aggregated with the Company pursuant to Code Section 414(o) or the regulations issued thereunder; and any other entity in which the Company has an ownership interest.

1.05 Annual Additions – Applicable Only to the 415 Excess Benefit Plan

means Annual Additions as defined under the Thrift Savings Plan (in Section 8.04 or any successor section thereto).

1.06 Annual Incentive Award – Applicable only to the Top Hat Plan

means:

(a) for an Officer of CECONY or O&R, or an Officer of CET who is eligible to participate in the EIP, an award paid from the EIP;

(b) for an Officer of CET, an award paid from the CET Annual Incentive Plan; or

(c) for an Officer of CEB, an award paid under the CEB Annual Incentive Plan.

1.07 Beneficiary

means the person, persons, or entity designated by the Participant to receive the benefits credited to the Participant's Accounts in the event of the Participant's death. In the event the Participant has not named a Beneficiary or a designated Beneficiary does not survive the Participant, the Participant's Accounts will be distributed to the Participant's estate.

1.08 Board

means the Board of Directors of Consolidated Edison, Inc.

1.09 CEB

means Con Edison Clean Energy Businesses, Inc.

1.10 CECONY

means the Consolidated Edison Company of New York, Inc., and any successor by merger, purchase or otherwise.

1.11 CEO

means the Chief Executive Officer of Consolidated Edison, Inc.

1.12 CET

means Con Edison Transmission, Inc.

1.13 Change of Control

means, and shall be deemed to have occurred as of the date of the first to occur of the following events:

(a) any Person or Group acquires stock of the Company that, together with stock held by such Person or Group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company. However, if any Person or Group is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same Person or Group is not considered to cause a Change of Control of the Company. An increase in the percentage of stock owned by any Person or Group as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this subsection. This subsection applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and stock in the Company remains outstanding after the transaction;

(b) any Person or Group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Group) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company;

(c) a majority of members of the Board is replaced during any 12-month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election; or

(d) any Person or Group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Group) assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. However, no Change of Control shall be deemed to occur under this subsection (d) as a result of a transfer to:

(i) A shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

(ii) An entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;

(iii) A Person or Group that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or

(iv) An entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in clause (iii) above.

For these purposes, the term “Person” shall mean an individual, corporation, association, joint stock company, business trust or other similar organization, partnership, limited liability company, joint venture, trust, unincorporated organization or government or agency, instrumentality or political subdivision thereof (but shall not include the Employer, any underwriter temporarily holding securities pursuant to an offering of such securities, any trustee or other fiduciary holding securities under an employee benefit plan of the Employer, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of voting stock of the Company). The term “Group” shall have the meaning set forth in Rule 13d-5 of the Securities Exchange Act of 1934, as amended. If any one Person, or Persons acting as a Group, is considered to effectively control the Company as described in subsections (b) or (c) above, the acquisition of additional control by the same Person or Persons is not considered to cause a Change of Control.

1.14 Code

means the Internal Revenue Code of 1986, as amended from time to time, and any regulations issued thereunder. Reference to any section of the Code shall include any successor provision thereto.

1.15 Company

means Consolidated Edison Inc. or any successor thereto by merger, purchase or otherwise; provided, however, that for purposes of the definition of “Change of Control” and the definition of “Potential Change of Control,” “Company” means the highest-level holding company of Consolidated Edison, Inc. (or any successor thereto which continues the Supplemental DCP) that has publicly traded common stock.

1.16 Compensation

means a Participant’s “Compensation” as defined in the Defined Contribution Pension Formula in the Thrift Savings Plan to determine a Participant’s Employer Compensation Credit under the Defined Contribution Pension Formula.

1.17 Deemed Investment Earnings

means the hypothetical rate of return that would have been experienced had the amounts in the Accounts been invested in the Deemed Investment Options.

1.18 Deemed Investment Options

means the hypothetical investment options as from time to time may be selected by the Plan Administrator as measurements of the Deemed Investment Earnings to be credited to (or charged against) Participants' Accounts.

1.19 Effective Date

means January 1, 2019.

1.20 Eligible Employee

means, for the Top Hat Plan:

(a) an Officer of the Company or of a Participating Affiliated Employer who is covered under the Defined Contribution Pension Formula and receives an Annual Incentive Award; or

(b) an Employee of the Company or of an Affiliated Participating Employer who is covered under the Defined Contribution Pension Formula and whose Compensation for a Plan Year exceeds the Statutory Compensation Limit; or

(c) any other Employee of the Company or a Participating Affiliated Employer who is covered under the Defined Contribution Pension Formula and is designated by the CEO as eligible to participate in the Supplemental DCP.

means, for the 415 Excess Benefit Plan: an Employee of the Company or of an Affiliated Participating Employer who is covered under the Defined Contribution Pension Formula.

Eligible Employee for both the Top Hat Plan and the 415 Excess Benefit Plan excludes an employee whose terms and conditions of employment are subject to a collective bargaining agreement.

1.21 Employee

means an individual who is employed by and a common law employee of the Company or an Affiliated Participating Employer and receives compensation other than a pension, severance pay, retainer or fee under contract. The term Employee excludes any leased employee (as defined in Section 414(n) of the Code), any temporary Employee or individual hired in a temporary position or as a temporary worker, or any student intern or individual in the college cooperative program.

1.22 ERISA

means the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.23 Officer – Applicable Only to the Top Hat Plan

means individuals approved as officers by the Board, the CECONY Board of Trustees, the O&R Board of Directors, or the CET Board of Directors, as applicable.

1.24 O&R

means Orange and Rockland Utilities, Inc.

1.25 Participant

means an Eligible Employee who meets the Participation requirements described in Article 2.

1.26 Participating Affiliated Employer

means an Affiliated Employer that has been recognized as a Participating Affiliated Employer by the Company for all or some of such Participating Affiliated Employer’s officers or other Eligible Employees, as reflected in

Appendix A. Effective as of January 1, 2019, CECONY, O&R, CET, and CEB are recognized as Participating Affiliated Employers.

1.27 Plan or Supplemental DCP

means this Consolidated Edison Supplemental DCP, including both the Top Hat Plan and the 415 Excess Benefit Plan, as set forth in this document and as amended from time to time.

1.28 Plan Administrator

means the Vice President, Human Resources, of the Company, appointed by the CEO, or such person or entity designated by the Plan Administrator, to administer the Supplemental DCP.

1.29 Plan Year

means the calendar year.

1.30 Potential Change of Control

means an event which shall occur if:

(a) the Company enters into a definitive written agreement, the consummation of which would result in the occurrence of a “Change Event”;

(b) the Company or any Person (as defined in Section 1.13) publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a “Change Event”; or

(c) any Person becomes the beneficial owner (as defined in Rule 13d- 3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing 15% or more of the then outstanding shares of Common Stock of the Company or the combined voting power of the Company’s then outstanding securities.

(d) For the purposes of this Section, a “Change Event” means an event that shall occur if:

(i) any person, as defined in Section 3(a)(9) of the Exchange Act, as such term is modified in Sections 13(d) and 14(d) of the Exchange Act (other than (i) any employee plan established by any “Corporation” (which for these purposes shall be deemed to be the Company and any corporation, association, joint venture, proprietorship or partnership which is connected with the Company either through stock ownership or through common control, within the meaning of Sections 414(b) and (c) and 1563 of the Code), (ii) the Company or any of its affiliates (as defined in Rule 12b-2 promulgated under the Exchange Act), (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by stockholders of the Company in substantially the same proportions as their ownership of the Company) (a “Person”), is or becomes the beneficial owner (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company (excluding from the securities beneficially owned by such Person any securities directly acquired from the Company or its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) representing 20% or more of either the then outstanding shares of Common Stock of the Company or the combined voting power of the Company’s then outstanding voting securities;

(ii) during any period of up to two consecutive years individuals who, at the beginning of such period, constitute the Board cease for any reason to constitute a majority of the directors then serving on the Board, provided that any person who becomes a director subsequent to the beginning of such period and whose appointment or election by the Board or nomination for election by the Company's shareholders was approved by at least two thirds of the directors then still in office who either were directors at the beginning of such period or whose appointment, election or nomination for election was previously so approved (other than a director (i) whose initial assumption of office is in connection with an a ctual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A under the Exchange Act; or ii) who was designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), (c) or (d) of this Section 1.55) shall be deemed a director as of the beginning of such period;

(iii) consummation of a merger or consolidation of the Company with any other corporation or approval of the issuance of voting securities of the Company in connection with a merger or consolidation of the Company occurs (other than (i) a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of any Corporation, at least 51% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the beneficial owner (as defined in paragraph (a) above), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates other than in connection with the acquisition by the Company or the affiliates of a business) representing 20 percent or more of either the then outstanding shares of Common Stock of the Company or the combined voting power of the Company's then outstanding voting securities; or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 65% of the combined voting power of the voting securities of which are owned by persons in substantially the same proportions as their ownership of the Company immediately prior to the sale.

Notwithstanding the foregoing, no "Change Event" shall be deemed to have occurred if there is consummated any transaction, or series of integrated transactions, immediately following which the record holders of the Common Stock immediately prior to such transaction, or series of integrated transactions, continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of integrated transactions.

1.31 Section 409A

means Section 409A of the Code and the applicable rulings and regulations promulgated thereunder.

1.32 Separation from Service

means with respect to a Participant, a “separation from service” with the Company as determined under the default provisions in Treasury Regulation Section 1.409A-1(h).

1.33 Special Crediting Account

means at the end of each calendar quarter of a Plan Year, the total value of all additional Supplemental Employer Contribution Credits that have been credited to a notional bookkeeping account for the Participant under the Top Hat Plan pursuant to an agreement between the Company or a Participating Affiliated Employer and the Participant, including the amount of Deemed Investment Earnings.

1.34 Specified Employee

means a specified employee of the Company as determined under the Company’s established methodology for determining “specified employees” under Section 409A on the date on which a Participant incurs a Separation from Service.

1.35 Statutory Compensation Limit – Applicable Only to the Top Hat Plan

means the limitation set forth in Section 401(a)(17) of the Code as in effect each year for the Thrift Savings Plan.

1.36 Supplemental Employer Compensation Credit

means, at the end of each calendar quarter of a Plan Year, the amount the Participant is entitled to have credited to his or her Top Hat Plan Account, Special Crediting Account or 415 Excess Benefit Plan Account based on the formulas set forth in Article III or Article IV. The Supplemental Employer Compensation Credit is a bookkeeping credit.

1.37 Thrift Savings Plan

means The Consolidated Edison Thrift Savings Plan, as amended from time to time.

1.38 Top Hat Plan Account

means at the end of each calendar quarter of a Plan Year, the total value of all Supplemental Employer Compensation Credits that have been credited to a notional bookkeeping account for the Participant under the Top Hat Plan, including the amount of Deemed Investment Earnings.

1.39 Valuation Date

means the last business day of each calendar month and any other date designated as a Valuation Date by the Plan Administrator.

1.40 Vested

means an Eligible Employee or Participant has met the service requirements in the Thrift Savings Plan to have a non-forfeitable right to the contributions made by the Company to his or her Thrift Savings Plan account under the Defined Contribution Pension Formula.

ARTICLE II

PARTICIPATION

2.01 Top Hat Plan Participation

An Eligible Employee will become a Participant in the Top Hat Plan in the calendar quarter in which his or her Compensation exceeds the Statutory Compensation Limit under the Thrift Savings Plan.

An Eligible Employee who is an Officer and receives an Annual Incentive Award will become a Participant in the Top Hat Plan in the calendar quarter in which she or he receives the Annual Incentive Award. An Officer who receives an Annual Incentive Award will become a Participant whether or not her or his Compensation exceeds the Statutory Compensation Limit.

2.02 415 Excess Benefit Plan Participation

An Eligible Employee becomes a Participant in the 415 Excess Benefit Plan when a Supplemental Employer Compensation Credit is credited to the 415 Excess Benefit Plan Account for him or her because the amount of Annual Additions to his or her Thrift Savings Plan account in a given Plan Year reaches the 415 Limit and he or she has not yet received the full amount of the Defined Contribution Pension Formula contribution otherwise due to be made for that Plan Year under the Thrift Savings Plan (solely without regard to the 415 limit).

2.03 Termination of Participation – Top Hat Plan

A Participant's participation in the Top Hat Plan terminates when all amounts credited to his or her Top Hat Plan Account and/or Special Crediting Account have been distributed to the Participant or on the Participant's behalf.

2.04 Termination of Participation – 415 Excess Benefit Plan

A Participant's participation in the 415 Excess Benefit Plan terminates when all amounts credited to his or her 415 Excess Benefit Plan Account have been distributed to the Participant or on the Participant's behalf.

ARTICLE III

TOP HAT PLAN BENEFIT

3.01 A Participant's benefit payable from the Top Hat Plan is the total amount credited to the Participant's Top Hat Plan Account and Special Crediting Account, including Deemed Investment Earnings. A Supplemental Employer Compensation Credit, as calculated below, will be credited to a Participant's Top Hat Plan Account for any calendar quarter in which the Participant is eligible to receive one, as described in Section 3.02 below.

3.02 Supplemental Employer Compensation Credit

(a) For each calendar quarter of each Plan Year, the amount, if any, of the Supplemental Employer Compensation Credit to be recorded on the books of the Company and credited to a Participant's Top Hat Plan Account, is calculated in the following manner:

(b) For an Officer, ***step one*** is determining the amount of the Compensation Credit that would have been contributed to the Thrift Savings Plan for that quarter under the Defined Contribution Pension Formula if the definition of Compensation used to determine the Company's contribution under the Defined Contribution Pension Formula took into account one hundred percent of the Officer's Annual Incentive Award. ***Step two*** is crediting the Officer Participant with a Supplemental Employer Compensation Credit in that amount. Depending upon the Officer Participant's Compensation, in each Plan Year, she or he may receive a Supplemental Employer Compensation Credit only for the quarter in which she or receives an Annual Incentive Award.

(c) For all Participants in the Top Hat Plan who exceed the Statutory Compensation Limit, ***step one*** is determining the amount of the Compensation Credit that would have been contributed to the Thrift Savings Plan for that quarter under the Defined Contribution

Pension Formula if the Statutory Compensation Limit did not impact the Compensation Credit for that quarter. ***Step two*** is subtracting the amount that was actually contributed to the DCPF Account under the Thrift Savings Plan for that quarter under the Defined Contribution Pension Formula. ***Step three*** is crediting the Participant with the remainder – the "Supplemental Employer Compensation Credit" - computed and derived from Step 2.

(d) In addition to the Supplemental Employer Compensation Credits credited to a Participant's Top Hat Plan Account, at the discretion of the Company or a Participating Affiliated Employer, a Participant may have additional Supplemental Employer Compensation Credits credited to the Special Crediting Account in accordance with the terms of any agreement between such Participant and the Company or a Participating Affiliated Employer. The amount of such additional Supplemental Employer Compensation Credit shall be calculated pursuant to the terms of the applicable agreement, and such agreement shall constitute an amendment to the Plan.

3.03 Supplemental Employer Compensation Credit Contribution - Timing of Crediting a Participant's Top Hat Plan Account

When a Participant is eligible for a Supplemental Employer Compensation Credit, his or her Top Hat Plan Account will be credited at the same time as his or her Compensation Credit Contribution is made under the Defined Contribution Pension Formula in the Thrift Savings Plan, or in the case of an additional Supplemental Employer Compensation Credit to be credited to the Special Crediting Account as described in Section 3.02(c) above, at such time as agreed upon by the Participant and the Company or Participating Affiliated Employer in the applicable agreement.

ARTICLE IV

415 EXCESS BENEFIT PLAN BENEFIT

4.01 A Participant's benefit payable from the 415 Excess Benefit Plan is the total amount credited to the Participant's 415 Excess Benefit Plan Account, including Deemed Investment Earnings. A Supplemental Employer Compensation Credit, as calculated below, will be credited to a Participant's 415 Excess Benefit Plan Account for any calendar quarter in which the Participant is eligible to receive one, as described in Section 4.02 below.

4.02 Supplemental Employer Compensation Credit

(a) For each calendar quarter of each Plan Year, the amount, if any, of the Supplemental Employer Contribution Credit to be recorded on the books of the Company and credited to a Participant's 415 Excess Benefit Plan Account is calculated in the following manner:

(b) For a Participant in the 415 Excess Benefit Plan, ***step one*** is determining the amount of the Compensation Credit that would have been contributed to the Thrift Savings Plan for that quarter under the Defined Contribution Pension Formula if the 415 Limit did not impact the Compensation Credit for that quarter. ***Step two*** is subtracting the amount that was actually contributed to the DCPF Account in the Thrift Savings Plan for that quarter under the Defined Contribution Pension Formula. ***Step three*** is crediting the Participant with the remainder – the "Supplemental Employer Compensation Credit" - computed and derived from Step 2.

4.03 Supplemental Employer Compensation Credit Contribution –Timing of Crediting a Participant's 415 Excess Benefit Plan Account

When a Participant is eligible for a Supplemental Employer Compensation Credit, his or her 415 Excess Benefit Plan Account will be credited at the same time as his or her Compensation Credit Contribution is made under the Defined Contribution Pension Formula in the Thrift Savings Plan.

ARTICLE V

DEEMED INVESTMENT OPTIONS and VESTING

5.01 Participant Investment Directions and Choices

(a) A Participant's Accounts will be credited with Deemed Investment Earnings in accordance with the Participant's selections from the Deemed Investment Options. Each Participant is entitled to direct the hypothetical investment of his or her Accounts in any or all of the Deemed Investment Options.

(i) Initially, Deemed Investment Earnings will be credited as though the Accounts are invested in a substantially similar default investment option as used under the Thrift Savings Plan ("Supplemental QDIA"). Until the Participant directs otherwise through the procedures designated by the Plan Administrator, Deemed Investment Earnings will reflect hypothetical investment in the Supplemental QDIA.

(ii) Each Participant is fully responsible for the hypothetical investment directions and hypothetical asset allocations of his or her Accounts. The Company is not responsible for hypothetical investment direction or for the amount of Deemed Investment Earnings credited to the Accounts.

(iii) Notwithstanding any other provision of the Supplemental DCP, the Plan Administrator shall have sole and absolute discretion with regard to the Deemed Investment Earnings credited to a Participant's Accounts.

5.02 Vesting in Accounts

(a) Each Participant will be Vested in his or her Accounts at the same time he or she is vested in his or her Defined Contribution Pension Formula Account under the Thrift Savings Plan.

(b) A Participant who terminates employment before becoming Vested will forfeit his or her Accounts.

ARTICLE VI

PAYMENT OF BENEFITS

6.01 Commencement of Payment and Timing of Distributions

Payment of the Vested balance of any of a Participant's Accounts shall not be made before the Participant's Separation from Service. Payment is to be made in the form of a lump sum as soon as practicable following the Participant's Separation from Service.

6.02 Payment Upon Death

If a Participant dies before payment of the Vested balance of any of the Accounts, the Vested balance as of the Valuation Date coincident with or immediately preceding the payment shall be paid in one lump sum to the Participant's Beneficiary as soon as practicable within 60 days following notification of the Participant's death, provided, however, that payment will be made no later than December 31 of the calendar year immediately following the year of the Participant's death.

6.03 Six-month Delay for Specified Employees

Notwithstanding anything herein to the contrary, if a Participant is a Specified Employee, any payment under this Plan that is deemed to be a "deferral of compensation" subject to Section 409A shall be paid as soon as practicable in the seventh month following such Participant's Separation from Service, provided, however, that a payment delayed pursuant to the preceding clause shall be paid earlier in the event of the Participant's death prior to the end of such six-month period.

ARTICLE VII

PLAN ADMINISTRATION

7.01 Duties of Plan Administrator

The Plan Administrator shall have full discretionary authority to make any legal or factual determinations, resolve any question that shall arise under the Supplemental DCP as to any person’s eligibility for benefits, the calculation of benefits, the form of benefits, payment date of benefits, frequency of benefits, or the identity of the Beneficiary.

7.02 Procedure for Payment of Benefits under the Plan

With respect to a benefit to which a Participant or Beneficiary is entitled, the Plan Administrator will direct the payment of benefit payments hereunder in accordance with the applicable procedures established by the Company and/or the Plan Administrator regarding the disbursement of amounts from the general funds of the Company.

ARTICLE VIII

GENERAL PROVISIONS

8.01 Funding

(a) All amounts payable in accordance with the Supplemental DCP constitute a general unsecured obligation of the Participating Affiliated Employer on behalf of and for such Employer's Eligible Employee/ Participant, and such Participants are unsecured creditors of such Participating Affiliated Employer. Such amounts will be paid out of the general assets of the applicable Participating Affiliated Employer on behalf of each of its Eligible Employees/Participants. The Plan Administrator may determine, in its sole discretion, whether any administrative costs relating to the Plan shall be allocated to Participants' Accounts, and if so, the Accounts will be reduced by the allocated costs.

(b) The payment of a Participant's Accounts is the obligation of the Participating Affiliated Employer that employs the Participant on the date of his or her Separation from Service

(c) The Company may, but is not required to, establish a grantor trust to set aside assets to pay benefits payable under the Plan.

(d) Notwithstanding the foregoing sentence, the Company will, upon a Potential Change of Control, (1) establish a grantor trust for the benefit of the Participants if one is not already in existence and (2) assure that the funds in such trust are at least equal to the sum of Participants' Accounts, as well as any other liabilities of the Plan, if any, incurred as of the date of the Potential Change of Control. The assets placed in such trust shall be held separate and apart from other funds and shall be used for the purposes set forth in the Plan and the applicable trust agreement, subject to the following conditions:

(i) the creation of such trust shall not cause the Plan to be other than “unfunded” for purposes of Title I of ERISA;

(ii) the Company shall be treated as “grantor” of such trust for purposes of Section 677 of the Code;

(iii) the agreement of such trust shall provide that its assets may be used upon the insolvency or bankruptcy of the Company to satisfy claims of the Company’s general creditors and that the rights of such general creditors are enforceable by them under federal and state law;

(iv) without in any way limiting the choice of assets thereunder, such trust may invest in life insurance policies; and

(v) the establishment, operation and funding of the trust shall comply with applicable law, including, without limitation, Section 409A.

8.02 Discontinuance and Amendment

The Company reserves the right, by action of the Board, to discontinue the crediting of benefits under the Supplemental DCP (or one of its component plans) at any time; and further reserves the right, by action of the Board or the Plan Administrator, to modify or amend the Supplemental DCP, in whole or in part, at any time. However, no modification, amendment, or discontinuance shall materially adversely affect the right of any Participant to receive the benefits credited under the Supplemental DCP as of the date of such modification, amendment or discontinuance, and no modification or amendment by action of the Plan Administrator shall have a material effect on the benefits payable under the Supplemental DCP.

8.03 Termination of Plan

The Company reserves the right for any reason, by action of the Board, to terminate the Supplemental DCP at any time, provided, however, that no termination shall be effective retroactively. As of the effective date of termination of the Supplemental DCP, no further Supplemental Employer Compensation Credits will be credited on behalf of any Participant whose benefits have not been paid, and such Participant and the Participant's Beneficiary shall retain the right to benefits hereunder. Deemed Investment Earnings shall continue to be credited in accordance with Article V until payment of a Participant's Accounts has been made under the terms of the Plan in effect immediately prior to the date the Plan is terminated. All other provisions of the Plan shall remain in effect.

8.04 Supplemental DCP Not a Contract of Employment

This Supplemental DCP is not a contract of employment, and the terms of employment of any Participant shall not be affected in any way by this Supplemental DCP or related instruments. The establishment of this Supplemental DCP shall not be construed as conferring any legal rights upon any person for a continuation of employment, nor shall it interfere with the rights of the Company to discharge any person and to treat such person without regard to the effect which such treatment might have upon such person under this Supplemental DCP. Each Participant and all persons who may have or claim any right by reason of the Participant's participation in this Supplemental DCP shall be bound by the terms of this Supplemental DCP.

8.05 Withholding Taxes

The Company shall have the right to deduct from payment to be made under the Supplemental DCP any required withholding taxes.

8.06 Non-alienation

Subject to any applicable law, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt to do so shall be void, nor shall any such benefit be in any manner liable for or subject to garnishment, attachment, execution or levy, or liable for or subject to the debts, contracts, liabilities, engagements or torts of the person entitled to such benefits.

8.07 Section 409A

This Supplemental DCP is intended to satisfy the applicable requirements of Section 409A and shall be administered and interpreted consistent with such intent. If the Plan Administrator determines, in good faith, that any provision of this Supplemental DCP does not satisfy such requirements or could otherwise cause any person to recognize additional taxes, penalties or interest under Section 409A, the Plan Administrator shall modify, to the maximum extent practicable, the original intent of the applicable provision without violation of the requirements of Section 409A ("Section 409A Compliance"), and, notwithstanding any provision herein to the contrary, the Plan Administrator shall have broad authority to amend or to modify the Supplemental DCP, without advance notice to or consent by any person, to the extent necessary or desirable to ensure Section 409A compliance. Nothing in this Plan shall be construed as a guarantee of any particular tax treatment to any Participant. Each Participant shall be solely responsible for the tax consequences with respect to any amounts payable under the Plan, and in no event shall the Company have any responsibility or liability if any amounts payable under the Plan do not meet any applicable requirements of Section 409A. Any determinations by the Plan Administrator shall be final and binding on all parties.

8.08 Claims and Review Procedure

(a) Claims for benefits and inquiries concerning the Supplemental DCP (or concerning present or future rights to benefits under the Supplemental DCP) must be submitted in writing to the Plan Administrator. A claim for benefits must be submitted and signed by the Participant or, in the case of a benefit payable after his or her death, by his or her Beneficiary, or a duly authorized legal representative.

(b) In the event that a claim for benefits is denied in whole or in part, the Plan Administrator will notify the claimant or his or her designee in writing of the denial and of the right to review of the denial. The written notice will set forth, in a manner calculated to be understood by the applicant, specific reason for the denial, specific references to the provisions of the Supplemental DCP on which the denial is based, and an explanation of the review procedure under the Supplemental DCP. The written notice from the Plan Administrator will be given to the claimant within a reasonable period of time, not more than 90 days, after the Plan Administrator received the initial claim, unless circumstances require further time for processing and the claimant is advised of the need and reason for the extension within the first 90-day period. The claimant will also be informed of the date by which the Plan Administrator expects to render the decision. In no event will the initial decision be given more than 180 days after the Plan Administrator received the written claim for a benefit. The Plan Administrator has the authority to act with respect to any appeal from a denial of benefits or a determination of benefit rights.

(c) A claimant whose application for benefits was denied in whole or part, or the claimant's duly authorized representative, may appeal the denial by submitting to the Plan Administrator a request for a review of the claim within 60 days after receiving written notice of the denial from the Plan Administrator. The Plan Administrator will give the claimant or his or her representative an opportunity to review pertinent materials, other than legally privileged documents, in preparing the request for a review. The request for a review must be in writing and addressed to the Plan Administrator. The request for a review shall set forth all of the grounds on which it is based, all facts in support of the request and any other matters that the applicant deems pertinent. The Plan Administrator may require the claimant to submit such additional facts, documents or other materials as it may deem necessary or appropriate in making its review.

(d) The Plan Administrator will act on each request for a review within 90 days after receipt, unless special circumstances require further time for processing by the Plan Administrator and the claimant is advised of the need and reason for the extension. In no event will the decision on review be rendered more than 180 days after the Plan Administrator received the request for a review. The Plan Administrator will give written notice of its decision to the claimant. In the event that the Plan Administrator confirms the denial of the application for benefits in whole or in part, the notice will set forth, in a manner calculated to be understood by the claimant, the specific reasons for the decision and specific references to the provisions of the Supplemental DCP on which the decision is based.

(e) Any action taken by the Plan Administrator pursuant to her or his full and absolute discretionary authority shall be conclusive and binding on all Participants, beneficiaries and others.

(f) No legal action for benefits under the Supplemental DCP may be brought unless and until the claimant has submitted a written application for benefits in accordance with paragraph (a), has been notified by the Plan Administrator that the application is denied, has filed a written request for a review of the application in accordance with paragraph (c), and has been notified in writing that the Plan Administrator has affirmed the denial of the application; <u>provided</u>, <u>however</u>, that legal action may be brought after the Plan

Administrator has failed to take any action on the claim within the time prescribed by paragraphs (b) and (d) above. A legal action for benefits under the Supplemental DCP must be brought within twelve months of notification by the Plan Administrator that her or his claim has been denied in whole or in part.

8.09 Construction

The Top Hat Plan is intended to constitute an unfunded deferred compensation arrangement maintained for a select group of management or highly compensated employees within the meaning of Sections 201(2), 301(a)(3), and 401(a)(1) of ERISA, exempt from Parts 2, 3 and 4 of Subtitle B of Title I of ERISA to the maximum extent possible, and all rights under the Top Hat Plan shall be governed by ERISA. The 415 Excess Benefit Plan is intended to constitute an unfunded excess benefit plan within the meaning of Sections 3(36) and 4(b)(5) of ERISA, and all rights under the 415 Excess Benefit Plan shall be governed by applicable state law. A Participant's Accounts shall represent at all times an unsecured contractual obligation of the Company or the relevant Participating Affiliated Employer that employed the Participant on the date of his or her Separation from Service.

(a) Subject to the preceding sentence, the Supplemental DCP shall be construed, regulated and administered under the laws of the State of New York; to the extent such laws are not superseded by applicable federal law.

(b) The illegality of any particular provision of this document shall not affect the other provisions and the document shall be construed in all respects as if such invalid provision were omitted.

(c) The headings and subheadings in the Supplemental DCP have been inserted for convenience of reference only, and are to be ignored in any construction of the provisions thereof.

8.10 Adoption by Affiliated Companies

(a) Any Affiliated Employer may adopt this Plan with the consent of the Board. Upon the effective date of the adoption of the Plan by the Board with respect to an Affiliated Employer that adopts the Plan, such adopting Participating Affiliated Employer delegates all administrative responsibilities under the Plan to the Company, the Chief Executive Officer of the Company and the Plan Administrator.

(b) Any Participating Affiliated Employer that has adopted the Plan may withdraw its adoption of the Plan with the approval of the board of directors of the Participating Affiliated Employer and the approval of the Board, at any time without affecting other Participants in the Plan by delivering to the Plan Administrator a certified copy of resolutions of the board of directors of the Participating Affiliated Employer to that effect.

(c) The Company may, in its sole and absolute discretion, terminate the participation in the Plan of any Participating Affiliated Employer at any time such Participating Affiliated Employer fails to discharge its obligations under the Plan.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 8th day of October, 2019.

/s/ Nancy Shannon

Nancy Shannon
Vice President of Human Resources
Consolidated Edison Company of New York, Inc.

APPENDIX A

(Affiliated Companies that have adopted the Supplemental DCP)

(a) Orange and Rockland Utilities, Inc.

(b) Con Edison Transmission, Inc.

(c) Con Edison Clean Energy Businesses, Inc.

Exhibit 31.1.1

CERTIFICATIONS

I, John McAvoy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019 of Consolidated Edison, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2019

/s/ John McAvoy
John McAvoy
Chairman, President and Chief Executive Officer

Exhibit 31.1.2

CERTIFICATIONS

I, Robert Hoglund, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019 of Consolidated Edison, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 4, 2019

/s/ Robert Hoglund

Robert Hoglund
Senior Vice President and Chief Financial Officer

Exhibit 31.2.1

CERTIFICATIONS

I, John McAvoy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019 of Consolidated Edison Company of New York, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 4, 2019

/s/ John McAvoy

John McAvoy
Chairman and Chief Executive Officer

Exhibit 31.2.2

CERTIFICATIONS

I, Robert Hoglund, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019 of Consolidated Edison Company of New York, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 4, 2019

/s/ Robert Hoglund

Robert Hoglund
Senior Vice President and Chief Financial Officer

Exhibit 32.1.1

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

I, John McAvoy, the Chief Executive Officer of Consolidated Edison, Inc. (the “Company”) certify that the Company’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, which this statement accompanies, (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John McAvoy

John McAvoy

Date: November 4, 2019

Exhibit 32.1.2

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

I, Robert Hoglund, the Chief Financial Officer of Consolidated Edison, Inc. (the “Company”) certify that the Company’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, which this statement accompanies, (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert Hoglund

Robert Hoglund

Date: November 4, 2019

Exhibit 32.2.1

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

I, John McAvoy, the Chief Executive Officer of Consolidated Edison Company of New York, Inc. (the "Company") certify that the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, which this statement accompanies, (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John McAvoy
John McAvoy

Date: November 4, 2019

Exhibit 32.2.2

Certification Required Under Section 906 of the Sarbanes-Oxley Act of 2002

I, Robert Hoglund, the Chief Financial Officer of Consolidated Edison Company of New York, Inc. (the “Company”) certify that the Company’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, which this statement accompanies, (the “Form 10-Q”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert Hoglund

Robert Hoglund

Date: November 4, 2019