

CONSOLIDATED EDISON INC
 Form 10-Q
 August 01, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
FORM 10-Q

x Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2013

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 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

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 of New York, Inc. (CECONY) Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Con Edison Yes No

CECONY Yes No

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

Con Edison

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

CECONY

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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 July 26, 2013, Con Edison had outstanding 292,872,896 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 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.

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Glossary of Terms

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

Con Edison Companies

Con Edison	Consolidated Edison, Inc.
CECONY	Consolidated Edison Company of New York, Inc.
Con Edison Development	Consolidated Edison Development, Inc.
Con Edison Energy	Consolidated Edison Energy, Inc.
Con Edison Solutions	Consolidated Edison Solutions, Inc.
O&R	Orange and Rockland Utilities, Inc.
Pike	Pike County Light & Power Company
RECO	Rockland Electric Company
The Companies	Con Edison and CECONY
The Utilities	CECONY and O&R

Regulatory Agencies, Government Agencies, and Quasi-governmental Not-for-Profits

EPA	U. S. Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
IRS	Internal Revenue Service
ISO-NE	ISO New England Inc.
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
NYSAG	New York State Attorney General
NYSDEC	New York State Department of Environmental Conservation
NYSERDA	New York State Energy Research and Development Authority
NYSPPSC	New York State Public Service Commission
NYSRC	New York State Reliability Council, LLC
PAPUC	Pennsylvania Public Utility Commission
PJM	PJM Interconnection LLC
SEC	U.S. Securities and Exchange Commission

Accounting

ABO	Accumulated Benefit Obligation
ASU	Accounting Standards Update
FASB	Financial Accounting Standards Board
LILO	Lease In/Lease Out
OCI	Other Comprehensive Income
SFAS	Statement of Financial Accounting Standards
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
SO ₂	Sulfur dioxide
Superfund	Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and similar state statutes

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Units of Measure

AC	Alternating current
dths	Dekatherms
kV	Kilovolt
kWh	Kilowatt-hour
mdths	Thousand dekatherms
MMlbs	Million pounds
MVA	Megavolt ampere
MW	Megawatt or thousand kilowatts
MWH	Megawatt hour
Other	
AFDC	Allowance for funds used during construction
COSO	Committee of Sponsoring Organizations of the Treadway Commission
EMF	Electric and magnetic fields
ERRP	East River Repowering Project
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
Form 10-K	The Companies' combined Annual Report on Form 10-K for the year ended December 31, 2012
LTIP	Long Term Incentive Plan
Moody's	Moody's Investors Service
S&P	Standard & Poor's Financial Services LLC
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
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 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 risks, including:

the failure to operate energy facilities safely and reliably could adversely affect the Companies;

the failure to properly complete construction projects could adversely affect the Companies;

the failure of processes and systems and the performance of employees and contractors could adversely affect the Companies;

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 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 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;

the Internal Revenue Service has disallowed substantial tax deductions taken by the company;

a cyber attack could adversely affect the Companies; and

the Companies also face other risks that are beyond their control.

Table of Contents**Consolidated Edison, Inc.****CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	2012	2013	2012
<i>(Millions of Dollars/Except Share Data)</i>				
OPERATING REVENUES				
Electric	\$2,018	\$2,090	\$3,977	\$3,952
Gas	366	300	1,108	945
Steam	118	83	450	346
Non-utility	316	298	468	606
TOTAL OPERATING REVENUES	2,818	2,771	6,003	5,849
OPERATING EXPENSES				
Purchased power	768	729	1,475	1,510
Fuel	58	46	205	153
Gas purchased for resale	118	62	368	258
Other operations and maintenance	776	790	1,606	1,539
Depreciation and amortization	255	236	506	469
Taxes, other than income taxes	457	433	931	884
TOTAL OPERATING EXPENSES	2,432	2,296	5,091	4,813
OPERATING INCOME	386	475	912	1,036
OTHER INCOME (DEDUCTIONS)				
Investment and other income	7	2	10	10
Allowance for equity funds used during construction	1	2	1	2
Other deductions	(6)	(6)	(8)	(10)
TOTAL OTHER INCOME (DEDUCTIONS)	2	(2)	3	2
INCOME BEFORE INTEREST AND INCOME TAX EXPENSE	388	473	915	1,038
INTEREST EXPENSE				
Interest on long-term debt	145	149	288	295
Other interest	6	5	142	10
Allowance for borrowed funds used during construction		(1)	(1)	(1)
NET INTEREST EXPENSE	151	153	429	304
INCOME BEFORE INCOME TAX EXPENSE	237	320	486	734
INCOME TAX EXPENSE	65	106	122	240
NET INCOME	172	214	364	494
Preferred stock dividend requirements of subsidiary				(3)
NET INCOME FOR COMMON STOCK	\$172	\$214	\$364	\$491
Net income for common stock per common share basic	\$0.59	\$0.73	\$1.24	\$1.68
Net income for common stock per common share diluted	\$0.59	\$0.73	\$1.24	\$1.67
DIVIDENDS DECLARED PER SHARE OF COMMON STOCK	\$0.615	\$0.605	\$1.230	\$1.210
AVERAGE NUMBER OF SHARES OUTSTANDING BASIC (IN MILLIONS)	292.9	292.9	292.9	292.9
AVERAGE NUMBER OF SHARES OUTSTANDING DILUTED (IN MILLIONS)	294.3	294.4	294.3	294.4

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	2012	2013	2012
	<i>(Millions of Dollars)</i>			
NET INCOME	\$172	\$214	\$364	\$494
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAXES				
Pension plan liability adjustments, net of \$1 and \$3 in 2013 and \$(1) and \$4 taxes in 2012, respectively	2	(1)	5	6
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAXES	2	(1)	5	6
COMPREHENSIVE INCOME	174	213	369	500
Preferred stock dividend requirements of subsidiary				(3)
COMPREHENSIVE INCOME FOR COMMON STOCK	\$174	\$213	\$369	\$497

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

Table of Contents**Consolidated Edison, Inc.****CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

	For the Six Months Ended June 30,	
	2013	2012
	<i>(Millions of Dollars)</i>	
OPERATING ACTIVITIES		
Net Income	\$ 364	\$ 494
PRINCIPAL NON-CASH CHARGES/(CREDITS) TO INCOME		
Depreciation and amortization	506	469
Deferred income taxes	(134)	146
Rate case amortization and accruals	19	22
Common equity component of allowance for funds used during construction	(1)	(2)
Net derivative (gains)/losses	30	(31)
Pre-tax gain on the termination of a LILO transaction	(49)	
Other non-cash items (net)	154	(85)
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable – customers, less allowance for uncollectibles	11	89
Special deposits	(335)	
Materials and supplies, including fuel oil and gas in storage	9	19
Other receivables and other current assets	2	17
Prepayments	40	(6)
Accounts payable	(121)	(89)
Pensions and retiree benefits obligations	467	483
Pensions and retiree benefits contributions	(361)	(450)
Superfund and environmental remediation costs (net)	(6)	1
Accrued taxes	160	(34)
Accrued interest	124	19
Deferred charges, noncurrent assets and other regulatory assets	(34)	116
Deferred credits and other regulatory liabilities	79	73
Other assets	66	
Other liabilities	(17)	(4)
NET CASH FLOWS FROM OPERATING ACTIVITIES	973	1,247
INVESTING ACTIVITIES		
Utility construction expenditures	(1,114)	(1,030)
Cost of removal less salvage	(93)	(85)
Non-utility construction expenditures	(129)	(43)
Increase in restricted cash	(2)	
Proceeds from grants related to renewable energy investments	18	25
Net investment in Pilesgrove solar project and other		28
Proceeds from the termination of a LILO transaction	108	
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(1,212)	(1,105)
FINANCING ACTIVITIES		
Net proceeds of short-term debt	753	800
Preferred stock redemption		(239)
Issuance of long-term debt	919	400
Retirement of long-term debt	(706)	(2)
Issuance of common shares for stock plans, net of repurchases	(2)	(12)
Debt issuance costs	(12)	(4)
Common stock dividends	(360)	(349)
Preferred stock dividends		(3)
NET CASH FLOWS FROM FINANCING ACTIVITIES	592	591
CASH AND TEMPORARY CASH INVESTMENTS:		
NET CHANGE FOR THE PERIOD	353	733
BALANCE AT BEGINNING OF PERIOD	394	648
BALANCE AT END OF PERIOD	\$ 747	\$ 1,381
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 281	\$ 281
Income taxes	\$ 27	\$ 45

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

Table of Contents**Consolidated Edison, Inc.****CONSOLIDATED BALANCE SHEET (UNAUDITED)**

	June 30, 2013	December 31, 2012
	<i>(Millions of Dollars)</i>	
ASSETS		
CURRENT ASSETS		
Cash and temporary cash investments	\$ 747	\$ 394
Special deposits	405	70
Accounts receivable – customers, less allowance for uncollectible accounts of \$93 and \$94 in 2013 and 2012, respectively	1,211	1,222
Accrued unbilled revenue	487	516
Other receivables, less allowance for uncollectible accounts of \$8 and \$10 in 2013 and 2012, respectively	310	228
Fuel oil, gas in storage, materials and supplies, at average cost	321	330
Prepayments	119	159
Deferred tax assets – current	283	296
Regulatory assets	56	74
Other current assets	164	162
TOTAL CURRENT ASSETS	4,103	3,451
INVESTMENTS		
	313	467
UTILITY PLANT, AT ORIGINAL COST		
Electric	22,823	22,376
Gas	5,288	5,120
Steam	2,106	2,049
General	2,295	2,302
TOTAL	32,512	31,847
Less: Accumulated depreciation	6,837	6,573
Net	25,675	25,274
Construction work in progress	1,279	1,027
NET UTILITY PLANT	26,954	26,301
NON-UTILITY PLANT		
Non-utility property, less accumulated depreciation of \$78 and \$68 in 2013 and 2012, respectively	486	555
Construction work in progress	102	83
NET PLANT	27,542	26,939
OTHER NONCURRENT ASSETS		
Goodwill	429	429
Intangible assets, less accumulated amortization of \$4 in 2013 and 2012	4	2
Regulatory assets	9,304	9,705
Other deferred charges and noncurrent assets	227	216
TOTAL OTHER NONCURRENT ASSETS	9,964	10,352
TOTAL ASSETS	\$41,922	\$41,209

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

Table of Contents**Consolidated Edison, Inc.****CONSOLIDATED BALANCE SHEET (UNAUDITED)**

	June 30, 2013	December 31, 2012
	<i>(Millions of Dollars)</i>	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt due within one year	\$ 483	\$ 706
Notes payable	1,400	539
Accounts payable	997	1,215
Customer deposits	310	304
Accrued taxes	322	162
Accrued interest	277	153
Accrued wages	93	94
Fair value of derivative liabilities	31	47
Regulatory liabilities	88	183
Uncertain income tax liabilities	13	44
Other current liabilities	490	498
TOTAL CURRENT LIABILITIES	4,504	3,945
NONCURRENT LIABILITIES		
Obligations under capital leases	2	2
Provision for injuries and damages	144	149
Pensions and retiree benefits	4,333	4,678
Superfund and other environmental costs	522	545
Asset retirement obligations	162	159
Fair value of derivative liabilities	32	31
Uncertain income tax liabilities	3	
Other noncurrent liabilities	117	125
TOTAL NONCURRENT LIABILITIES	5,315	5,689
DEFERRED CREDITS AND REGULATORY LIABILITIES		
Deferred income taxes and investment tax credits	8,280	8,372
Regulatory liabilities	1,393	1,202
Other deferred credits		