

Form 10-K

Securities and Exchange Commission

Washington, D.C. 20549

(Mark One)

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

For the fiscal year ended DECEMBER 31, 1995

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 1-1217

Consolidated Edison Company of New York, Inc.
(Exact name of registrant as specified in its charter)

New York 13-5009340
(State of Incorporation) (I.R.S. Employer Identification No.)

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

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

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

Title of each class	Name of each exchange on which registered
Consolidated Edison Company of New York, Inc. \$5 Cumulative Preferred Stock, without par value	New York Stock Exchange
Cumulative Preferred Stock, 4.65% Series C (\$100 par value)	New York Stock Exchange
Cumulative Preference Stock, 6% Convertible Series B (\$100 par value)	New York Stock Exchange
Common Stock (\$2.50 par value)	New York, Chicago and Pacific Stock Exchanges
7 3/4% Quarterly Income Capital Securities (Series A Subordinated Deferrable Interest Debentures)	New York Stock Exchange
Kings County Electric Light and Power Company, Purchase Money, 6%, 99 Years Gold Bonds, due October 1, 1997 (non-callable)	New York Stock Exchange

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

Title of each class

Consolidated Edison Company of New York, Inc.
Cumulative Preferred Stock (\$100 par value):
4.65% Series D
5-3/4% Series E
6.20% Series F

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, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark if the disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in the definitive proxy statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

The aggregate market value of the voting stock held by non-affiliates of the registrant, as of January 31, 1996, was \$8,077,210,542. Excluded from this figure is \$2,315,554 representing the market value of 68,609 shares of Common Stock held by the registrant's Trustees (directors). The registrant's Trustees are the only stockholders of the registrant, known to the registrant, who might be deemed "affiliates" of the registrant.

As of February 29, 1996, the registrant had outstanding 234,966,127 shares of Common Stock.

Documents Incorporated By Reference

Portions of the registrant's Proxy Statement for its 1996 Annual Meeting of Stockholders, to be filed with the Commission pursuant to Regulation 14A not later than 120 days after December 31, 1995, the close of the registrant's fiscal year, are incorporated in Part III of this report.

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*Incorporated by reference from the Company's definitive proxy statement for its Annual Meeting of Stockholders to be held on May 20, 1996.

PART I

ITEM 1. BUSINESS

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THE COMPANY

Consolidated Edison Company of New York, Inc. (the Company), incorporated in New York State in 1884, supplies electric service in all of New York City (except part of Queens) and most of Westchester County, an approximately 660 square mile service area with a population of more than 8 million. It also supplies gas in Manhattan, The Bronx and parts of Queens and Westchester, and steam in part of Manhattan. Most governmental customers within the Company's service territory receive electric service from the New York Power Authority (NYPA) through the Company's facilities.

In 1995, electric, gas and steam operating revenues were 82.5 percent, 12.4 percent and 5.1 percent, respectively, of the Company's operating revenues.

INDUSTRY SEGMENTS

For information on operating revenues, expenses and income for the years ended December 31, 1995, 1994 and 1993, and assets at those dates, relating to the Company's electric, gas and steam operations, see Note I to the financial statements in Item 8.

ELECTRIC OPERATIONS

ELECTRIC SALES. Electric operating revenues were \$5.4 billion in 1995 or 82.5 percent of total Company operating revenues. The percentages were 80.6 and 81.9, respectively, in the two preceding years. Electricity sales in the Company's service area in 1995, including usage by customers served by NYPA and the New York City and Westchester County municipal electric agencies, but excluding off-system sales, increased 0.7 percent from 1994, after increasing 2.0 percent and 3.3 percent, respectively, in the two preceding years. After adjusting for variations, principally weather and billing days, electricity sales volume increased 1.2 percent in 1995, 1.5 percent in 1994 and 1.0 percent in 1993. Weather-adjusted sales represent the Company's estimate of the sales that would have been made if historical average weather conditions had occurred.

In 1995, 79.9 percent of the electricity delivered in the Company's service area was sold by the Company to its customers, and the balance was delivered to customers of NYPA and municipal electric agencies. Of the Company's sales, 29.3 percent was to residential customers, 66.6 percent was to commercial customers, 2.4 percent was to industrial customers and the balance was to railroads and public authorities.

For further information about amounts of electric energy sold, see "Operating Statistics", below. For a forecast of electric energy sales, see "Five-Year Forecast", below.

ELECTRIC SUPPLY. The Company either generates the electric energy it sells, purchases the energy from other utilities or independent power producers (IPPs) pursuant to long-term firm power contracts or purchases non-firm economy energy.

The sources of electric energy generated and purchased during the years 1991-1995 are shown below:

	1991	1992	1993	1994	1995
Generated:					
Fossil-Fueled	51.4%	42.3%	35.5%	30.9%	30.1%*
Nuclear (Indian Point 2)	9.8%	20.4%	14.8%	18.4%	10.8%
Total Generated	61.2%	62.7%	50.3%	49.3%	40.9%
Firm Purchases:					
NYPA	8.9%	4.8%	6.0%	1.3%	1.3%
Hydro-Quebec	1.9%	2.9%	4.3%	4.8%	5.8%
IPPs	1.0%	8.9%	11.9%	12.9%	29.9%
Other Purchases	27.0%	20.7%	27.5%	31.7%	22.1%*
Generated & Purchased	100%	100%	100%	100%	100%

*Reflects amounts relating to electricity generated for others. See "Gas Conversions" and "Operating Statistics", below.

For further information about amounts of electric energy generated and purchased, see "Operating Statistics", below. For information about the Company's generating facilities, see "Electric Facilities - Generating Facilities" in Item 2. For information about the Company's purchases of electric energy, see "NYPA", "Hydro-Quebec", "Independent Power Producers", "New York Power Pool" and "Gas Conversions", below.

ELECTRIC PEAK LOAD AND CAPACITY. The electric peak load in the Company's service area occurs during the summer air conditioning season. The 1995 one-hour peak load in the Company's service area (which occurred on August 2, 1995) was 10,805 thousand kilowatts (MW) -- a record for the service area, exceeding the previous record peak of 10,752 MW (which occurred on July 23, 1991). The 1995 peak load included an estimated 9,216 MW for the Company's customers and 1,589 MW for NYPA's customers and municipal electric agency customers. It is estimated that the 1995 peak load was reduced by 28 MW due to curtailable load reduction. The 1995 peak, if adjusted to historical design weather conditions, would have been 10,850 MW, 150 MW higher than the peak in 1994 when similarly adjusted. "Design weather" for the electric system is a standard to which the actual peak load is adjusted for evaluation.

The capacity resources available to the Company's service area at the time of the system peak in the summer of 1995 totalled (before outages) 14,115 MW, of which 10,489 MW represented net available generating capacity (including the capacity of NYPA's Poletti and Indian Point 3 units) and 3,626 MW represented net firm purchases by the Company and NYPA.

For a forecast of peak load and capacity, see "Five-Year Forecast", below. For information about the Company's generating, transmission and distribution facilities, see "Electric Facilities" in Item 2. For information about the Company's plans to meet its requirements for electric capacity, see "Liquidity and Capital Resources - Electric Capacity Resources" in Item 7.

NYPA. NYPA supplies its customers in the Company's service area with electricity from its Poletti fossil-fueled unit in Queens, New York, its Indian Point 3 nuclear unit in Westchester County and other NYPA sources. Electricity is delivered to these NYPA customers through the Company's transmission and distribution facilities, and NYPA pays a delivery charge to the Company. NYPA is contractually obligated to the Company to provide the capacity needed to meet the present and future electricity requirements of its customers, except that upon 17 years' prior notice to the Company, NYPA may elect not to provide for future growth of its customers' requirements. NYPA's Indian

Point 3 unit, after being out of service throughout 1994, was returned to service on June 29, 1995. It remained in service until September 14, 1995, and did not return for the remainder of the year. During these outage periods, NYPA met its capacity requirements from other sources, including firm purchases.

The Company purchases portions of the output of Poletti and Indian Point 3 on a firm basis. The Company also purchases firm capacity from NYPA's Blenheim-Gilboa pumped-storage generating facility in upstate New York. The Company and NYPA also sell to each other energy on a non-firm basis.

HYDRO-QUEBEC. The Company has an agreement with NYPA to purchase, through a contract between NYPA and Hydro-Quebec (a government-owned Canadian electric utility), 780 MW of capacity and associated kilowatt-hours of energy each year during the months of April through October until October 31, 1998. The amount and price of a "basic amount" of energy the Company is entitled to purchase each year are subject to negotiation with Hydro-Quebec and approval by the National Energy Board of Canada, a Canadian regulatory agency. However, the capacity commitment is firm and the Company may draw upon the capacity in accordance with the contract even if the energy received by the Company exceeds the basic amount, provided the Company returns the excess energy to Hydro-Quebec during the following November-through-March period. Subject to regulatory approvals, this contract has been extended to cover purchases by the Company of 400 MW of power during the April through October periods of 1999 through 2003.

INDEPENDENT POWER PRODUCERS. Federal and state regulations encourage competition in the market for generation of electric power. These laws generally require electric utilities to purchase electric power from and sell electric power to qualifying IPPs. The Federal Energy Regulatory Commission (FERC) has issued rules requiring utilities to purchase electricity from all qualifying facilities at a price equal to the purchasing utility's "avoided cost." In addition, the Energy Policy Act of 1992 broadened the FERC's authority to require electric utilities to provide others with access to their transmission systems and reduced regulation of certain IPPs.

For information about the Company's contracts with IPPs, see "Liquidity and Capital Resources - Electric Capacity Resources and Competition" in Item 7 and Note G to the financial statements in Item 8.

NEW YORK POWER POOL. The Company and the other major electric utilities in New York State, including NYPA, are members of the New York Power Pool. The primary purpose of the Power Pool is to coordinate planning and operations so as to better assure the reliability of the State's interconnected electric systems.

As a member of the Power Pool, the Company is required to maintain its capacity resources (net generating capacity and net firm purchases) at a minimum reserve margin of 18% above its peak load, and to pay penalties if it fails to maintain the required level. The Company met the reserve requirement in 1995 and expects to meet it in 1996. See "Five-Year Forecast", below.

MUNICIPAL ELECTRIC AGENCIES. Westchester County and New York City maintain municipal electric agencies to purchase electric energy, including hydroelectric energy from NYPA. The Company has entered into agreements with the County and City agencies whereby the Company is delivering interruptible hydroelectric energy from NYPA's Niagara and St. Lawrence projects to electric customers designated by the agencies. These agreements may be terminated by either party upon either one year's prior notice or, in certain circumstances, upon 10 days' notice. A similar agreement, covering energy from NYPA's Fitzpatrick nuclear plant, provides for termination in 2010. For information on the amount of energy delivered, see "Operating Statistics", below.

GAS CONVERSIONS. In 1995, the Company, for a fee, generated 3,159,047 MWhrs of electric energy for others using as fuel gas that they provided. This amounted to 7.0% of the electric energy generated and purchased by the Company in 1995. The Company subsequently purchased 2,666,837 MWhrs of such electric energy for sale to its own customers.

GAS OPERATIONS

GAS SALES. Gas operating revenues in 1995 were \$813.4 million or 12.4 percent of total Company operating revenues. The percentages were 14.0 and 12.9, respectively, in the two preceding years. Gas sales volume to firm customers decreased 2.8 percent in 1995 from the 1994 level. After adjusting for variations, principally weather, firm gas sales volume to these customers increased 0.1 percent. Including sales to interruptible and off-system customers, actual sales volume increased 0.9 percent in 1995.

Natural gas is delivered by pipeline to the Company and is distributed to customers through the Company's system of distribution mains and services. For information about the Company's gas facilities, see "Gas Facilities" in Item 2.

Regulatory changes, which have resulted in the unbundling of services in the natural gas industry, enable users of gas to purchase gas directly from suppliers other than their local utility and arrange for (and pay for) its transportation by the appropriate pipeline companies and local utilities. See "Regulation and Rates - Generic Proceedings", below.

In 1995, 78 large-volume customers (at least 5,000 dekatherms per annum) in the Company's service territory had contracts enabling them to purchase gas directly from other suppliers. Each month 75% or more of these customers purchased their gas for the month from the Company. Beginning in 1996, pending PSC approval, all gas customers, either individually (at least 3,500 dekatherms per annum) or by aggregating their demand with other customers (at least 5,000 dekatherms per annum), will be eligible to purchase gas directly from suppliers other than the Company. Regardless of whether the Company's gas customers purchase gas from the Company or other suppliers, the customers pay the Company for transporting the gas.

During 1995, the Company entered into off-system sales transactions such as releases of pipeline capacity and bundled sales of gas and ancillary services.

For information on the quantities of gas sold, transported for others and used by the Company as boiler fuel to generate electricity and steam, see "Operating Statistics" and "Fuel Supply", below.

In 1993, the Company established an unregulated subsidiary which markets gas and related services. In 1995, the Company petitioned the PSC to eliminate its territorial restriction which prohibits the subsidiary from marketing gas within the Company's gas service area.

GAS REQUIREMENTS. Demand for gas in the Company's service area peaks during the winter heating season. The design criteria for the Company's gas system assume severe weather conditions that have not occurred in the Company's service area since 1934. Under these criteria, the Company estimates that the requirements to supply its firm gas customers, together with the minimum amount essential for its electric and steam systems, would amount to 72,900 thousand dekatherms (mdth) of gas during the 1995/96 winter heating season and that gas available to the Company would amount to 91,900 mdth. For the 1996/97 winter, the Company estimates that the requirements would amount to approximately

73,100 mdth and that the gas available to the Company would amount to approximately 91,900 mdth. As of March 20, 1996, the 1995/96 winter peak day sendout to the Company's customers was 739 mdth, which occurred on January 6, 1996. The Company estimates that, under the design criteria, the peak day requirements for firm customers during the 1996/97 winter season would amount to approximately 865 mdth and expects that it would have sufficient gas available to meet these requirements.

GAS SUPPLY. The Company has contracts for the purchase of firm transportation and storage services with seven interstate pipeline companies. The Company also has contracts with seventeen pipeline and non-pipeline suppliers for the firm purchase of natural gas. The Company also has interruptible gas purchase contracts with numerous suppliers and interruptible gas transportation contracts with interstate pipelines. Based on its current projections of demand and prices for gas and oil, the Company expects for at least the next several years to be able to supply its firm gas customers' requirements, maintain an adequate inventory of storage gas and meet most of the requirements of its large-volume interruptible customers. Gas Operations also purchases gas for the Company's electric and steam generating stations.

STEAM OPERATIONS

STEAM SALES. The Company sells steam in Manhattan south of 96th Street, mostly to large office buildings, apartment houses and hospitals. In 1995, steam operating revenues were \$334.1 million or 5.1 percent of total Company operating revenues. The percentages were 5.4 and 5.2, respectively, in the two preceding years. Steam sales volume decreased 4.1 percent in 1995 from the 1994 level. After adjusting for variations, principally weather, steam sales decreased 1.9 percent.

STEAM SUPPLY. 55.7 percent of the steam sold by the Company in 1995 was produced in the Company's electric generating stations, where it is first used to generate electricity. For information about the Company's steam facilities, see "Steam Facilities" in Item 2.

STEAM PEAK LOAD AND CAPABILITY. Demand for steam in the Company's service area peaks during the winter heating season. The one-hour peak load during the winter of 1995/96 (through March 20, 1996) occurred on February 5, 1996 when the load reached 11.0 million pounds. The Company estimates that for the winter of 1996/97 the peak demand of its steam customers would be approximately 12.4 million pounds per hour under design criteria, which assume severe weather.

On December 31, 1995, the steam system had the capability of delivering about 13.2 million pounds of steam per hour. This figure does not reflect the unavailability or reduced capacity of generating facilities resulting from repair or maintenance. The Company estimates that, on a comparable basis, the system will have the capability to deliver approximately 13.3 million pounds of steam per hour in the 1996/97 winter.

CAPITAL REQUIREMENTS AND FINANCING

For information about the Company's capital requirements and financing, the refunding of certain securities and the Company's securities ratings, see "Liquidity and Capital Resources" in Item 7.

Securities ratings assigned by rating organizations are expressions of opinion and are not recommendations to buy, sell or hold securities. A securities rating is subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

For a forecast of certain operating and financial data, see "Five-Year Forecast", below.

FUEL SUPPLY

GENERAL. In 1995, 23.4 percent of the electricity supplied to the Company's customers was obtained by the Company through economy purchases of energy produced from a variety of fuels. Of the remaining 76.6 percent, which was either obtained through firm purchases of energy, generated by the Company for its customers, or generated by the Company for others from their fuel and subsequently purchased by the Company (see "Electric Operations", above), oil was used to generate 5.1 percent of the electricity, natural gas 54.0 percent, nuclear power 10.8 percent, hydroelectric power 5.8 percent, and refuse 0.9 percent. The fuel used to produce steam during 1995 was 68.5 percent oil and 31.5 percent natural gas.

A comparison of the cost, in cents per million Btu, of fuel used by the Company to generate electricity and steam during the years 1991-1995 is shown below:

	1991	1992	1993	1994	1995
Residual Oil	355	345	348	349	348
Distillate Oil	491	501	499	467	399
Natural Gas	288	285	286	255	197
Nuclear	50	43	37	42	51
Weighted Average	281	232	229	215	205

The Company is prohibited from using fuels that do not conform to the requirements of the New York State air pollution control code and, in the case of its in-City plants, the New York City air pollution control code. In the City, the Company is not permitted to burn coal or to burn residual fuel oil having a sulfur content of more than 0.3 percent.

RESIDUAL OIL. Based on anticipated consumption rates, the Company has an adequate supply of residual fuel oil for its generating stations and the Company's shares of generating capacity at the Roseton and Bowline Point stations jointly-owned by the Company and other utilities. See "Electric Facilities" in Item 2. Oil consumption rates vary widely from month to month. The oil burned at Company facilities in 1995, including the Company's shares of generating capacity at Roseton and Bowline Point, totaled 9.6 million barrels. The Company has contracts for oil supply that have staggered termination dates and has options for additional oil supply sufficient to cover all of its expected requirements for residual oil through September 1996. The Company anticipates covering the balance of its 1996 requirements through new contracts, exercise of existing contract options and purchases on the spot market.

NATURAL GAS. During 1995, the Company burned approximately 119,500 mdth of gas for the production of electricity and steam, including 18,900 mdth attributable to the Company's share of generating capacity at the Roseton and Bowline Point stations and 31,700 mdth of gas provided by others. See "Electric Operations - Gas Conversions", above. The Company expects to continue to have substantial amounts of gas available in 1996 for the production of electricity and steam for its customers.

DISTILLATE OIL. The Company's estimated 1996 requirements for distillate oil for gas turbine fuel are about 200,000 barrels. The Company expects to be able to satisfy these requirements through purchases on the spot market.

COAL. The Company does not burn coal. In 1983, the New York State Department of Environmental Conservation (DEC) ruled on an application by the Company for permission to convert three electric generating units, Ravenswood 3 in Queens and Arthur Kill 2 and 3 on Staten Island, to coal-burning. The DEC ruled that the Company would be permitted to burn coal at each location only if flue gas desulfurization (FGD) systems were installed. The Company's studies showed that it would not be economical to pursue coal conversion with FGD systems. However, the Company has installed most of the necessary facilities (without FGD systems) at Ravenswood 3 and Arthur Kill 3 to provide for coal-burning in emergency circumstances such as an oil supply

interruption. Even in such an emergency, a special permit, or waiver of existing restrictions, would be required to allow the Company to burn coal at these units.

NUCLEAR FUEL. The nuclear fuel cycle for power plants like Indian Point 2 consists of (1) mining and milling of uranium ore, (2) chemically converting the uranium in preparation for enrichment, (3) enriching the uranium, (4) fabricating the enriched uranium into fuel assemblies, (5) using the fuel assemblies in the generating station and (6) storing the spent fuel.

Contracts for uranium and conversion are in the process of being negotiated. The uranium supply provided under these contracts, together with the supply the Company has already purchased, will be sufficient for the planned 1997 refueling of Indian Point 2. Arrangements are expected to be completed in 1996 for the additional uranium supply required for the expected 1999 refueling of Indian Point 2. The Company has a contract covering its expected requirements for fuel fabrication services through 2001. A new contract for fuel fabrication services, is in the process of being negotiated. This contract would cover all of the Company's requirements for fuel fabrication services through the expiration of Indian Point 2's operating license in 2013. The Company has contracts covering most of its requirements for uranium enrichment services through 2013.

Under the Energy Policy Act of 1992, the DOE is to collect a special annual assessment, for a period of 15 years, from utilities that have purchased enriched uranium from the DOE. The assessments are to be used to pay a portion of the costs to decontaminate and decommission DOE's gaseous diffusion facilities used to enrich uranium for commercial and defense purposes. The Company has paid assessments attributable to Indian Point Units 1 and 2 for 1993 through 1996. The 1996 assessment was approximately \$2.6 million. Future amounts are subject to review and adjustment for inflation. The Company's liability at December 31, 1995 for future installments of this assessment is \$28.9 million, of which \$26.2 million is classified as non-current. The Company is recovering these costs through its electric fuel adjustment clause.

Under normal operating conditions, scheduled refueling and maintenance outages are generally required for Indian Point 2 after each cycle of approximately 22 months of operation. A scheduled refueling and maintenance outage commenced on February 4, 1995 and ended on June 6, 1995. Mid-cycle inspection and maintenance outages may also be required from time to time.

See "Nuclear Decommissioning" in Note A to the financial statements in Item 8.

The Company is one of twelve utilities participating in plans to license and build an interim, commercial, spent nuclear fuel storage facility by 2002 on lands under the jurisdiction of the Mescalero Apache Tribe in New Mexico. It is expected that each participating utility will contribute approximately \$1 million for engineering, licensing and legal studies for the preparation of a license submittal to the Nuclear Regulatory Commission by the first quarter of 1997. Thereafter, each participating utility will have an opportunity to decide whether or not to continue its participation in this project. See "Liquidity and Capital Resources -- Nuclear Fuel Disposal" in Item 7.

The Company has arranged for the disposal of low-level radioactive wastes (LLRW) generated at Indian Point 1 and 2 at a licensed disposal facility near Barnwell, South Carolina which is currently accepting LLRW for permanent disposal. Under a 1985 Federal law, by January 1996 New York State was to provide for permanent disposal of the Company's LLRW. The Company will be capable of providing such on-site storage of LLRW as may be required until New York State establishes a storage facility or adopts some other LLRW management method.

REGULATION AND RATES

GENERAL. The New York State Public Service Commission (PSC) regulates, among other things, the Company's electric, gas and steam rates, the siting of its transmission lines and the issuance of its securities.

Certain activities of the Company are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC). The Nuclear Regulatory Commission (NRC) regulates the Company's nuclear units. In addition, various matters relating to the construction and operation of the Company's facilities are subject to regulation by other governmental agencies.

ELECTRIC, GAS and STEAM RATES. The Company's rates are among the highest in the country. For additional information about the Company's rates, see "Liquidity and Capital Resources - 1992 Electric Rate Agreement, 1995 Electric Rate Agreement and Gas and Steam Rate Agreements" in Item 7.

In 1994, a controversy arose over the rates the Company charges to religious organizations. State law requires electric and gas utilities to charge religious organizations rates that do not exceed those charged to residential customers. Due mainly to the complexity of the Company's rates, a significant number of religious institutions, for the most part small store-front type accounts, had been served under generally higher commercial rates. In December 1994, the Company and the Attorney General executed a settlement under which the Company admitted no wrongdoing but agreed to provide refunds amounting to \$5 to \$6 million to affected religious organizations and transfer affected customers to the appropriate rates. In a related matter, seven customers, each stating that it is a church, have sued the Company in Federal court. Each plaintiff claims that it has operated as a religious organization and has been charged commercial rates for electric service. The plaintiffs are seeking \$500 million for the class members in this purported class action. The Company is opposing plaintiffs' motion for class certification and the Company has made a motion for summary judgment.

GENERIC PROCEEDINGS. See "Liquidity and Capital Resources - Competition - PSC Proceeding" in Item 7. A PSC order in this proceeding is expected during the second quarter of 1996.

In 1991, the PSC initiated a proceeding to review the financial policies it uses to set utility rates. In May 1993, the Company agreed with the PSC staff, the other New York State electric and gas utilities and intervenors that the PSC should establish an "A" bond rating as the appropriate financial integrity target in order to give utilities needed access to financial markets on reasonable terms. Under this agreement, no action would be taken to reduce the rating of utilities above the "A" level unless the PSC found that the higher rating was inconsistent with the public interest. In June 1993, the utilities, the PSC staff and one intervenor in this proceeding agreed to a new method of calculating the cost of common equity in rate cases. The new method is less volatile because it is less sensitive to changes in interest rates than the method the PSC traditionally has used. In July 1994, the Administrative Law Judges issued a recommended decision. The judges generally accepted the parties' resolution of financial integrity issues, but rejected the agreement on the method of calculating the cost of common equity. Instead, the judges recommended their own method, which is more sensitive to changes in interest rates than the method agreed to with the PSC staff and the intervenor. A PSC decision, which was expected in 1995, has not yet been issued.

For several years the PSC has required utilities to favor demand side resources in evaluating the cost-effectiveness of such resources by deeming their cost to be reduced by savings from avoiding adverse environmental impacts ("externalities"). Currently, the required reduction is 1.6 cents per kilowatt-hour. In 1992, the PSC instituted a proceeding to reexamine the appropriate value for externalities. Consideration is being given to the application of externalities to supply side resources and the use of environmental (as opposed to economic) dispatch. In 1995, the Administrative Law Judge recommended that the PSC discontinue the use of externalities in demand-side management programs and reject proposals to expand the use of externalities to supply-side resources. The PSC has not yet issued a decision, but an adverse decision could significantly increase electric rates. In a separate proceeding, the Company, together with other members of the New York Power Pool, entered into a settlement agreement under which the utilities would procure about 300-400 MW of renewable resources provided that these resources could be obtained at an acceptable price. The settlement agreement was "approved" by the PSC except that the PSC expanded the Company's obligations to purchase electric capacity. As a result of the PSC's actions, the Company and other NYPP members withdrew from the settlement agreement because they believe that the PSC's substantial modification of the agreement constitutes rejection of the agreement. In May 1995, the utilities filed a motion with the PSC to terminate the proceeding, to vacate the order approving the settlement, and to declare the settlement void. The utilities also filed a state court appeal, which has been stayed pending a PSC decision on the utilities' motion.

In late 1993, the PSC instituted a proceeding to examine the impact of the emerging competitive gas market on gas utility rates and services. In particular, the PSC wanted to explore the impact of "unbundling" of sales and transportation services by interstate pipeline companies pursuant to FERC Order 636. In December 1994, the PSC issued an order establishing regulatory policies and guidelines for gas utilities regarding the pricing and provision of bundled and unbundled sales and transportation services. An August 1995 order required utilities to reflect these policies in a compliance filing. The Company has made the required compliance filing and has proposed a performance-based gas purchase mechanism to be effective April 1, 1996. The Commission has announced that it is readying an order that requires the Company to implement its filing with Commission-imposed modifications within 30 days of the order's issuance.

STATE ENERGY PLAN. In October 1994, the New York State Energy Planning Board, released its most recent State Energy Plan. The Plan is designed to provide "an intelligent framework for evaluating the proper course for energy policy, environmental protection and economic development. . . to assure that New Yorkers will have a safe, affordable and reliable supply of energy that will promote future economic growth and protect our environment." Under New York State law, any energy-related decisions of State agencies must be reasonably consistent with the Plan.

COMPETITION

For information concerning competition in the electricity and gas business, see "Liquidity and Capital Resources - Electric Capacity Resources and Competition" in Item 7 and "Gas Operations - Gas Sales" above.

The PSC has issued rules requiring competitive bidding to be the primary means by which additional electric capacity and energy is obtained by utilities, although the PSC has indicated that utilities should pursue other alternatives when justified.

ENVIRONMENTAL MATTERS AND RELATED LEGAL PROCEEDINGS

GENERAL. During 1995, the Company's capital expenditures for environmental protection facilities and related studies were approximately \$26 million. The Company estimates that such expenditures will amount to approximately \$42 million in 1996 and \$40 million in 1997. These amounts include capital expenditures in 1996 and 1997 required to comply with the consent decree discussed under "Environmental Matters - DEC Settlement" in Note F to the financial statements in Item 8.

INDIAN POINT. The Company believes that a serious accident at its Indian Point 2 nuclear unit is extremely unlikely, but despite substantial insurance coverage, the losses to the Company in the event of a serious accident could materially adversely affect the Company's financial position and results of operations. For information about Indian Point 2 and the Company's retired Indian Point 1 nuclear unit, see "Electric Operations" and "Fuel Supply - Nuclear Fuel" above, "Cooling Towers" below, "Electric Facilities - Generating Facilities" in Item 2, "Liquidity and Capital Resources - Capital Requirements" in Item 7 and Notes A and F to the financial statements in Item 8.

SUPERFUND. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund) by its terms imposes joint and several strict liability, regardless of fault, upon generators of hazardous substances for resulting removal and remedial costs and environmental damages.

In the course of the Company's operations, materials are generated that are deemed to be hazardous substances under Superfund. These materials include asbestos and dielectric fluids containing polychlorinated biphenyls (PCBs). Other hazardous substances may be generated in the Company's operations or may be present at Company locations. Also, other hazardous substances may have been generated at the manufactured gas plants which the Company and its predecessor companies used to operate.

For additional information about Superfund, see "Superfund" in Item 3 and "Environmental Matters - Superfund Claims" in Note F to the financial statements in Item 8.

ASBESTOS. Asbestos is present in numerous Company facilities. In 1989, a Company steam main exploded in the Gramercy Park area of Manhattan, causing asbestos contamination of nearby buildings and requiring a major cleanup. Most of the costs were covered by insurance. See "Gramercy Park" in Item 3.

For additional information about asbestos, see "Environmental Matters - Asbestos Claims" in Note F to the financial statements in Item 8 and "Asbestos Litigation" in Item 3.

TOXIC SUBSTANCES CONTROL ACT. Virtually all electric utilities, including the Company, own equipment containing PCBs. PCBs are regulated under the Federal Toxic Substances Control Act of 1976. The Company has reduced substantially the amount of PCBs in electrical equipment it uses, including transformers located in or near public buildings.

For information about a claim under the Toxic Substances Control Act, see "Toxic Substances Control Act" in Item 3.

AIR QUALITY. For information about the Federal Clean Air Act amendments of 1990, see "Liquidity and Capital Resources - Clean Air Act Amendments" in Item 7.

The flue gases from oil combustion furnaces, including the Company's generating stations as well as home heating furnaces, contain microscopic particles of ash and soot. Some chemical constituents of these particles have been designated as "Hazardous Air Pollutants" under the Clean Air Act Amendments of 1990. Utility boilers are exempt from regulation as sources of

hazardous air pollutants until the United States Environmental Protection Agency (EPA) completes a study of the hazards to public health reasonably anticipated to occur as a result of emissions by electric generating units. In 1995, the EPA issued a draft report regarding the study. The draft report contains no conclusions concerning the need for control of hazardous air pollutants from utility facilities.

The New York State Department of Environmental Conservation (DEC) in March 1991 issued a notice of intent to prepare a draft environmental impact statement (DEIS) concerning a DEC draft of regulations that would establish standards of performance, effective beginning in the year 2000, for steam electric generating units that are operated beyond their "useful design life." The DEC draft regulations define "useful design life" as 45 years from the date of initial operation. All of the Company's steam electric generating units in New York City will have reached that point by 2014. The draft regulations would impose operating efficiency requirements (heat rates) that many of these units may not be able to meet, and stringent nitrogen oxides and particulate matter emissions limitations. The DEC has not yet issued the DEIS.

The DEIS process affords the Company and other interested parties the opportunity to submit comments and suggest changes to the draft regulations. Upon completion of the DEIS, the DEC may propose regulations for adoption. If the DEC proposes regulations in their current draft form and they are adopted, the regulations could require the retirement of many of the Company's in-City electric generating units earlier than planned, starting in the year 2000. The Company and the New York Power Pool will oppose adoption of any regulations that would impose unreasonable standards of performance on electric generating units or require the premature retirement of such units. The Company is unable to predict the final form of the regulations or whether the DEC will ultimately adopt such regulations.

The New York City air pollution control code contains limitations on the allowable sulfur content of fuels and on emissions of sulfur dioxide, particulate matter, oxides of nitrogen and various trace elements. Certain provisions of the code, specifically those pertaining to standards for emissions of nitrogen oxides, may be impracticable to meet at some of the Company's generating stations located in New York City unless variances or other relief from such provisions are granted.

COOLING TOWERS. The Federal Clean Water Act provides for effluent limitations, to be implemented by a permit system, to regulate the discharge of pollutants, including heat, into United States waters. In 1981, the Company entered into a settlement with the EPA and others that relieved the Company for at least 10 years from a proposed regulatory agency requirement that, in effect, would have required that cooling towers be installed at the Bowline Point, Roseton and Indian Point units. In return the Company agreed to certain plant modifications, operating restrictions and other measures and surrendered its operating license for a proposed pumped-storage facility that would have used Hudson River water.

In September 1991, after the expiration of the 1981 settlement, three environmental interest groups commenced litigation challenging the permit status of the units pending renewal of their discharge permits, which expired in October 1992. Under a consent order settling this litigation, certain restrictions on the units' usage of Hudson River water have been imposed on an interim basis. Permit renewal applications were filed in April 1992, after which the DEC determined that the Company must submit a DEIS to provide a basis for determining new permit conditions. The DEIS, submitted in July 1993, includes an evaluation of the costs and environmental benefits of potential mitigation alternatives, one of which is the installation of cooling towers. After its review, the DEC will release for public comment the DEIS and draft permit conditions. Pending issuance of final renewal permits, the terms and conditions of the expired permits continue in effect.

ELECTRIC AND MAGNETIC FIELDS. Electric and magnetic fields (EMF) are found wherever electricity is used. Several scientific studies have raised concerns that EMF surrounding electric equipment and wires, including power lines, may present health risks. For additional information about EMF, see "Environmental Matters - EMF" in Note F to the financial statements in Item 8.

GENERAL

STATE ANTITAKEOVER LAW. New York State law provides that a "resident domestic corporation," such as the Company, may not consummate a merger, consolidation or similar transaction with the beneficial owner of a 20 percent or greater voting stock interest in the corporation, or with an affiliate of the owner, for five years after the acquisition of the voting stock interest, unless the transaction or the acquisition of the voting stock interest was approved by the corporation's board of directors prior to the acquisition of the voting stock interest. After the expiration of the five-year period, the transaction may be consummated only pursuant to a stringent "fair price" formula or with the approval of a majority of the disinterested stockholders.

EMPLOYEES

The Company had 16,582 employees on December 31, 1995. Approximately two-thirds of the employees are represented by a union whose collective bargaining agreement with the Company expires on June 22, 1996. An additional 2.3 percent of the employees are represented by another union whose collective bargaining contract expires on June 21, 1997.

RESEARCH AND DEVELOPMENT

For information about the Company's research and development costs, see Note A to the financial statements in Item 8.

OPERATING STATISTICS

Year Ended December 31	1995	1994	1993	1992	1991
ELECTRIC Energy Generated					
Purchased and Sold (MWhrs):					
Generated (a)	18,436,798	20,419,828	20,079,995	24,157,503	23,989,334
Purchased from Others (a)	26,700,594	21,036,437	19,813,654	14,360,373	15,238,100
Total Electric Energy Generated and Purchased	45,137,392	41,456,265	39,893,649	38,517,876	39,227,434
Less:					
Electric energy supplied without direct charge	71	73	74	75	74
Electric energy used by Company (b)	165,934	134,940	183,903	173,834	157,079
Distribution losses and other variances	2,977,547	2,762,315	2,863,828	2,781,046	2,786,547
Total Electric Energy Sold (c)	41,993,840	38,558,937	36,845,844	35,562,921	36,283,734
Electric Energy Sold (MWhrs):					
Residential	10,848,648	10,660,148	10,512,496	9,845,397	10,380,814
Commercial and Industrial	25,492,489	25,511,974	25,118,125	24,680,600	24,930,864
Railroads and Railways	47,482	47,289	49,542	50,934	46,726
Public Authorities	569,749	554,753	560,836	542,358	531,272
Total Sales to Con Edison Customers	36,958,368	36,774,164	36,240,999	35,119,289	35,889,676
Delivery Service to NYPA Customers and Others	8,855,790	8,773,155	8,441,624	8,187,292	8,241,174
Service for Municipal Agencies	456,728	413,893	361,854	287,489	681,791
Total Sales in Franchise Area	46,270,886	45,961,212	45,044,477	43,594,070	44,812,641
Off-System Sales (a) (d)	5,035,472	1,784,773	604,845	443,632	394,058
Average Annual kWhr Use Per Residential Customer (e)					
	4,188	4,136	4,104	3,872	4,116
Average Revenue Per kWhr Sold (cents):					
Residential (e)	16.1	15.8	16.0	15.0	14.7
Commercial and Industrial (e)	12.5	12.2	12.6	12.0	11.9

(a) Amount generated in 1995 includes 3,159,047 MWhrs generated for others, which is also included in 1995 off-system sales. Amounts purchased in 1995 includes 2,666,837 MWhrs of such electric energy subsequently purchased by the Company. See "Electric Operations - Gas Conversions", above.

(b) 1995, 1993, 1992 and 1991 electric energy used by the Company includes MWhrs of 436, 29,233, 30,859 and 9,354 supplied to NYPA. Electric energy used by the Company in 1994 includes 21,275 MWhrs received from NYPA.

(c) Includes off-system sales.

(d) 1995, 1994, 1993, 1992 and 1991 include MWhrs of 2,825, 350, 2,142, 52,929 and 4,982 which were sold to NYPA and are also included in the Delivery Service to NYPA.

(e) Includes Municipal Agency sales.

OPERATING STATISTICS

Year Ended December 31	1995	1994	1993	1992	1991
GAS (Dth) (a):					
Purchased (b)	217,269,541	208,328,267	214,719,241	221,181,200	222,730,835
Storage - net change	9,469,767	(4,410,363)	222,559	752,561	(2,691,256)
Used as boiler fuel at Electric and Steam Stations (b)	(110,761,124)	(92,680,221)	(108,153,436)	(116,951,577)	(121,773,852)
Gas Purchased for Resale	115,978,184	111,237,683	106,788,364	104,982,184	98,265,727
Less:					
Gas used by Company	237,688	221,715	203,793	153,537	150,387
Off-System Sales & NYPA (c)	4,887,971	--	--	--	--
Distribution losses and other variances	4,655,387	2,443,486	3,998,234	3,856,836	5,563,386
Total Gas Sold	106,197,138	108,572,482	102,586,337	100,971,811	92,551,954
Gas Sold (Dth) (a)					
Firm Sales					
Residential	51,702,329	53,981,416	52,624,331	52,626,406	46,200,725
General	39,021,997	39,365,003	37,214,994	36,656,433	33,539,780
Total Firm Sales	90,724,326	93,346,419	89,839,325	89,282,839	79,740,505
Interruptible Sales	15,472,812	15,226,063	12,747,012	11,688,972	12,811,449
Total Sales to Con Edison Customers	106,197,138	108,572,482	102,586,337	100,971,811	92,551,954
Transportation of Customer- Owned Gas	30,361,189	18,369,501	20,891,649	25,448,441	26,823,303
Off-System Sales	3,376,375	--	--	--	--
Total Sales and Transportation	139,934,702	126,941,983	123,477,986	126,420,252	119,375,257
Average Revenue Per Dth Sold (a):					
Residential	\$ 9.43	\$ 9.85	\$ 9.27	\$ 8.41	\$ 8.76
General	\$ 6.38	\$ 7.05	\$ 6.71	\$ 6.03	\$ 6.07
STEAM Sold (Mlbs):					
	29,425,780	30,685,155	29,394,335	29,381,922	28,531,067
Average Revenue per Mlbs Sold					
	\$11.35	\$11.10	\$11.06	\$10.63	\$10.45
Customers - Average for Year					
Electric	2,994,447	2,980,026	2,964,716	2,950,614	2,938,201
Gas	1,034,784	1,031,675	1,028,048	1,026,546	1,027,933
Steam	1,945	1,964	1,973	1,970	1,975

(a) Does not include amounts for the Company's gas marketing subsidiary. See "Gas Operations - Gas Sales", above.

(b) Includes 31,706,551 Dth provided by others. See "Electric Operations - Gas Conversions", above.

(c) Includes 1,305,730 Dth for balancing transactions with NYPA.

FIVE-YEAR FORECAST

This page and the next page show actual 1995 amounts for certain operating and financial data and the Company's forecasts of such data for the years 1996 through 2000. Footnotes appear on the next page. The forecast data (i) are forward-looking statements, (ii) are estimates and not statements of fact, (iii) were developed by the Company, based on information available on or shortly after December 31, 1995, including information and estimates provided by others, (iv) have not been reviewed and reported on by the Company's independent accountants and (v) are subject to, and may be rendered materially inaccurate by, future events. Important factors that could cause actual results to differ materially from the forecast data include weather variations, changes in national, regional, or local economic conditions or trends, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, technological developments and other presently unknown or unforeseen factors. See "Liquidity and Capital Resources - Competition; 1995 Electric Rate Agreement - Return on Equity and Equity Ratio and Modified ERAM; Clean Air Act Amendments; Nuclear Fuel Disposal; and Impact of Inflation" in Item 7 and Notes A and F to the financial statements in Item 8.

	Actual 1995	Forecast 1996	Forecast 1997	Forecast 1998	Forecast 1999	Forecast 2000
ENERGY SALES (a)						
Electric - millions of kilowatthours						
Con Edison customers:						
Total before DSM (b)		40,326	40,965	41,578	42,142	42,976
DSM (c)		(3,307)	(3,649)	(3,960)	(4,283)	(4,607)
Net Con Edison Customers	36,958	37,019	37,316	37,618	37,859	38,369
NYPA customers (d)	8,856	9,057	9,164	9,322	9,461	9,501
Municipal Electric Agencies (e)	457	474	490	580	580	580
Total Service Area	46,271	46,550	46,970	47,520	47,900	48,450
Gas - firm customers (f)						
(thousands of dekatherms)	90,724	96,500	97,600	99,500	101,000	103,600
Steam (millions of pounds)	29,426	29,700	29,980	29,990	29,900	30,000
PEAK LOAD (g)						
Electric - peak hour load - megawatts						
Con Edison customers:						
Total before DSM (b)		10,236	10,438	10,640	10,858	11,058
Load Modification Programs (h)	(i)	(25)	(40)	(50)	(75)	(100)
DSM (j)		(969)	(1,082)	(1,176)	(1,270)	(1,362)
Net Con Edison Customers	9,216	9,242	9,316	9,414	9,513	9,596
NYPA customers (d)	1,543	1,610	1,640	1,660	1,690	1,710
Municipal Electric Agencies (e) (k)	46	73	89	111	117	119
Net Service Area Peak Load	10,805(1)	10,925	11,045	11,185	11,320	11,425
Gas - firm customers (m)						
(thousands of dekatherms per day)	739	865	885	900	920	940
Steam (millions of pounds per hour) (n)	11.0	12.4	12.4	12.4	12.4	12.4
CAPABILITY						
Electric (net megawatts at summer peak)						
Con Edison generation	8,589	8,582	8,452	8,452	8,452	8,452
Firm purchases - IPPs (o)	1,796	1,984	2,024	2,053	2,053	2,053
Firm purchases - Short-term capacity	400	0	0	0	0	295
Firm purchases - NYPA & Hydro-Quebec (p)	1,113	1,113	1,113	1,113	733	525
Con Edison capacity resources	11,898	11,679	11,589	11,618	11,238	11,325
Capacity for NYPA customers (d)	2,217	2,210	2,217	2,243	2,250	2,460
Total Service Area	14,115	13,889	13,806	13,861	13,488	13,785
Gas - firm supply						
(thousands of dekatherms per day)	909	909	939	939	939	969
Steam (millions of pounds per hour)	13.2	13.3	13.3	13.3	13.3	13.3

	Actual 1995	Forecast 1996	Forecast 1997	Forecast 1998	Forecast 1999	Forecast 2000	Forecast 5 Year Total
CAPITAL REQUIREMENTS AND MATURING SECURITIES							
(millions of dollars)							
Construction Expenditures							
Electric	\$456	\$431	\$422	\$382	\$389	\$407	\$2,031
Gas	110	108	101	101	99	98	507
Steam	28	31	30	26	27	15	129
Common	99	108	118	102	85	80	493
Total Construction Expenditures (q)	693	678	671	611	600	600	3,160
Enlightened Energy program - net	(26)	(15)	(33)	(45)	(51)	(55)	(199)
Power contract termination costs - net (r)	(55)	(31)	(39)	(6)	-	-	(76)
Nuclear decommissioning trust (s)	19	21	21	21	21	21	105
Nuclear fuel expenditures	13	24	44	61	14	58	201
Investment in gas marketing subsidiary	2	10	10	-	-	-	20
Subtotal	646	687	674	642	584	624	3,211
Retirements of Long-Term Debt (t)	11	184	106	200	225	275	990
Total	\$657	\$871	\$780	\$842	\$809	\$899	\$4,201

PRINCIPAL NON-CASH CHARGES AND CREDITS TO INCOME
(million of dollars)

Book depreciation and amortization	456	482	504	524	536	520	2,566
Amortization of nuclear fuel	20	31	27	32	30	38	158
Deferred taxes	78	60	51	34	57	29	231
Deferred Investment Tax Credits	(9)	(9)	(9)	(9)	(9)	(9)	(45)
Allowance for equity and borrowed funds used during construction	6	5	7	7	9	5	33

FOOTNOTES TO FIVE-YEAR FORECAST

- (a) Forecasts for 1996-2000 assume normal weather conditions.
- (b) Does not include off-system sales.
- (c) For 1996-2000, this represents anticipated sales reduction resulting from Company sponsored demand side management and non-rebate induced conservation, cumulative since 1990.
- (d) See "Electric Operations - NYPA," above.
- (e) See "Electric Operations - Municipal Electric Agencies", above.
- (f) In addition, actual sales to interruptible gas customers in 1995 amounted to 15,473 thousands of dekatherms. Off-system sales in 1995 amounted to 3,376 thousands of dekatherms. See "Gas Operations - Gas Sales", above.
- (g) Forecasts for 1996-2000 assume design weather conditions.
- (h) For 1996-2000, this represents anticipated load reduction resulting from the Company sponsored curtailable electric service and real time pricing programs.
- (i) At 1995 peak, an estimated 28 MW of load reduction resulted from the Company sponsored curtailable electric service program.
- (j) For 1996-2000, this represents anticipated load reduction resulting from Company sponsored demand side management and non-rebate induced conservation, cumulative since 1990.
- (k) Includes electric demand of economic development customers.
- (l) At design weather conditions, the 1995 peak electric load would have been 10,850 MW.
- (m) Reflects the gas supply year which begins on November 1 of each calendar year shown. "Actual" peak day demand shown for 1995 is preliminary and assumes that peak day demand for the period occurred prior to March 20, 1996.
- (n) Reflects the winter season beginning in the year shown. "Actual" peak steam demand shown for 1995 assumes that peak day demand for the winter occurred prior to March 20, 1996.
- (o) See "Liquidity and Capital Resources - Electric Capacity Resources and Competition" in Item 7 and Note G to the financial statements in Item 8.
- (p) See "Electric Operations - NYPA and Hydro-Quebec", above.
- (q) Assumes cost escalation at an average annual rate of 4.0 percent throughout the forecast period.
- (r) See "Liquidity and Capital Resources - 1995 Electric Rate Agreement - IPP Termination Costs" in Item 7.
- (s) See Note A to the financial statements in Item 8 for discussion of nuclear decommissioning costs.
- (t) Does not reflect refundings in advance of maturity.

ITEM 2. PROPERTIES

At December 31, 1995, the capitalized cost of the Company's utility plant, net of accumulated depreciation, (and excluding \$85.2 million of nuclear fuel assemblies) was as follows:

Classification	Net Capitalized Cost (millions of dollars)	Percentage of Net Utility Plant
In Service:		
Electric:		
Generation	\$ 1,808.3	17%
Transmission	1,135.6	11%
Distribution	4,999.7	47%
Gas	1,199.2	11%
Steam	389.0	4%
Common	820.7	7%
Held For Future Use	16.2	-
Construction Work in Progress	360.5	3%
Net Utility Plant	\$10,729.2	100%

ELECTRIC FACILITIES

GENERATING FACILITIES. As shown in the following table, at December 31, 1995, the Company's net maximum generating capacity (on a summer rating basis) was 8,533 MW, without reduction to reflect the unavailability or reduced capacity at any given time of particular units because of maintenance or repair or their use to produce steam for sale. For information about the electric energy purchased by the Company, see "Electric Operations" in Item 1.

Generating Stations	Net Generating Capacity at December 31, 1995 (Megawatts-Summer Rating)	Percentage of Electric Energy Generated and Purchased in 1995*
Fossil-Fueled		
Ravenswood (3 Units)	1,742	7.1%
Astoria (3 Units)	1,075	10.3%
Arthur Kill (2 Units)	826	2.3%
East River (3 Units)	430	1.6%
Bowline Point (2 Units) - two-thirds interest	803	4.3%
Roseton (2 Units) - 40% interest	482	1.4%
Other (5 Units)	231	1.8%
Subtotal	5,589	28.8%
Nuclear - Indian Point	931	10.8%
Gas Turbines (39 Units)	2,013	1.3%
Total	8,533	40.9%

* Reflects amounts relating to electricity generated for others. See "Electric Operations - Gas Conversions" in Item 1.

The Company's fossil-fueled plants burn natural gas or residual oil. Most of the gas turbines burn distillate oil. Certain units have the capability to burn either natural gas or oil, and certain units can be converted to burn coal. See "Fuel Supply" in Item 1.

For information about the Company's Indian Point 2 nuclear unit, see "Electric Operations", "Fuel Supply - Nuclear Fuel", "Environmental Matters and Related Legal Proceedings - Indian Point and Cooling Towers" in Item 1, "Liquidity and Capital Resources - Capital Requirements" in Item 7 and Notes A and F to the financial statements in Item 8.

The Company's generating stations are located in New York City with the exception of the Indian Point station in Westchester County, New York; the Bowline Point station in Rockland County, New York; and the Roseton station in Orange County, New York.

The Company's electric and steam generating stations are held in fee with the following exceptions: (i) Orange and Rockland Utilities, Inc. ("O&R") has a one-third interest and the Company has a two-thirds interest as tenants in common in the Bowline Point station, which is operated by O&R; (ii) Central Hudson Gas & Electric Corporation ("Central Hudson") has a 35 percent interest, Niagara Mohawk Power Corporation ("Niagara Mohawk") has a 25 percent interest and the Company has a 40 percent interest as tenants in common in the Roseton station (which is operated by Central Hudson), with Central Hudson having the right to acquire the Company's interest in 2004; and (iii) the Company leases from trusts in which it owns the remainder interests certain gas turbine generating facilities of which the Company can assume direct ownership upon expiration of the leases in 1996 and 1997.

TRANSMISSION FACILITIES. The Company has transmission interconnections with Niagara Mohawk, Central Hudson, O&R, New York State Electric and Gas Corporation, Connecticut Light and Power Company, Long Island Lighting Company, NYPA and Public Service Electric and Gas Company. The Company's transmission facilities are located in New York City and Westchester, Orange, Rockland, Putnam and Dutchess counties in New York State.

At December 31, 1995, the Company's transmission system had approximately 432 miles of overhead circuits operating at 138, 230, 345 and 500 kilovolts and approximately 378 miles of underground circuits operating at 138 and 345 kilovolts. There are approximately 267 miles of radial subtransmission circuits operating at 138 kilovolts. The Company's 15 transmission substations, supplied by circuits operated at 69 kilovolts and above, have a total transformer capacity of 15,632 megavolt amperes.

At December 31, 1995, the transmission capacity to receive power from outside New York City to supply in-City load during the summer peak period was 4,915 MW. The 1995 one-hour peak load in the Company's service area was 10,805 MW, of which 9,476 MW was for use within the City. See "Electric Operations - Electric Peak Load and Capacity" in Item 1. In-City load in excess of transmission capacity must be supplied by in-City generating stations. See "Generating Facilities", above.

DISTRIBUTION FACILITIES. The Company owns various distribution substations and facilities located throughout New York City and Westchester County. At December 31, 1995, the Company's distribution system had 294 distribution substations, with a transformer capacity of 20,305 megavolt amperes, 32,255 miles of overhead distribution lines and 86,647 miles of underground distribution lines.

GAS FACILITIES

Natural gas is delivered by pipeline to the Company at various points in its service territory and is distributed to customers by the Company through approximately 4,200 miles of mains and 359,000 service lines. The Company owns a natural gas liquefaction facility and storage tank at its Astoria property in Queens, New York. The plant can store approximately 1,000 mdth of which a maximum of about 250 mdth can be withdrawn per day. The Company has about 1,230 mdth of additional natural gas storage capacity at a field in upstate New York, owned and operated by Honeoye Storage Corporation, a corporation in which the Company and two neighboring utilities own a controlling interest.

STEAM FACILITIES

The Company generates steam for distribution at five electric generating stations and two steam-only generating stations and distributes steam to customers through approximately 87 miles of mains and 17 miles of service lines.

OTHER FACILITIES

The Company also owns or leases various pipelines, fuel storage facilities, office equipment, a thermal outfall structure at Indian Point, and other properties located primarily in New York City and Westchester, Orange, Rockland, Putnam and Dutchess counties in New York State.

THE COMPANY MORTGAGE

Substantially all the properties and franchises of the Company, other than expressly excepted property, are subject to the liens securing the Company's First and Refunding Mortgage Bonds and the mortgage bonds of acquired companies. As of December 31, 1995, \$176.5 million aggregate principal amount of such mortgage bonds remained outstanding, of which \$100 million was paid at maturity in January 1996 and \$75 million is scheduled to mature in December 1996. The Company has not issued mortgage bonds since 1974.

ITEM 3. LEGAL PROCEEDINGS

SUPERFUND

The following is a discussion of significant proceedings pending under Superfund or similar statutes involving sites for which the Company has been asserted to have a liability. The list is not exhaustive and additional proceedings may arise in the future. For a further discussion of claims and possible claims against the Company under the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund) and the estimated liability accrued for certain Superfund claims, see "Environmental Matters and Related Legal Proceedings - Superfund" in Item 1, and "Environmental Matters - Superfund" in Note F to the financial statements in Item 8.

MAXEY FLATS NUCLEAR DISPOSAL SITE. The United States Environmental Protection Agency (EPA) advised the Company by letter, dated November 26, 1986, that it was a potentially responsible party (PRP) under Superfund for the investigation and cleanup of the Maxey Flats Nuclear Disposal Site in Morehead, Kentucky. The site is owned by the State of Kentucky and was operated as a disposal facility for low level radioactive waste

from 1963 through 1977 by the Nuclear Engineering Corporation (now known as U.S. Ecology Corporation). EPA's letter alleges that various radionuclides and organic chemicals have been released from the site into the environment. In September 1991, the EPA issued its Record of Decision ("ROD") for the site cleanup program. Phase one of the program requires, among other things, the removal, treatment and on-site disposal of the leachate that has accumulated in the site's waste burial trenches and the installation of an impervious cover over the waste burial trench area of the site, monitoring wells and erosion control and surface water drainage systems. Phase two requires a 100-year stabilization period, with periodic monitoring and maintenance of the cover, followed by installation of a permanent cap.

In March 1995, the EPA, de minimis PRPs, large private party PRPs, large federal agency PRPs and Kentucky entered into a settlement agreement with respect to the costs of the cleanup program. Subject to court approval, the settlement agreement is to be implemented pursuant to a consent decree. The Company has agreed to be responsible for approximately 2.2 percent of the costs allocable to the large private party PRPs. The large private party PRPs have agreed to implement phase one of the program and any corrective actions required, during the ten years following completion of phase one, to meet the performance standards established in the ROD, and to share the costs of those activities with the large Federal agency PRPs. Also, if during this ten-year period the EPA determines that horizontal flow barriers are required, the large party PRPs will be required to share the cost of such barriers. The large party private PRPs are not responsible for any costs after the ten year period expires. Kentucky will implement and fund the phase two program. The Company's share of the cleanup costs is estimated to be about \$500,000. In addition, if horizontal flow barriers are required, depending on their extent, the Company would be obligated to pay an estimated \$10,000 to \$100,000.

EASTERN DIVERSIFIED METALS SITE. The EPA advised the Company by letter, dated March 5, 1987, that it is one of 118 PRPs under Superfund for the investigation and cleanup of the Eastern Diversified Metals Site in Hometown, Pennsylvania. Between 1966 and 1977, Diversified Industries used the site for a copper wire salvaging operation which involved the disposal of shredded wire insulation in a waste pile located on the site. The EPA alleges that various metals and organic chemicals have been released from the waste pile into the environment. A preliminary ranking list appended to the EPA's letter indicates that the Company is responsible for less than 0.03 percent of the waste insulation material at the site. An EPA-approved site study has been performed by the site owner and a PRP allegedly responsible for about 77 percent of the waste. The Company has accepted EPA's offer to settle the Company's liability for this site by paying \$11,000.

CURCIO SCRAP METAL SITE. The EPA advised the Company, in a letter received on August 11, 1987, that it had documented the release of hazardous substances into the environment at the site of Curcio Scrap Metal, Inc. in Saddle Brook, New Jersey, and that the EPA had information indicating that the Company sent hazardous substances (PCBs) to the site. The Company provided the EPA with records that indicated that the Company sold scrap electric transformers to a metal broker who in turn sold them to the owner of the site. A site study indicated that chemical contamination has occurred on a portion of the site. Elevated concentrations of PCBs and various organic compounds and metals have been detected in the soil and PCBs and organic compounds and metals have also been detected in the shallow groundwater beneath the site.

On September 30, 1991, the EPA issued a Unilateral Administrative Order which required the Company and three other PRPs to commence a soil cleanup of this site pursuant to the EPA's Record of Decision, dated June 28, 1991. This soil cleanup has been completed. The EPA has required additional groundwater studies to determine whether the soil cleanup reduced or eliminated the groundwater contamination detected during the site study referred to above. The Company's estimate of the cost of the additional groundwater studies is \$400,000. The EPA has only designated five PRPs for this site and, as a result, the Company will be expected to pay a major share of the cleanup costs.

METAL BANK OF AMERICA SITES. The EPA advised the Company by letter dated October 26, 1987 that it has reason to believe that the Company was a supplier of used transformers to Metal Bank of America Inc.'s recycling sites in Philadelphia during the late 1960s and thereafter. One of the sites has been placed on the EPA's national priority list under Superfund as a result of a leak in a storage tank containing PCBs. The EPA alleges that PCBs have been found in the ground water, soils and in the sediments of the adjoining Delaware River. The Company has provided the EPA with documents which indicate that the Company sold approximately 81 scrap transformers to a broker who, in turn, delivered them to the site. Under a steering committee ("PRP Group") participation agreement, the Company is responsible for 1.48% of the expense of the remedial investigation and feasibility study, which has been completed under an EPA administrative consent order. The Company's share of the cost of the study was about \$80,000. In July 1995, EPA issued its proposed site cleanup plan for public comment. EPA's proposed plan calls for other things, the removal and disposal of PCB and TPH-contaminated sediments, the construction of a sheet pile wall along the site's shoreline area, and the removal and off-site disposal of various site soils that contain 25 ppm or more of PCB and/or 10,000 ppm or more of total petroleum hydrocarbons

("TPH"). Although EPA estimated the cost of its plan at about \$17.2 million, the PRP Group believes that the plan could cost as much as \$28.8 million to implement and has requested EPA to reconsider various aspects of the plan, including the 10,000 ppm TPH cleanup standard and off-site disposal requirement for soil located in the southern portion of the site.

NARROWSBURG SITE. In 1987, the New York State Attorney General notified the Company that he has evidence that the Company is a PRP under Superfund for hazardous substances that have been released at the Cortese landfill in Narrowsburg, Sullivan County, New York. The Cortese landfill is listed on the EPA's national priorities list. Company records indicate that drums containing non-nuclear waste were shipped from Indian Point to the Cortese landfill for disposal. The Attorney General has commenced an action under Superfund in the United States District Court for the Southern District of New York against the Cortese site owner and operator and SCA Services, an alleged transporter of hazardous substances to the site. On January 17, 1989, SCA Services commenced a third-party action for contribution against the Company and five other parties whose chemical waste was allegedly disposed of at the site. In 1990, SCA served a second amended third-party complaint in which it sued the Company and 27 other third-party defendants for contribution. The Company and SCA Services have reached a settlement of the third-party action under which the Company's sole responsibility will be to pay 6% of the first \$25 million of remedial costs at the site. SCA Services has agreed to indemnify the Company for any other remedial costs that it has to pay. The EPA recently selected an estimated \$12 million cleanup program for the site. SCA, the Company and various other third-party defendants with which SCA settled entered into a Consent Decree under which they agree to implement the cleanup program, to pay the EPA's oversight costs for the site and to pay approximately \$220,000 for natural resource damages. The Consent Decree has been filed with the United States District Court for the Southern District of New York, but cannot be entered and approved by the court until it has been published for public comment as required under Superfund.

CARLSTADT SITE. On August 20, 1990, the Company was served with a third-party complaint in a Superfund cost contribution action for a former waste solvent and oil recycling facility located in Carlstadt, New Jersey. The complaint, which is pending before the United States District Court for the District of New Jersey, alleges that the Company shipped 120,000 gallons of waste oil to this site and that the Company is one of several hundred parties who are responsible under Superfund for the study and cleanup of the facility. The plaintiffs in the action, which include a group of former customers of the facility, have completed a \$3 million remedial investigation and feasibility

study for the site. Plaintiffs estimate that 7 to 15 million gallons of waste solvents and oil were recycled at the site and based on this estimate, the Company's share of the cleanup costs would be about one percent. The costs of the cleanup alternatives that were evaluated in the remedial investigation and feasibility study range from \$8 million to \$321 million. In 1990, the EPA selected an interim remedy to control release from the site while the EPA evaluates and develops a final cleanup remedy. The interim remedy called for, among other things, the construction of a slurry wall around the site and an infiltration barrier over the site. EPA estimated that the interim remedy would cost about \$3 million to implement. Plaintiffs claim that the interim remedy cost \$10 million to complete.

HELEN KRAMER LANDFILL SITE. In September 1991, Orange and Rockland Utilities, Inc. (O&R) was served with third-party complaints in consolidated Superfund cost recovery contribution actions for the Helen Kramer Landfill Site in Mantau, New Jersey. The complaints, which are pending before the United States District Court for the District of New Jersey, allege that, in 1974, Marvin Jonas, Inc. transported hazardous substances for O&R and disposed of those substances in the Helen Kramer Landfill. Preliminary investigation by O&R indicates that waste materials generated during the construction of the Bowline Point generating station were hauled and disposed of by Marvin Jonas, Inc. in 1974. The Company owns a two-thirds interest in Bowline Point. O&R, which operates Bowline Point, owns the remaining one-third interest. Bowline Point liabilities are shared by the Company and O&R in accordance with their respective ownership interests. The EPA has commenced cleanup of this site and the total site cleanup cost is estimated at \$150 million. Assuming that all of the Bowline wastes alleged to have been disposed of at the site were so disposed of, they represent about 0.4% of the total volume of waste-in at the site. On this basis, the Company's share of the cleanup cost is estimated at \$400,000.

GLOBAL LANDFILL SITE. The Company has been designated a PRP under Superfund and the New Jersey Spill Compensation and Control Act (Spill Act) for the study and cleanup of the Global Landfill Site in Old Bridge, New Jersey. This 65-acre municipal and industrial waste landfill is included on the Superfund National Priorities List and is being administered by the New Jersey Department of Environmental Protection and Energy (NJDEPE) pursuant to an agreement between the EPA and the State of New Jersey.

The Company provided EPA with records indicating that it had disposed of approximately ten cubic yards of waste asbestos at the site in February 1984. In August 1989, the NJDEPE served the Company with a Spill Act directive that required the Company and 40 other PRPs to fund a \$1.5 million remedial investigation and feasibility study for the site. A PRP Group was formed and the Group entered into a settlement agreement and an administrative consent order with NJDEPE that, among other things, required the PRP Group's members to contribute \$500,000 towards the cost of the study. The Company's share of the PRP Group's payment to the NJDEPE was \$5,000.

In February 1991, the EPA and the NJDEPE proposed a \$30 million interim remedy for the site. This remedy calls for the installation of gas and leachate collection and treatment systems at the landfill and the construction of an impervious cover over the landfill (Phase I). It also calls for further studies to determine the alternatives for addressing groundwater and wetlands contamination in the vicinity of the landfill (Phase II). In March 1991, the NJDEPE served the Company with a second Spill Act Directive that requires the Company and the other members of the PRP Group to pay for the implementation of the Phase I remedy for the site. The PRP Group entered into a Consent Decree with the NJDEPE under which they agreed to implement the Phase I remedy with partial funding to be provided by the NJDEPE. The Company's share of the cost is estimated at \$150,000.

CHEMSOL SITE. By letter dated December 20, 1991, the EPA advised the Company that it had documented the release of hazardous substances at the Chemsol Site in Piscataway, New Jersey and that it had reason to believe that the Company sent waste materials to the site during the 1960 to 1965 period. In response to EPA's demand for records, including any relating to Cenco Instruments Corp., the Company submitted to EPA records of payments to Central Scientific Company, a Division of Cenco Instruments Corp. during the 1960-1965 period. The Company is unable at this time to determine either the purpose of the payments to Central Scientific Company or the connection of that company to the site. The EPA has not designated the Company as a PRP and has not yet selected a final cleanup program for the site. However, the EPA has selected an interim remedy, expected to cost about \$8 million, for the site groundwater contamination and has ordered several designated PRPs to implement that remedy.

ECHO AVENUE SITE. In December 1987, the DEC classified the Company's former Echo Avenue Substation Site in New Rochelle, New York as an "Inactive Hazardous Waste Disposal Site." The basis for this classification was the presence of PCBs in the soil and in the buildings on the site. Although the Company has cleaned up the PCBs on the site, the DEC requires a thorough site survey before it will remove the site from the Inactive Hazardous Waste Disposal Site list. Under a consent order with the DEC a new site survey was done and remedial action taken. The cost to the Company of this additional work was \$213,000. The Company demolished its building on this site, and expects to incur approximately \$1 million in additional cleanup expenses.

In January 1992, the owners of Echo Bay Marina filed suit in Federal court alleging that PCBs were being discharged from the Echo Avenue site into Long Island Sound. Plaintiffs are seeking a declaration that the Company is in violation of the Clean Water Act, civil penalties of \$25,000 per day for each violation, remediation costs, an injunction against further discharges, legal fees, and compensatory damages of \$24 million. In December 1994, the court dismissed plaintiffs claims for property damage, including loss of business. Pretrial discovery on the remaining claims is continuing.

C&D RECYCLING SITE. On July 13, 1992, the Company received a letter from the EPA stating that it is a PRP with respect to the C&D Recycling site located in Foster Township, Luzerne County, Pennsylvania. In 1979, the Company retained C&D Recycling Company to recover copper and lead from a shipment of 30,560 pounds of scrap electric cable. It appears that the bulk of the scrap cable sent to this site was generated by AT&T Nassau Metals, a subsidiary of AT&T. The total cleanup cost is estimated at \$12.5 million. In March 1995, the EPA advised the Company, that based on the information currently available to it, the Company is responsible for 0.0297% of the scrap cable at this site. On October 15, 1995, the Company entered into an EPA administrative consent order under which it agreed to pay \$6,385 in full settlement of all past and future Superfund response costs for the site. The order will not become effective until it has been issued for public comment and approved by the United States Department of Justice.

PCB TREATMENT, INC., SITES. On September 30, 1994, the Company received a letter from the EPA indicating that it had been identified as a PRP for the PCB Treatment, Inc. ("PTI") Sites in Kansas City, Kansas and Kansas City, Missouri. The sites--a vacant, five-story building at 45 Ewing Street (K.C., Kansas) and a partially-occupied, seven-story building at 2100 Wyandotte Street (K.C., Missouri)-- were used by PTI from 1982 until 1987 for the storage, processing, and treatment of PCB-containing electric equipment, dielectric oils, and materials. According to the EPA, the buildings' floor slabs and ceilings and the soil areas outside the buildings' loading docks are contaminated with PCBs. The EPA estimates that approximately 1,400 facilities shipped materials to the sites.

On October 21, 1994, the EPA held a PRP meeting for the sites and requested the PRPs to form a steering committee and to consider conducting a cleanup program for the sites under the auspices of the Toxic Substances Control Act, or failing that, performing a Superfund cleanup for the sites. At the meeting, the EPA provided the Company with waste manifests and other documents indicating that the Company was responsible for 141,090 pounds (about 0.7%) of the approximately 20.3 million pounds of PCB-containing equipment, oil, and materials that PTI records (which the EPA had obtained) indicate were shipped to the 2100 Wyandotte Street Site. In August 1995, EPA served Superfund information requests on the known PRPs for the sites. The Company's investigation indicates that it shipped approximately 110,390 pounds of PCB-containing equipment and 96,000 pounds of PCB-contaminated mineral oil to the 2100 Wyandotte Street site. It shipped approximately 2.63 million pounds of PCB-containing equipment to the 45 Ewing Street site for processing prior to the equipment's disposal at off-site facilities. The EPA is still reviewing the PRPs' responses to the information requests and has not yet issued a waste-in list for the 45 Ewing Street site or revised its waste-in list for the 2100 Wyandotte Street site. Accordingly, the Company's share of the cleanup costs for these sites can not be determined. In September 1995, EPA met with PRPs and requested them to conduct additional studies at the sites under an administrative consent order. The Company and several other site PRPs are forming a steering committee for the purpose of negotiating the administrative consent order with EPA and performing the studies. PRPs that are government agencies are expected to join into that order and help fund the studies.

PELHAM MANOR SITE. Prior to 1968, the Company and its predecessor companies operated a manufactured gas plant (MGP) on a site located in Pelham Manor, Westchester County. Soil and groundwater tests by the current owners and lessees indicate the presence of hazardous substances which are associated with the MGP process. The Company has agreed to participate with the site owners and lessees in further site studies to develop and implement a cleanup plan that will be acceptable to the DEC.

ASTORIA SITE. The Federal Resource Conservation and Recovery Act delegates to the states licensing authority for PCB storage. As a condition to renewal by the DEC of the Company's permit to store PCBs at the Company's Astoria generating station, the Company is required to conduct a site investigation and, where necessary, a remediation program. The site investigation commenced in April 1994 and is scheduled to be completed in late 1997. The cost of the investigation is estimated at approximately \$5 million. The extent and cost of the remediation program will depend on the results of the investigation.

HUNTS POINT SITE. In September 1994, the City of New York notified the Company that it had discovered coal tar on the site of a former Company manufactured gas plant in the Hunts Point section of The Bronx. The Company had manufactured gas at that location prior to its sale of the site to the City in the 1960s. The Company has agreed to conduct a site study and to develop and implement a remediation program. However, the Company has not agreed to pay costs not associated with the Company's use of the site. The Company is unable at this time to estimate its exposure to liability with respect to this site.

ANCHOR MOTOR SITE. In November 1995, Anchor Motor Freight, Inc. notified the Company that it had discovered coal tar on its site in Westchester County. Anchor requested that the Company remediate the site. A predecessor of the Company had manufactured gas at that location. The Company's preliminary estimate is that the cost of remediating the site will be at least \$4 million.

TOXIC SUBSTANCES CONTROL ACT

In November 1994, BCF Oil Refining, Inc., a processor and re-refiner of used oil products and waste containing oil, brought suit in federal court against the Company and four transporters of waste oil products alleging that the defendants (primarily the Company) caused PCB contaminated waste to be shipped to BCF thereby contaminating its facilities. In addition to the remediation of BCF's facilities under the Federal Toxic Substances Control Act, the suit seeks compensatory damages of not less than \$12.5 million from all the defendants and additional punitive damages of not less than \$12.5 million from the Company. Pre-trial discovery began in January 1995 and is continuing.

GRAMERCY PARK

On August 19, 1989, a Company steam main exploded in the Gramercy Park area of Manhattan, releasing debris containing asbestos into that area. The Company took responsibility for the asbestos cleanup and most of the cost of that cleanup was covered by the Company's insurance.

A Federal Grand Jury in the Southern District of New York issued an indictment in December 1993, which was superseded by an indictment issued in April 1994, charging the Company and two of its retired employees with criminal acts relating to the reporting of the release of asbestos from the steam main explosion. The April 1994 indictment contained eight counts.

In April 1995, the Company was sentenced to a fine of \$500,000 on each of four counts and to three years probation, during which time the Company's compliance with environmental laws will be monitored by a court-appointed monitor.

DEC PROCEEDING

For information about this proceeding, see "Environmental Matters - DEC Settlement" in Note F to the financial statements in Item 8 and "Results of Operations - Other Operations and Maintenance Expenses" in Item 7.

ASBESTOS LITIGATION

For a discussion of asbestos and suits against the Company involving asbestos, see "Environmental Matters and Related Legal Proceedings - Asbestos" in Item 1, and "Environmental Matters - Asbestos Claims" in Note F to the financial statements in Item 8. The following is a discussion of the significant suits involving asbestos in which the Company has been named a defendant. The listing is not exhaustive and additional suits may arise in the future.

MASS TORT CASES. Numerous suits have been brought in New York State and Federal courts against the Company and many other defendants for death and injuries allegedly caused by exposure to asbestos at various Company premises. Many of these suits have been disposed of without any payment by the Company, or for immaterial amounts. The amounts specified in the remaining suits, including the Moran v. Vacarro suit discussed below, total billions of dollars, but the Company believes that these amounts are greatly exaggerated, as were the claims already disposed of.

MORAN, ET AL. V. VACARRO, ET AL. On May 9, 1988, the Company was served with a complaint in an action in the New York State Supreme Court, New York County, in which approximately 184 Company employees and their union alleged that the employees were exposed to dangerous levels of asbestos as a result of alleged intentional conduct of supervisory employees. Each of the employee plaintiffs seeks \$1 million in punitive damages, unspecified additional compensatory damages, and to enjoin the Company from violating EPA regulations and exposing employees to asbestos without first taking certain safety measures. On May 16, 1988, the complaint was amended to add a claim by each employee plaintiff for \$1 million in damages for mental distress. In November 1988, the complaint was amended to add four additional employee plaintiffs. On July 9, 1990, the complaint was amended to add the spouses of 131 plaintiffs as additional plaintiffs and to remove the union as a plaintiff. Each spouse seeks medical monitoring, \$1 million for emotional distress and \$1 million for punitive damages. On January 19, 1995, the court dismissed the claims of the employee plaintiffs, leaving employee spouses as the only plaintiffs.

RATE PROCEEDINGS

For information concerning proceedings relating to the Company's rates, see "Regulation and Rates" in Item 1.

NUCLEAR FUEL DISPOSAL

Reference is made to the information under the caption "Liquidity and Capital Resources - Nuclear Fuel Disposal" in Item 7 for information concerning a suit brought by the Company and a number of other utilities against the United States Department of Energy. The suit is entitled Northern States Power Co., et al. v. Department of Energy, et al.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names of the executive officers of the Company together with their ages and the positions and offices with the Company held by them as of March 1, 1996, the respective dates they became executive officers and their business experience during the past five years (or since they became executive officers, if earlier) are set forth below. Under the Company's By-laws, officers of the Company are elected to hold office until the next election of Trustees (directors) of the Company and until their respective successors are chosen and qualify, subject to removal at any time by the Company's Board of Trustees.

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an Executive Officer, If Longer
Eugene R. McGrath - 54 Chairman of the Board, President, Chief Executive Officer, and Trustee; 9/1/78	9/90 to present - Chairman of the Board, President, Chief Executive Officer and Trustee 2/89 to 8/90 - President, Chief Operating Officer and Trustee 10/87 to 1/89 - Executive Vice President - Operations and Trustee 9/82 to 9/87 - Executive Vice President - Central Operations 3/81 to 8/82 - Senior Vice President - Power Generation 9/78 to 2/81 - Vice President - Power Generation
Raymond J. McCann - 61 Executive Vice President and Chief Financial Officer, and Trustee; 5/15/72	2/89 to present - Executive Vice President and Chief Financial Officer, and Trustee 10/87 to 1/89 - Executive Vice President - Finance and Law, and Trustee 8/80 to 9/87 - Executive Vice President - Division Operations 6/77 to 8/80 - Vice President - Manhattan Division 6/76 to 5/77 - Vice President - Accounting and Treasury 3/74 to 5/76 - Controller 5/72 to 3/74 - General Auditor

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an Executive Officer, If Longer
J. Michael Evans - 50 Executive Vice President - Customer Service; 9/1/91	7/95 to present - Executive Vice President - Customer Service 4/95 to 6/95 - Executive Vice President 9/91 to 3/95 - Executive Vice President - Central Operations 7/89 to 8/91 - Senior Vice President and Chief Operating Officer - Kansas City Power and Light
Charles F. Soutar - 59 Executive Vice President - Central Services; 9/1/77	7/95 to present - Executive Vice President - Central Services 2/89 to 6/95 - Executive Vice President - Customer Service 3/85 to 1/89 - Executive Vice President - Central Services 5/80 to 2/85 - Senior Vice President - Construction, Engineering and Environmental Affairs 9/77 to 4/80 - Vice President - Central Services
Stephen B. Bram - 53 Senior Vice President - Central Operations 8/1/79	6/95 to present - Senior Vice President - Central Operations 12/94 to 3/95 - Senior Vice President 9/94 to 11/94 - Vice President 12/87 to 8/94 - Vice President - Nuclear Power 9/82 to 11/87 - Vice President - Fossil Power 7/80 to 8/82 - Vice President - Central Substation, Systems Operations and Technical Services 8/79 to 6/80 - Vice President - Central Substation and System Operations

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an Executive Officer, If Longer
Carl W. Greene - 60 Senior Vice President - Financial and Regulatory Matters; 6/1/76	9/94 to present - Senior Vice President - Financial and Regulatory Matters 7/92 to 8/94 - Senior Vice President - Accounting and Treasury 6/82 to 6/92 - Vice President and Contoller 6/76 to 5/82 - Contoller
Mary Jane McCartney - 47 Senior Vice President - Gas Operations; 12/1/90	10/93 to present - Senior Vice President - Gas Operations 2/93 to 10/93 - Vice President - Gas Supply 7/92 to 1/93 - Vice President - Gas Business Development 12/90 to 6/92 - Vice President - Queens
Peter J. O'Shea, Jr. - 58 Senior Vice President and General Counsel; 1/1/96	1/96 to present - Senior Vice President and General Counsel 4/87 to 12/95 - Vice President and Associate General Counsel -- ITT Corporation
Horace S. Webb - 55 Senior Vice President - Public Affairs; 9/1/92	9/92 to present - Senior Vice President - Public Affairs 1/90 to 8/92 - Vice President - Communications and Public Affairs, Hoechst Celanese Corp.
Archie M. Bankston - 58 Secretary and Associate General Counsel; 1/7/74	6/89 to present - Secretary and Associate General Counsel 1/74 to 5/89 - Secretary and Assistant General Counsel
John F. Cioffi - 62 Treasurer; 7/1/92	7/92 to present - Treasurer 6/87 to 6/92 - Assistant Vice President

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an Executive Officer, If Longer
Lawrence F. Travaglia - 57 General Auditor; 3/1/93	3/93 to present - General Auditor 10/80 to 2/93 - Assistant Treasurer
John A. Arceri - 53 Vice President Energy Services; 6/1/95	6/95 to present - Vice President - Energy Services 10/93 to 5/95 - Assistant Vice President - Gas Business Development 3/90 to 9/93 - Assistant Vice President - Electrical Distribution
Robert A. Bell - 62 Vice President Research & Development; 6/1/81	6/81 to present - Vice President - Research & Development
David G. Bosland - 59 Vice President - Staten Island Customer Service; 3/1/83	6/91 to present - Vice President - Staten Island Customer Service 3/83 to 6/91 Vice President - Transportation & Stores
Kevin M. Burke - 45 Vice President - Corporate Planning; 12/1/87	3/93 to present - Vice President - Corporate Planning 3/90 to 2/93 - Vice President - Brooklyn Customer Service 12/87 to 2/90 - Vice President - Construction
Richard P. Cowie - 49 Vice President - Employee Relations; 3/1/94	3/94 to present - Vice President - Employee Relations 2/91 to 2/94 - Director - Central Customer Service 9/90 to 1/91 - Assistant to the Executive Vice President - Customer Service

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an Executive Officer, If Longer
Robert F. Crane - 59 Vice President - Fuel Supply; 12/1/82	3/94 to present - Vice President - Fuel Supply 10/93 to 2/94 - Vice President - Gas Supply 2/93 to 10/93 - Vice President - Gas Business Development 4/91 to 1/93 - Vice President - Gas Supply 12/84 to 3/91 - Vice President - Manhattan Division 12/82 to 11/84 - Vice President - Queens Division
George J. Delaney - 60 Vice President - Central Services; 5/28/74	2/96 to present - Vice President - Central Services 12/78 to 2/96 - Vice President - Westchester Customer Service 9/74 to 11/78 - Vice President - Bronx Division 5/74 to 8/74 - Vice President - Staten Island Division
Robert W. Donohue, Jr. - 53 Vice President - Queens Customer Service; 3/1/90	2/94 to present - Vice President - Queens Customer Service 3/90 to 1/94 - Vice President - Construction
Charles J. Durkin, Jr. - 52 Vice President - Fossil Power; 9/1/82	12/93 to present - Vice President - Fossil Power 1/88 to 12/93 - Vice President - Engineering 9/82 to 12/87 - Vice President - System and Transmission Operations
Jacob Feinstein - 52 Vice President - System & Transmission Operations; 4/1/91	4/91 to present - Vice President - System & Transmission Operations 12/88 to 3/91 - Plant Manager

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an Executive Officer, If Longer
Joan S. Freilich - 54 Vice President, Controller and Chief Accounting Officer; 12/1/90	9/94 to present - Vice President, Controller and Chief Accounting Officer 7/92 to 8/94 - Vice President and Controller 12/90 to 6/92 - Vice President - Corporate Planning
David F. Gedris - 47 Vice President - Westchester Customer Service; 2/1/94	2/96 to present - Vice President - Westchester Customer Service 2/94 to 1/96 - Vice President - Maintenance and Construction 7/92 to 1/94 - Assistant Vice President - Power Generation Maintenance 3/90 to 6/92 - Assistant Vice President - Steam Operations
Garrett W. Groscup - 55 Vice President - Brooklyn Customer Service; 12/1/82	6/95 to present - Vice President - Brooklyn Customer Service 2/94 to 5/95 - Vice President - Energy Services 4/91 to 1/94 - Vice President - Manhattan Customer Service 1/88 to 3/91 - Vice President - System & Transmission Operations 12/82 to 12/87 - Vice President - Engineering
William A. Harkins - 50 Vice President - Planning and Inter-Utility Affairs; 2/1/89	2/89 to present - Vice President - Planning and Inter-Utility Affairs

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an Executive Officer, If Longer
Paul H. Kinkel - 51 Vice President - Maintenance and Construction; 5/24/83	2/96 to present - Vice President - Maintenance and Construction 12/93 to 2/96 - Vice President - Engineering 12/87 to 12/93 - Vice President - Fossil Power 5/83 to 11/87 - Vice President - Construction
M. Peter Lanahan - 51 Vice President - Environmental Affairs; 5/1/95	5/95 to present - Vice President - Environmental Affairs 1/91 to 4/95 - Manager, General Electric Company
John A. Nutant - 60 Vice President - Manhattan Customer Service; 5/27/80	2/94 to present - Vice President - Manhattan Customer Service 7/92 to 1/94 - Vice President - Queens Customer Service 9/86 - 6/92 - Vice President - Purchasing 7/80 to 8/86 - Vice President - Environmental Affairs 5/80 to 6/80 - Vice President
James P. O'Brien - 48 Vice President - Information Resources; 3/1/94	3/94 to present - Vice President - Information Resources (formerly Systems and Information Processing) 6/89 to 2/94 - Assistant Vice President - Employee Relations
Stephen E. Quinn - 49 Vice President - Nuclear Power; 9/1/94	9/94 to present - Vice President - Nuclear Power 8/88 to 8/94 - General Manager - Nuclear Power Generation
Guli R. Rajani - 53 Vice President 3/1/96	3/96 to present - Vice President 3/91 to 2/96 - Managing Director, Walsh, Greenwood & Company
Edwin W. Scott - 57 Vice President and Deputy General Counsel; 6/1/89	6/89 to present - Vice President and Deputy General Counsel

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an Executive Officer, If Longer
Minto L. Soares - 59 Vice President - Bronx Customer Service; 6/1/91	6/91 to present - Vice President - Bronx Customer Service 11/88 to 5/91 - Plant Manager
Alfred R. Wassler - 51 Vice President - Purchasing, Transportation and Stores; 8/15/80	3/94 to present - Vice President - Purchasing, Transportation and Stores 7/92 to 2/94 - Vice President - Purchasing 8/80 to 6/92 - Treasurer

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock (\$2.50 par value) is the only class of common equity of the Company. The Common Stock is traded on the New York, Chicago and Pacific Stock Exchanges.

MARKET PRICE RANGE IN CONSOLIDATED REPORTING SYSTEM AND DIVIDENDS PAID ON COMMON STOCK

	1995			1994		
	High	Low	Dividends Paid	High	Low	Dividends Paid
1st Quarter	\$28-7/8	\$25-1/2	\$.51	\$32-3/8	\$28-3/8	\$.50
2nd Quarter	30-7/8	27	.51	31-3/8	25-3/4	.50
3rd Quarter	30-5/8	27-7/8	.51	29-7/8	23	.50
4th Quarter	32-1/4	28-3/8	.51	27-1/8	24-1/8	.50

As of January 31, 1996 there were 151,324 holders of record of common stock.

On January 23, 1996, the Board of Trustees of the Company declared a quarterly dividend of 52 cents per share of Common Stock which was paid on March 15, 1996 to holders of record on February 14, 1996.

ITEM 6. SELECTED FINANCIAL DATA

Year Ended December 31 (Millions of Dollars)	1995	1994	1993	1992	1991
Operating revenues	\$ 6,536.9	\$ 6,373.1	\$ 6,265.4	\$ 5,932.9	\$ 5,873.1
Fuel	504.1	567.8	605.2	710.3	879.4
Purchased power	1,107.2	787.5	812.6	606.8	561.2
Gas purchased for resale	259.8	341.2	289.7	245.2	223.4
Operating income	1,041.4	1,036.2	951.1	880.4	813.1
Net income for common stock	688.3	698.7	622.9	567.7	530.1
Total assets	13,949.9*	13,728.4*	13,257.4*	11,596.1	11,107.9
Long-term obligations					
Long-term debt	3,917.2	4,030.5	3,643.9	3,493.6	3,364.8
Capitalized leases	45.3	47.8	50.4	52.9	55.5
Preferred stock subject to mandatory redemption	100.0	100.0	100.0	100.0	41.3
Common shareholders' equity	5,522.7	5,313.0	5,068.5	4,886.9	4,608.3
Per common share:					
Net income	\$2.93	\$2.98	\$2.66	\$2.46	\$2.32
Cash dividends	\$2.04	\$2.00	\$1.94	\$1.90	\$1.86
Average common shares outstanding (millions)	234.9	234.8	234.0	231.1	228.3

*Includes \$1,042.3 million, \$1,106.0 million and \$1,150.6 million for 1995, 1994 and 1993, respectively, of Regulatory Assets attributable to the adoption of SFAS 109. Equal amounts of Accumulated Deferred Federal Income Tax have been established. See Notes A and H to the financial statements in Item 8.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

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

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

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

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

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

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

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

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

* Negative amounts are refundable; positive amounts recoverable.

** Negative amounts were recovered; positive amounts refunded.

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

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

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

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

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

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

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

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

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

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

/(a)/ See discussion below of electric rate agreements.

/(b)/ See Note A to the financial statements for discussion of nuclear decommissioning costs.

/(c)/ Does not include refundings in advance of maturity, nor the preferred stock refunding in 1996 discussed above. For details of securities maturing after 1997, see Note B to the financial statements.

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

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

* These are forward-looking statements, and as such are subject to the same considerations discussed under "Five-Year Forecast" in Item 1.

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

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

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

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

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

* This is a forward-looking statement, and as such is subject to the same considerations discussed under "Five-Year Forecast" in Item 1.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RESULTS OF OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

February 27, 1996

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

A. Financial Statements

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The following Schedule is filed as a "Financial Statement Schedule" pursuant to Item 14 of this report:

Schedule VIII - Valuation and Qualifying Accounts 100-102

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

Separate financial statements of subsidiaries, not consolidated, have been omitted because, if considered in the aggregate, they would not constitute a significant subsidiary.

B. Supplementary Financial Information

Selected Quarterly Financial Data for the years ended December 31, 1995 and 1994 (Unaudited)

1995 (Millions of Dollars)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenues	\$1,668.8	\$1,459.8	\$1,879.9	\$1,528.4
Operating income	280.0	156.0	412.8	192.6
Net income	201.1	76.4	333.3	113.1
Net income for common stock	192.2	67.5	324.4	104.2
Earnings per common share	\$.82	\$.29	\$1.38	\$.44

1994 (Millions of Dollars)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenues	\$1,697.8	\$1,392.1	\$1,822.0	\$1,461.2
Operating income	265.1	158.0	418.4	194.7
Net income	189.3	87.2	339.9	117.9
Net income for common stock	180.4	78.3	331.0	109.0
Earnings per common share	\$.77	\$.33	\$1.41	\$.47

In the opinion of the Company these quarterly amounts include all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation.

Report of Independent Accountants

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

In our opinion, the consolidated financial statements listed under Item 8.A in the index appearing on page 69 present fairly, in all material respects, the financial position of Consolidated Edison Company of New York, Inc. and its subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse LLP

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

February 27, 1996

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

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

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

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

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

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

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

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

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

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

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

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

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

At December 31 (Thousands of Dollars)				1995	1994
Long-term debt (Note B)					
Maturity	Interest Rate	Series			
First and Refunding Mortgage Bonds (open-end mortgage):					
1996	5%	CC	\$ 100,000	\$ 100,000	
1996	5.90	DD	75,000	75,000	

Total mortgage bonds				175,000	175,000
Debtentures:					
1997	5.30%	1993 E	100,000	100,000	
1998	6 1/4	1993 A	100,000	100,000	
1998	5.70	1993 F	100,000	100,000	
1999	6 1/2	1992 D	75,000	75,000	
1999	*	1994 B	150,000	150,000	
2000	7 3/8	1992 A	150,000	150,000	
2000	7.60	1992 C	125,000	125,000	
2001	6 1/2	1993 B	150,000	150,000	
2002	6 5/8	1993 C	150,000	150,000	
2003	6 3/8	1993 D	150,000	150,000	
2004	7 5/8	1992 B	150,000	150,000	
2005	7 3/8	1992 E	75,000	75,000	
2005	6 5/8	1995 A	100,000	--	
2023	7 1/2	1993 G	380,000	380,000	
2025	9.70	1990 A	--	27,414	
2026	9 3/8	1991 A	95,329	95,329	
2027	8.05	1992 F	100,000	100,000	
2029	7 1/8	1994 A	150,000	150,000	

Total debtentures				2,300,329	2,227,743

Tax-exempt debt--notes issued to New York State Energy Research and Development Authority for Facilities Revenue Bonds:					
2020	9 %	1985 A	--	128,285	
2020	6.10	1995 A	128,285	--	
2020	5 1/4	1993 B	127,715	127,715	
2021	7 1/2	1986 A	150,000	150,000	
2022	7 1/8	1987 A	100,855	100,855	
2022	9 1/4	1987 B	29,385	29,385	
2022	5 3/8	1993 C	19,760	19,760	
2024	7 3/4	1989 A	150,000	150,000	
2024	7 3/8	1989 B	100,000	100,000	
2024	7 1/4	1989 C	150,000	150,000	
2025	7 1/2	1990 A	150,000	150,000	
2026	7 1/2	1991 A	128,150	128,150	
2027	6 3/4	1992 A	100,000	100,000	
2027	6 3/8	1992 B	100,000	100,000	
2028	6	1993 A	101,000	101,000	
2029	7 1/8	1994 A	100,000	100,000	

Total tax-exempt debt				1,635,150	1,635,150

Other long-term debt:					
Liens on purchased gas turbines				13,327	22,779
Other long-term debt				5,836	9,007
Unamortized debt discount				(28,874)	(28,326)

Total				4,100,768	4,041,353
Less: Long-term debt due within one year				183,524	10,889

Total long-term debt				3,917,244	4,030,464

Total capitalization				\$10,079,895	\$9,983,771

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note C Lines of Credit

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

Note D Pension Plans

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

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

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

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

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

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

* Includes a prepayment credit of \$7.3 million.

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

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

* Being amortized over approximately 15 years.

** Accrued liability for special retirement program less prepayment credit in 1995.

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

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

Note E Postretirement Benefits Other Than Pensions (OPEB)

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

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

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

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

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

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

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

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

(Millions of Dollars)	1995	1994	1993

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

* Being amortized over a period of 20 years.

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

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

Note F Contingencies

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

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

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

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

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

Superfund. By its terms, Superfund imposes joint and several strict liability, regardless of fault, upon generators of hazardous substances for resulting removal and remedial costs and environmental damages. The Company has received process or notice concerning possible claims under Superfund or similar state statutes relating to a number of sites at which it is alleged that hazardous substances generated by the Company (and, in most instances, a large number of other potentially responsible parties) were deposited. Estimates of the investigative, removal, remedial and environmental damage costs (if any) the Company will be obligated to pay with respect to each of these sites range from extremely preliminary to highly refined. Based on these estimates, the Company had accrued a liability at December 31, 1995 of approximately \$14.7 million. However, it is possible that material additional costs in amounts not presently determinable may be incurred with respect to these and other sites.

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

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

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

Note G Independent Power Producers (IPPs)

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

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

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

 Note H Federal Income Tax

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

(Millions of Dollars)	1995	1994

Future federal income tax liability		
Temporary differences between the book and tax bases of assets and liabilities:		
Property related	\$5,513.3	\$5,389.1
Reserve for injuries and damages	(49.2)	(43.9)
Other	54.5	24.4
	-----	-----
Total	5,518.6	5,369.6

Future federal income tax computed at statutory rate - 35%	1,931.5	1,879.4
Less: Accumulated deferred federal income taxes previously provided	1,254.0	1,160.5
	-----	-----
Net future federal income tax expense for which deferred taxes have not been provided	677.5	718.9
	-----	-----
Net revenue requirements for above (Regulatory asset--future federal income taxes)*	1,042.3	1,106.0
Add: Accumulated deferred federal income taxes previously provided	1,254.0	1,160.5
	-----	-----
Total accumulated deferred federal income tax	\$2,296.3	\$2,266.5

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

Note H Federal Income Tax, continued

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

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

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

	Electric			Steam		
	1995	1994	1993	1995	1994	1993
Operating revenues*	\$5,401,524	\$5,152,351	\$5,145,010	\$ 335,694	\$ 343,916	\$ 326,888
Operating expenses						
Fuel	354,086	410,173	446,578	150,018	157,591	158,635
Purchased power	1,107,223	787,455	812,616	--	--	--
Other operations and maintenance*	1,372,715	1,372,865	1,403,022	79,929	80,035	78,787
Depreciation and amortization	393,382	364,988	350,590	13,064	10,961	9,909
Taxes, other than federal income	951,095	955,850	994,174	45,788	46,178	46,090
Federal income tax	339,863	379,584	322,076	12,598	11,577	4,966
Total operating expenses*	4,518,364	4,270,915	4,329,056	301,397	306,342	298,387
Operating income	883,160	881,436	815,954	34,297	37,574	28,501
Construction expenditures	538,454	587,189	626,494	27,559	44,957	36,612
Net utility plant**	9,027,031	8,874,341	8,592,187	399,028	378,748	337,713
Fuel	40,444	50,821	53,681	62	62	74
Other identifiable assets	1,724,005	1,899,182	1,970,998	51,969	48,141	50,555
*Intersegment rentals included in segments' income but eliminated for total Company						
Operating revenues	\$12,116	\$11,879	\$13,345	\$ 1,561	\$ 1,409	\$ 1,548
Operating expenses	2,513	2,331	2,726	13,102	12,733	14,139
	Gas			Total Company		
	1995	1994	1993	1995	1994	1993
Operating revenues*	\$ 815,307	\$ 891,897	\$ 810,377	\$ 6,536,897	\$ 6,373,086	\$ 6,265,394
Operating expenses						
Fuel	--	--	--	504,104	567,764	605,213
Purchased power	--	--	--	1,107,223	787,455	812,616
Gas purchased for resale	259,789	341,204	289,708	259,789	341,204	289,708
Other operations and maintenance*	214,818	214,451	212,832	1,651,834	1,652,273	1,677,760
Depreciation and amortization	49,330	46,407	43,231	455,776	422,356	403,730
Taxes, other than federal income	123,349	125,663	119,019	1,120,232	1,127,691	1,159,283
Federal income tax	44,099	46,999	38,978	396,560	438,160	366,020
Total operating expenses*	691,385	774,724	703,768	5,495,518	5,336,903	5,314,330
Operating income	123,922	117,173	106,609	1,041,379	1,036,183	951,064
Construction expenditures	126,790	125,384	125,962	692,803	757,530	789,068
Net utility plant**	1,388,344	1,308,119	1,226,256	10,814,403	10,561,208	10,156,156
Fuel and gas in storage	26,452	50,698	49,091	66,958	101,581	102,846
Other identifiable assets	177,374	151,628	172,790	1,953,348	2,098,951	2,194,343
Other corporate assets				1,115,181	966,624	804,020
Total assets				\$13,949,890	\$13,728,364	\$13,257,365
*Intersegment rentals included in segments' income but eliminated for total Company						
Operating revenues	\$ 1,951	\$ 1,790	\$ 1,988	\$15,628	\$15,078	\$16,881
Operating expenses	13	14	16	15,628	15,078	16,881

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

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

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

VALUATION AND QUALIFYING ACCOUNTS
 YEAR ENDED DECEMBER 31, 1995
 (Thousands of Dollars)

COLUMN A Description	COLUMN B Balance at Beginning of Period	COLUMN C Additions		COLUMN D Deductions	COLUMN E Balance At End of Period
		(1) Charged to Costs and Expenses	(2) Charged to Other Accounts		
Valuation Accounts deducted in the balance sheet from the assets to which they apply:					
Accumulated Provision for uncollectible accounts receivable:					
Electric, Gas and Steam Customers.....	\$ 21,600	\$ 32,589	-	\$ 32,589*	\$ 21,600
Other.....	-	-	-	-	-

*Accounts written off less cash collections, miscellaneous adjustments and amounts reinstated as receivables previously written off.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

VALUATION AND QUALIFYING ACCOUNTS
 YEAR ENDED DECEMBER 31, 1994
 (Thousands of Dollars)

COLUMN A Description	COLUMN B Balance at Beginning of Period	COLUMN C Additions		COLUMN D Deductions	COLUMN E Balance At End of Period
		(1) Charged to Costs and Expenses	(2) Charged to Other Accounts		
Valuation Accounts deducted in the balance sheet from the assets to which they apply:					
Accumulated Provision for uncollectible accounts receivable:					
Electric, Gas and Steam Customers.....	\$ 21,600	\$ 30,256	-	\$ 30,256*	\$ 21,600
Other.....	-	-	-	-	-

*Accounts written off less cash collections, miscellaneous adjustments and amounts reinstated as receivables previously written off.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

VALUATION AND QUALIFYING ACCOUNTS
 YEAR ENDED DECEMBER 31, 1993
 (Thousands of Dollars)

COLUMN A Description	COLUMN B Balance at Beginning of Period	COLUMN C Additions		COLUMN D Deductions	COLUMN E Balance At End of Period
		(1) Charged to Costs and Expenses	(2) Charged to Other Accounts		
Valuation Accounts deducted in the balance sheet from the assets to which they apply:					
Accumulated Provision for uncollectible accounts receivable:					
Electric, Gas and Steam Customers.....	\$ 19,600	\$ 28,006	-	\$ 26,006*	\$ 21,600
Other.....	-	-	-	-	-

*Accounts written off less cash collections, miscellaneous adjustments and amounts reinstated as receivables previously written off.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON
ACCOUNTING AND FINANCIAL DISCLOSURE

NONE.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND
MANAGEMENT

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by Part III is incorporated by reference from the Company's definitive proxy statement for its Annual Meeting of Stockholders to be held on May 20, 1996. The proxy statement is to be filed pursuant to Regulation 14A not later than 120 days after December 31, 1995, the close of the fiscal year covered by this report.

In accordance with General Instruction G(3) to Form 10-K other information regarding the Company's Executive Officers may be found in Part I of this report under the caption "Executive Officers of the Registrant."

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents filed as part of this report:

1. List of Financial Statements

Consolidated Balance Sheet at December 31, 1995 and 1994

Consolidated Income Statement for the years ended December 31, 1995, 1994 and 1993

Consolidated Statement of Cash Flows for the years ended December 31, 1995, 1994 and 1993

Consolidated Statement of Capitalization at December 31, 1995 and 1994

Consolidated Statement of Retained Earnings for the years ended December 31, 1995, 1994 and 1993

Notes to Consolidated Financial Statements

2. List of Financial Statement Schedules

Valuation and Qualifying Accounts
(Schedule VIII)

3. List of Exhibits

- 3.1.1 Restated Certificate of Incorporation filed with the Department of State of the State of New York on December 31, 1984. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-1217) as Exhibit 3(a).)
- 3.1.2 Certificate of Amendment of Restated Certificate of Incorporation filed with the Department of State of the State of New York on May 16, 1988. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-1217) as Exhibit 3(b).)
- 3.1.3 Certificate of Amendment of Restated Certificate of Incorporation filed with the Department of State of the State of New York on June 2, 1989. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-1217) as Exhibit 3(c).)
- 3.1.4 Certificate of Amendment of Restated Certificate of Incorporation filed with the Department of State of the State of New York on April 28, 1992. (Designated in the Company's Current Report on Form 8-K, dated April 24, 1992, as Exhibit 4(d).)
- 3.1.5 Certificate of Amendment of Restated Certificate of Incorporation filed with the Department of State of the State of New York on August 21, 1992. (Designated in the Company's Current Report on Form 8-K, dated August 20, 1992, as Exhibit 4(e).)
- 3.2.1 By-laws of the Company, effective as of July 26, 1994. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994 as Exhibit 3.2.)
- *3.2.2 Resolution adopted March 26, 1996 by the Board of Trustees of the Company amending the Company's By-Laws.
- *3.2.3 By-laws of the Company, effective as of May 20, 1996.
- 4.1 Indenture, dated as of April 1, 1946, between the Company and the National City Bank of New York (now Citibank, N.A.), as Trustee. (Designated in Registration Statement No. 2-6932 as Exhibit 7-48.)

4.2 The following Supplemental Indentures between the Company and the National City Bank of New York (now Citibank, N.A.), as Trustee, which are designated as follows:

Supplemental Indenture	Securities Act	
	Registration Statement	Exhibit
1. Fifteenth	2-13939	2-4
2. Twenty-ninth	2-24272	4-4
3. Thirtieth	2-25736	4-4

4.3 Instrument of Resignation, Appointment and Acceptance, dated as of October 31, 1979, among the Company, Citibank, N.A., and Chemical Bank, Supplemental to Mortgage Trust Indenture, dated as of April 1, 1946. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 as Exhibit 4(c).)

4.4 Participation Agreement, dated as of August 15, 1985, between New York State Energy Research and Development Authority ("NYSERDA") and the Company. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990 as Exhibit 4(a)(1).)

4.5 The following Supplemental Participation Agreements supplementing the Participation Agreement, dated as of August 15, 1985, between NYSERDA and the Company, which are designated as follows:

Supplemental Participation Agreement Number	Date	Securities Exchange Act File No. 1-1217		
		Form	Date	Exhibit
1. First	11/15/86	10-Q	6/30/90	4(a)(2)
2. Second	4/15/87	10-Q	6/30/90	4(a)(3)
3. Third	9/15/87	10-Q	6/30/90	4(a)(4)
4. Fourth	1/1/89	10-Q	6/30/90	4(a)(5)
5. Fifth	7/1/89	10-Q	6/30/90	4(a)(6)
6. Sixth	11/1/89	10-Q	6/30/90	4(a)(7)
7. Seventh	7/1/90	10-Q	6/30/90	4(a)(8)
8. Eighth	1/1/91	10-K	12/31/90	4(e)(8)
9. Ninth	1/15/92	10-K	12/31/91	4(e)(9)

4.6 Participation Agreement, dated as of December 1, 1992, between NYSERDA and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 4(f).)

4.7 The following Supplemental Participation Agreements supplementing the Participation Agreement, dated as of December 1, 1992, between NYSERDA and the Company, which are designated as follows:

Supplemental Participation Agreement		Securities Exchange Act File No. 1-1217		
Number	Date	Form	Date	Exhibit
1. First	3/15/93	10-Q	6/30/93	4.1
2. Second	10/1/93	10-Q	9/30/93	4.3
3. Third	12/1/94	10-K	12/31/94	4.7.3
4. Fourth	7/1/95	10-Q	6/30/95	4.2

4.8 Indenture of Trust, dated as of August 15, 1985, between NYSERDA and Morgan Guaranty Trust Company of New York, as Trustee ("Morgan Guaranty"). (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990 as Exhibit 4(b)(1).)

4.9 The following Supplemental Indentures of Trust supplementing the Indenture of Trust, dated as of August 15, 1985, between NYSERDA and Morgan Guaranty.

Supplemental Indenture of Trust		Securities Exchange Act File No. 1-1217		
Number	Date	Form	Date	Exhibit
1. First	11/15/86	10-Q	6/30/90	4(b)(2)
2. Second	4/15/87	10-Q	6/30/90	4(b)(3)
3. Third	9/15/87	10-Q	6/30/90	4(b)(4)
4. Fourth	1/1/89	10-Q	6/30/90	4(b)(5)
5. Fifth	7/1/89	10-Q	6/30/90	4(b)(6)
6. Sixth	11/1/89	10-Q	6/30/90	4(b)(7)
7. Seventh	7/1/90	10-Q	6/30/90	4(b)(8)
8. Eighth	1/1/91	10-K	12/31/90	4(g)(8)
9. Ninth	1/15/92	10-K	12/31/91	4(g)(9)

4.10 Indenture of Trust, dated as of December 1, 1992, between NYSERDA and Morgan Guaranty Trust Company of New York, as Trustee ("Morgan Guaranty"). (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 4(i).)

4.11 The following Supplemental Indentures of Trust supplementing the Indenture of Trust, dated as of December 1, 1992, between NYSERDA and Morgan Guaranty.

Supplemental Indenture of Trust		Securities Exchange Act File No. 1-1217		
Number	Date	Form	Date	Exhibit
1. First	3/15/93	10-Q	6/30/93	4.2
2. Second	10/1/93	10-Q	9/30/93	4.4
3. Third	12/1/94	10-K	12/31/94	4.11.3
4. Fourth	7/1/95	10-Q	6/30/95	4.3

4.12 Indenture, dated as of December 1, 1990, between the Company and The Chase Manhattan Bank (National Association), as Trustee (the "Debenture Indenture"). (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1990 as Exhibit 4(h).)

*4.13 First Supplemental Indenture (to the Debenture Indenture), dated as of March 6, 1996, between the Company and The Chase Manhattan Bank (National Association), as Trustee.

4.14 The following Forms of the Company's Debentures:

Debenture	Securities Exchange Act		
	Form	Date	Exhibit
9.70%, Series 1990 A	8-K	11/29/90	4
9 3/8%, Series 1991 A	8-K	6/20/91	4
7 3/8%, Series 1992 A	8-K	2/5/92	4 (a)
7 5/8%, Series 1992 B	8-K	2/5/92	4 (b)
7.60%, Series 1992 C	8-K	2/25/92	4
6 1/2%, Series 1992 D	8-K	8/26/92	4 (a)
7 3/8%, Series 1992 E	8-K	8/26/92	4 (b)
8.05%, Series 1992 F	8-K	12/15/92	4
6 1/4%, Series 1993 A	8-K	1/13/93	4
6 1/2%, Series 1993 B	8-K	2/4/93	4 (a)
6 5/8%, Series 1993 C	8-K	2/4/93	4 (b)
6 3/8%, Series 1993 D	8-K	4/7/93	4
5.30%, Series 1993 E	8-K	5/19/93	4 (a)
5.70%, Series 1993 F	8-K	5/19/93	4 (b)
7 1/2%, Series 1993 G	8-K	6/7/93	4
7 1/8% Series 1994 A	8-K	2/8/94	4
Floating Rate Series 1994 B	8-K	6/29/94	4
6 5/8% Series 1995 A	8-K	6/21/95	4

4.15 Form of the Company's 7 3/4% Quarterly Income Capital Securities (Series A Subordinated Deferrable Interest Debentures). (Designated in the Company's Current Report on Form 8-K, dated February 29, 1996, as Exhibit 4.)

10.1 Agreement dated as of October 31, 1968 among Central Hudson Gas & Electric Corporation, the Company and Niagara Mohawk Power Corporation. (Designated in Registration Statement No. 2-31884 as Exhibit 7.)

- 10.2 Amendment dated November 23, 1976 to Agreement dated as of October 31, 1968 among Central Hudson Gas & Electric Corporation, the Company and Niagara Mohawk Power Corporation and Additional Agreement dated as of November 23, 1976 between Central Hudson and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 as Exhibit 10(b).)
- 10.3 General Agreement between Orange and Rockland Utilities, Inc. and the Company dated October 10, 1969. (Designated in Registration Statement No. 2-35734 as Exhibit 7-1.)
- 10.4 Letters, dated November 18, 1970 and November 23, 1970, between Orange and Rockland Utilities, Inc. and the Company pursuant to Article 14(a) of the aforesaid General Agreement. (Designated in Registration Statement No. 2-38807 as Exhibit 5-3.)
- 10.5 The Con Edison Thrift Savings Plan for Management Employees and Tax Reduction Act Stock Ownership Plan, as amended and restated. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995 as Exhibit 10.2.)
- 10.6 Deferred Compensation Plan for the Benefit of Trustees of the Company, dated February 27, 1979, and amendments thereto, dated September 19, 1979 (effective February 27, 1979), February 26, 1980, and November 24, 1992 (effective January 1, 1993). (Designated in Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(i).)
- 10.7 Employment contract, dated August 24, 1982, between the Company and Arthur Hauspurg, as amended. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 as Exhibit 10(i).)
- 10.8 Agreement, dated January 24, 1991, between the Company and Arthur Hauspurg. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1990 as Exhibit 10(1).)
- 10.9 Employment Contract, dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990 as Exhibit 10.)

- 10.10 Amendment, dated August 27, 1991, to Employment Contract dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1991 as Exhibit 19.)
- 10.11 Amendment, dated August 25, 1992, to Employment Contract, dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1992 as Exhibit 19.)
- 10.12 Amendment, dated February 18, 1993, to Employment Contract dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(o).)
- 10.13 Amendment, dated August 24, 1993, to Employment Contract dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1993 as Exhibit 10.1.)
- 10.14 Amendment, dated August 24, 1994, to Employment Contract, dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1994 as Exhibit 10.1.)
- 10.15 Amendment, dated August 22, 1995, to Employment Contract, dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated as in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1995 as Exhibit 10.3.)
- 10.16 Agreement, effective March 1, 1989, between Raymond J. McCann and the Company as to salary and deferred compensation. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(p).)
- 10.17 Amendment, dated February 27, 1990, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-1217) as Exhibit 10(w).)

- 10.18 Amendment, dated November 27, 1990, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1990 as Exhibit 10(r).)
- 10.19 Amendment, dated March 11, 1992, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, as Exhibit 10(p).)
- 10.20 Amendment, dated February 18, 1993, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(t).)
- 10.21 Amendment, dated March 10, 1993, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(u).)
- 10.22 Amendment, dated March 10, 1994, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1993 as Exhibit 10.23.)
- 10.23 Amendment, dated March 1, 1995, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1994 as Exhibit 10.22.)
- *10.24 Amendment, dated March 28, 1996, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company.
- 10.25 The Consolidated Edison Company of New York, Inc. Executive Incentive Plan adopted by the Company's Board of Trustees on March 23, 1982 as amended through March 30, 1989. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, as Exhibit 10(q).)

- 10.26 Amendment and Restatement, dated August 26, 1991 and effective as of April 30, 1991, of The Consolidated Edison Company of New York, Inc. Executive Incentive Plan. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 as Exhibit 10(r).)
- 10.27 Amendment and Restatement, dated January 29, 1992 and effective as of December 1, 1991, of The Consolidated Edison Company of New York, Inc. Executive Incentive Plan. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 as Exhibit 10(s).)
- 10.28 The Consolidated Edison Retirement Plan for Management Employees, as amended and restated. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1995 as Exhibit 10.1.).
- * 10.29 Amendment No. 1, dated December 29, 1995, to the Consolidated Edison Retirement Plan for Management Employees.
- 10.30 Con Edison Supplemental Retirement Income Plan, adopted July 22, 1987, effective January 1, 1987. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(cc).)
- 10.31 Copy of memorandum and resolutions adopted by the Company's Board of Trustees on August 23, 1983 authorizing additional compensation for certain officers of the Company and permitting the deferral by the officers of certain compensation. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(dd).)
- 10.32 Consolidated Edison Company of New York, Inc. Retirement Plan for Trustees, effective as of July 1, 1988. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(ee).)
- 10.33 Amendment No. 1, dated September 28, 1990, to the Consolidated Edison Company of New York, Inc. Retirement Plan for Trustees. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1990 as Exhibit 19(c).)
- 10.34 Planning and Supply Agreement, dated March 10, 1989, between the Company and the Power Authority of the State of New York. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(gg).)

- 10.35 Delivery Service Agreement, dated March 10, 1989, between the Company and the Power Authority of the State of New York. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(hh).)
- 10.36 Supplemental Medical Plan for the Benefit of the Company's officers. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, as Exhibit 10(aa).)
- 10.37 The Con Edison Discount Stock Purchase Plan. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, as Exhibit 10(bb).)
- *10.38 Amendment, dated December 29, 1995, to the Con Edison Discount Stock Purchase Plan.
- 10.39 Employment Agreement, dated June 25, 1991, between the Company and J. Michael Evans. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1991 as Exhibit 19.)
- 10.40 Amendment, dated March 29, 1993, to Employment Agreement, dated June 25, 1991, between the Company and J. Michael Evans. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993 as Exhibit 10.)
- 10.41 Amendment, dated November 8, 1993, to Employment Agreement, dated June 25, 1991, between the Company and J. Michael Evans. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993 as Exhibit 10.2.)
- 10.42 The Consolidated Edison Retiree Health Program for Management Employees, effective as of January 1, 1993. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(ll).)
- 10.43 Amendment No. 1, dated October 31, 1994, to the Consolidated Edison Retiree Health Program for Management Employees. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1994 as Exhibit 10.3.)
- *10.44 Amendment No. 2, dated December 28, 1994, to the Consolidated Edison Retiree Health Program for Management Employees.
- *10.45 Amendment No. 3, dated December 29, 1995, to the Consolidated Edison Retiree Health Program for Management Employees.

- *10.46 Employment Agreement, dated November 28, 1995, between the Company and Peter J. O'Shea, Jr.
- *10.47 Consolidated Edison Company of New York, Inc. 1996 Stock Option Plan.
- 12 Statement of computation of ratio of earnings to fixed charges for the years ended December 31, 1995, 1994, 1993, 1992 and 1991. (Designated in the Company's Current Report on Form 8-K, dated February 29, 1996, as Exhibit 12.)
- *23 Consent of Price Waterhouse LLP.
- *24 Powers of Attorney of each of the persons signing this report by attorney-in-fact.
- 27 Financial Data Schedule. (Designated in the Company's Current Report on Form 8-K, dated February 29, 1996, as Exhibit 27.1) (To the extent provided in Rule 402 of Regulation S-T, this exhibit shall not be deemed "filed", or otherwise subject to liabilities, or be deemed part of a registration statement.)

Exhibits listed above which have been filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933 and the Securities Exchange Act of 1934, and which were designated as noted above, are hereby incorporated by reference and made a part of this report with the same effect as if filed with the report.

* Filed herewith

(b) Reports on Form 8-K:

During the quarter ended December 31, 1995, the Company filed no Current Reports on Form 8-K.

The Company filed a Current Report on Form 8-K, dated February 29, 1996, reporting (under Item 5) the sale of \$275 million aggregate principal amount of its 7 3/4% Quarterly Income Capital Securities (Series A Subordinated Deferrable Interest Debentures), and the expect use of the net proceeds of the sale thereof to refund certain preferred stock of the Company. The Form 8-K included as Exhibits 99.2 and 99.4, respectively, the financial statements included in Item 8 herein and the Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 herein.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

BOARD OF TRUSTEES

March 26, 1996

RESOLVED, That, effective the opening of business on May 20, 1996, the first sentence of Section 8 of the By-Laws be and the same hereby is amended to read as follows:

"Section 8. The affairs of the Company shall be managed under the direction of a Board consisting of thirteen Trustees, who shall be elected annually by the stockholders by ballot and shall hold office until their successors are elected and qualified."

BY-LAWS
OF
CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

Effective as of May 20, 1996

SECTION 1. The annual meeting of stockholders of the Company for the election of Trustees and such other business as may properly come before such meeting shall be held on the third Monday in May in each year at such hour and at such place in the City of New York or the County of Westchester as may be designated by the Board of Trustees.

SECTION 2. Special meetings of the stockholders of the Company may be held upon call of the Chairman of the Board, the Vice Chairman of the Board, the President, the Board of Trustees, or stockholders holding one-fourth of the outstanding shares of stock entitled to vote at such meeting.

SECTION 3. Notice of the time and place of every meeting of stockholders, the purpose of such meeting and, in case of a special meeting, the person or persons by or at whose direction the meeting is being called, shall be mailed by the Secretary, or other officer performing his duties, at least ten days, but not more than fifty days, before the meeting to each stockholder of record, at his last known Post Office address; provided, however, that if a stockholder be present at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, or in writing waives notice thereof before or after the meeting, the mailing to such stockholder of notice of such meeting is unnecessary.

SECTION 4. The holders of a majority of the outstanding shares of stock of the Company, entitled to vote at a meeting, present in person or by proxy shall constitute a quorum, but less than a quorum shall have power to adjourn.

SECTION 5. The Chairman of the Board, or in his absence the Vice Chairman of the Board, or in his absence the President shall preside over all meetings of stockholders. In their absence one of the Vice Presidents shall preside over such meetings. The Secretary of the Board of Trustees shall act as Secretary of such meeting, if present. In his absence, the Chairman of the meeting may appoint any person to act as Secretary of the meeting.

SECTION 6. At each meeting of stockholders at which votes are to be taken by ballot there shall be at least two and not more than five inspectors of election and of stockholders' votes, who shall be either designated prior to such meeting by the Board of Trustees or, in the absence of such designation, appointed by the Chairman of the meeting.

SECTION 7. Transfer of shares of stock of the Company will be registered on the books of the Company maintained for that purpose upon presentation of share certificates appropriately endorsed. The Board of Trustees may, in their discretion, appoint one or more registrars of the stock.

SECTION 8. The affairs of the Company shall be managed under the direction of a Board consisting of thirteen Trustees, who shall be elected annually by the stockholders by ballot and shall hold office until their successors are elected and qualified. Vacancies in the Board of Trustees may be filled by the Board at any meeting, but if the number of Trustees is increased or decreased by the Board by an amendment of this section of the By-laws, such amendment shall require the vote of a majority of the whole Board. Members of the Board of Trustees shall be entitled to receive such reasonable fees or other forms of compensation, on a per diem, annual or other basis, as may be fixed by resolution of the Board of Trustees or the stockholders in respect of their services as such, including attendance at meetings of the Board and its committees; provided, however, that nothing herein contained shall be construed as precluding any Trustee from serving the Company in any capacity other than as a member of the Board or a committee thereof and receiving compensation for such other services.

SECTION 9. Meetings of the Board of Trustees shall be held at the time and place fixed by resolution of the Board or upon call of the Chairman of the Board, the Vice Chairman of the Board, the President, or a Vice President or any two Trustees. The Secretary of the Board or officer performing his duties shall give 24 hours' notice of all meetings of Trustees; provided that a meeting may be held without notice immediately after the annual election of Trustees, and notice need not be given of regular meetings held at times fixed by resolution of the Board. Meetings may be held at any time without notice if all the Trustees are present and none protests the lack of notice either prior to the meeting or at its commencement, or if those not present waive notice either before or after the meeting. Notice by mailing or telegraphing, or delivering by hand, to the usual business address or residence of the Trustee not less than the time above specified before the meeting shall be sufficient. A majority of the Trustees in office shall constitute a quorum, but less than such quorum shall have power to adjourn. The Chairman of the Board or, in his absence the Vice Chairman of the Board or, in his absence a Chairman pro tem elected by the meeting from among the Trustees present shall preside at all meetings of the Board. Any one or more members of the Board may participate in a special meeting of the Board by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time.

Participation by such means shall constitute presence in person at such special meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board consent in writing to the adoption of a resolution authorizing the action; provided, however, that no action taken by the Board by unanimous written consent shall be taken in lieu of a regular monthly meeting of the Board. Each resolution so adopted and the written consents thereto by the members of the Board shall be filed with the minutes of the proceedings of the Board.

SECTION 10. The Board of Trustees, as soon as may be after the election of Trustees in each year, shall elect from their number a Chairman of the Board, who shall be the chief executive officer of the Company, and shall elect a Vice Chairman of the Board and a President. The Board shall also elect one or more Vice Presidents, a Secretary and a Treasurer, and may from time to time elect such other officers as they may deem proper. Any two or more offices may be held by the same person, except the offices of President and Secretary.

SECTION 11. The term of office of all officers shall be until the next election of Trustees and until their respective successors are chosen and qualify, but any officer may be removed from office at any time by the Board of Trustees. Vacancies among the officers may be filled by the Board of Trustees at any meeting.

SECTION 12. The Chairman of the Board and the President shall have such duties as usually pertain to their respective offices, except as otherwise directed by the Board of Trustees or the Executive Committee, and shall also have such powers and duties as may from time to time be conferred upon them by the Board of Trustees or the Executive Committee. The Vice Chairman of the Board shall have such powers and duties as may from time to time be conferred upon him by the Board of Trustees, the Executive Committee or the Chairman of the Board. In the absence or disability of the Chairman of the Board, the Vice Chairman of the Board shall perform the duties and exercise the powers of the Chairman of the Board. The Vice Presidents and the other officers of the Company shall have such duties as usually pertain to their respective offices, except as otherwise directed by the Board of Trustees, the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board or the President, and shall also have such powers and duties as may from time to time be conferred upon them by the Board of Trustees, the Executive Committee, the Chairman of the Board, the Vice Chairman of the Board or the President.

SECTION 13. The Board of Trustees, as soon as may be after the election of Trustees in each year, may by a resolution passed by a majority of the whole Board, appoint an Executive Committee, to consist of the Chairman of the Board (and in his absence the Vice Chairman of the Board) and three or more additional Trustees as the Board may from time to time determine, which shall have and may exercise during the intervals between the meetings of the Board all the powers vested in the Board except that neither the Executive Committee nor any other committee appointed pursuant to this section of the By-laws shall have authority as to any of the following

matters: the submission to stockholders of any action as to which stockholders' authorization is required by law; the filling of vacancies on the Board or on any committee thereof; the fixing of compensation of any Trustee for serving on the Board or on any committee thereof; the amendment or repeal of these By-laws, or the adoption of new By-laws; and the amendment or repeal of any resolution of the Board which by its terms shall not be so amendable or repealable. The Board shall have the power at any time to change the membership of such Executive Committee and to fill vacancies in it. The Executive Committee may make rules for the conduct of its business and may appoint such committees and assistants as it may deem necessary. Four members of said Executive Committee shall constitute a quorum. The Chairman of the Board or, in his absence a Chairman pro tem elected by the meeting from among the members of the Executive Committee present shall preside at all meetings of the Executive Committee. The Board may designate one or more Trustees as alternate members of any committee appointed pursuant to this section of the By-laws who may replace any absent member or members at any meeting of such committee. The Board of Trustees may also from time to time appoint other committees consisting of three or more Trustees with such powers as may be granted to them by the Board of Trustees, subject to the restrictions contained in this section of the By-laws. Any one or more members of any committee appointed pursuant to this section may participate in any meeting of such committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at such meeting. Any action required or permitted to be taken by any committee appointed pursuant to this section may be taken without a meeting if all members of such committee consent in writing to the adoption of a resolution authorizing the action. Each resolution so adopted and the written consents thereto by the members of such committee shall be filed with the minutes of the proceedings of such committee.

SECTION 14. The Board of Trustees are authorized to select such depositories as they shall deem proper for the funds of the Company. All checks and drafts against such deposited funds shall be signed by such person or persons and in such manner as may be specified by the Board of Trustees.

SECTION 15. The Company shall fully indemnify in all circumstances to the extent not prohibited by law any person made, or threatened to be made, a party to an action or proceeding, whether civil or criminal, including an investigative, administrative or legislative proceeding, and including an action by or in the right of the Company or any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, by reason of the fact that he, his testator or intestate, is or was a Trustee or officer of the Company, or is or was serving at the request of the Company any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, as a director, officer or in any other capacity against any and all judgments, fines, amounts paid in settlement, and expenses,

including attorneys' fees, actually and reasonably incurred as a result of or in connection with any such action or proceeding or related appeal; provided, however, that no indemnification shall be made to or on behalf of any Trustee, director or officer if a judgment or other final adjudication adverse to the Trustee, director or officer establishes that his acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled; and, except in the case of an action or proceeding specifically approved by the Board of Trustees, the Company shall pay expenses incurred by or on behalf of such a person in defending such a civil or criminal action or proceeding (including appeals) in advance of the final disposition of such action or proceeding promptly upon receipt by the Company, from time to time, of a written demand of such person for such advancement, together with an undertaking by or on behalf of such person to repay any expenses so advanced to the extent that the person receiving the advancement is ultimately found not to be entitled to indemnification for such expenses; and the right to indemnification and advancement of defense expenses granted by or pursuant to this by-law (i) shall not limit or exclude, but shall be in addition to, any other rights which may be granted by or pursuant to any statute, certificate of incorporation, by-law, resolution or agreement, (ii) shall be deemed to constitute contractual obligations of the Company to any Trustee, director or officer who serves in such capacity at any time while this by-law is in effect, (iii) are intended to be retroactive and shall be available with respect to events occurring prior to the adoption of this by-law and (iv) shall continue to exist after the repeal or modification hereof with respect to events occurring prior thereto. It is the intent of this by-law to require the Company to indemnify the persons referred to herein for the aforementioned judgments, fines, amounts paid in settlement and expenses, including attorneys' fees, in each and every circumstance in which such indemnification could lawfully be permitted by an express provision of a by-law, and the indemnification required by this by-law shall not be limited by the absence of an express recital of such circumstances. The Company may, with the approval of the Board of Trustees, enter into an agreement with any person who is, or is about to become, a Trustee or officer of the Company, or who is serving, or is about to serve, at the request of the Company any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, as a director, officer or in any other capacity, which agreement may provide for indemnification of such person and advancement of defense expenses to such person upon such terms, and to the extent, as may be permitted by law.

SECTION 16. Wherever the expression "Trustees" or "Board of Trustees" is used in these By-laws the same shall be deemed to apply to the Directors or Board of Directors, as the case may be, if the designation of those persons constituting the governing board of this Company is changed from "Trustees" to "Directors".

SECTION 17. Either the Board of Trustees or the stockholders may alter or amend these By-laws at any meeting duly held as above provided, the notice of which includes notice of the proposed amendment.

EMERGENCY BY-LAWS
OF
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
As Amended February 23, 1966
Effective May 16, 1966

SECTION 1. These Emergency By-laws may be declared effective by the Defense Council of New York as constituted under the New York State Defense Emergency Act in the event of attack and shall cease to be effective when the Council declares the end of the period of attack.

SECTION 2. In the event of attack and until the Defense Council declares the end of the period of attack the affairs of the Company shall be managed by such Trustees theretofore elected as are available to act, and a majority of such Trustees shall constitute a quorum. In the event that there are less than three Trustees available to act, then and in that event the Board of Trustees shall consist of such Trustees theretofore elected and available to act plus such number of senior officers of the Company not theretofore elected as Trustees as will make a Board of not less than three nor more than five members. The Board as so constituted shall continue until such time as the Defense Council declares the end of the period of attack and their successors are duly elected.

SECTION 3. The By-laws of the Company shall remain in effect during the period of emergency to the extent that said By-laws are not inconsistent with these Emergency By-laws.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

AND

THE CHASE MANHATTAN BANK
(National Association), Trustee

FIRST SUPPLEMENTAL INDENTURE

Dated as of March 6, 1996

Providing for the Issuance of Debt Securities

This First Supplemental Indenture, dated as of March 6, 1996, between CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., a corporation organized and existing under the laws of the State of New York (herein called the "Company") and THE CHASE MANHATTAN BANK (National Association), a national banking association (herein called the "Trustee"):

WHEREAS, the Company has executed and delivered to the Trustee an Indenture, dated as of December 1, 1990, (the "Indenture") to provide for the issuance in one or more series of its unsecured debentures, notes or other evidences of indebtedness (herein called the "Securities") and to provide for the general terms and conditions upon which the Securities are to be authenticated, issued and delivered; and

WHEREAS, in accordance with Section 10.01(b) of the Indenture, the Company and the Trustee, without the consent of Securityholders, may enter into indentures supplemental to the Indenture for the purpose of adding to the covenants and agreements contained therein such further covenants and agreements for the protection of the holders of the Securities of all or any series as the Company's Board of Trustees and the Trustee shall consider to be for the protection of such series; and

WHEREAS, in accordance with Section 10.01(e) of the Indenture, the Company and the Trustee, without the consent of Securityholders, may enter into indentures supplemental to the Indenture for the purpose of adding to the terms under which the Securities of any series may be issued; and

WHEREAS, the Company has duly authorized the execution and delivery of this First Supplemental Indenture to amend and supplement the Indenture to provide for the issuance in one or more series of Subordinated Securities (as defined in Exhibit A hereto) that are subordinate in the right of payment to the prior payment in full of all Senior Indebtedness (as defined in Exhibit A hereto); and

WHEREAS, the Trustee has power to enter into this First Supplemental Indenture; and

WHEREAS, all conditions and requirements necessary to make this First Supplemental Indenture a valid, binding and legal instrument in accordance with its terms have been done, performed and fulfilled, and the execution and delivery of this First Supplemental Indenture has been authorized in accordance with the resolution of the Company's Board of Trustees;

NOW, THEREFORE, in consideration of the premises and of the sum of \$1 duly paid by the Trustee at the execution of these presents, the receipt of which is hereby acknowledged, the Company covenants and agrees with the Trustee as follows:

ARTICLE ONE

Amendments to the Indenture

Section 1.01. Amendment to Section 2.03 of the Indenture. Section 2.03 of the Indenture is hereby amended by changing the designation of subsection "(m)" to subsection "(o)", and Section 2.03 is further amended by adding the following as subsections "(m)" and "(n)":

"(m) if the provisions of Section 2.09 are to apply to the Securities of the series, the terms upon which the Company may elect to not pay interest on an interest payment date;"

"(n) if the provisions of Article 15 are to apply to the Securities of the series, a statement indicating the same; and"

Section 1.02. Addition of Section 2.09. The Indenture is hereby amended by adding the following as Section 2.09:

"Section 2.09. Extension of Interest Payment Period. With respect to Securities of any series as to which, pursuant to Section 2.03(m), it has been established that this Section 2.09 applies, subject to such terms as may be established pursuant to Section 2.03(m), the Company may at any time and from time to time, so long as the Company is not in default in the payment of interest on such Securities as and when the same shall become due and payable, elect to not pay interest on an interest payment date, and such election shall not be an Event of Default with respect to the Securities of any series."

Section 1.03. Addition of Article 15. The Indenture is hereby amended by adding Exhibit A hereto as Section 15 of the Indenture.

ARTICLE TWO

Miscellaneous

Section 2.01. Definitions. Unless the context shall otherwise require and except as to terms otherwise defined herein, all terms used herein which are defined in the Indenture are used herein as defined therein.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

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

[CORPORATE SEAL]
Attest:

PETER A. IRWIN
Assistant Secretary

THE CHASE MANHATTAN BANK
(National Association), Trustee

By VALERIE DUNBAR
Vice President

[CORPORATE SEAL]
Attest:

JOHN J. NEEDHAM, JR.
Assistant Secretary

ARTICLE FIFTEEN
Subordination

Section 15.01. Securities Subordinated to Senior Debt. With respect to Securities of any series as to which, pursuant to Section 2.03(n), it has been established that this Article 15 applies (herein called the "Subordinated Securities"), the Company covenants and agrees, and each holder of Subordinated Securities, by his acceptance thereof, likewise covenants and agrees, that the indebtedness represented by the Subordinated Securities and the payment of the principal of, premium, if any, and interest on each and all of the Subordinated Securities are hereby expressly subordinate and junior to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all Senior Indebtedness. "Senior Indebtedness" means all indebtedness of the Company for the repayment of money borrowed (whether or not represented by bonds, debentures, notes or other securities) other than the indebtedness evidenced by the Subordinated Securities and any indebtedness subordinated to, or subordinated on parity with, the Subordinated Securities. "Senior Indebtedness" does not include customer deposits or other amounts securing obligations of others to the Company.

Section 15.02. Events of Subordination. In the event (a) of any distribution of assets of the Company upon any dissolution, winding up, liquidation or reorganization of the Company, whether in bankruptcy, insolvency, reorganization or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Company or otherwise, except a distribution in connection with a consolidation, merger or sale, transfer or lease of the properties of the Company which complies with the requirements of Section 11.02, or (b) the principal of any Senior Indebtedness shall have been declared due and payable by reason of an event of default with respect thereto and such event of default shall not have been rescinded, then:

(1) in the circumstance described in the foregoing clause (a) the holders of all Senior Indebtedness, and in the circumstance described in the foregoing clause (b) the holders of all Senior Indebtedness outstanding at the time the principal of such Senior Indebtedness shall have been so declared due and payable, shall first be entitled to receive payment of the full amount due thereon in respect of principal, premium, if any, and interest, or provision shall be made for such amount in money or money's worth, before the holders of any of the Subordinated Securities are entitled to receive any payment on account of the principal of, premium, if any, or interest on the indebtedness evidenced by the Subordinated Securities;

(2) any payment by, or distribution of assets of, the Company of any kind or character, whether in cash, property or securities (other than securities of the Company as reorganized or readjusted or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in this Article with respect to the Subordinated Securities, to the payment of all Senior Indebtedness, provided that the rights of the holders of the Senior Indebtedness are not altered by such reorganization or readjustment), to which the holders of any of the Subordinated Securities or the Trustee would be entitled except for the provisions of this Article shall be paid or delivered by the person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of such Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of such Senior Indebtedness held or represented by each, to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Senior Indebtedness, before any payment or distribution is made to the holders of the indebtedness evidenced by the Subordinated Securities or to the Trustee under this Indenture; and

(3) in the event that, notwithstanding the foregoing, any payment by, or distribution of assets of, the Company of any kind of character, whether in cash, property or securities (other than securities of the Company as reorganized or readjusted or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in this Article with respect to the Subordinated Securities, to the payment of all Senior Indebtedness, provided that the rights of the holders of Senior Indebtedness are not altered by such reorganization or readjustment), shall be received by the Trustee or the holders of any of the Subordinated Securities before all Senior Indebtedness is paid in full, such payment or distribution shall be paid over to the holders of such Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably as aforesaid, for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Senior Indebtedness.

Section 15.03. Subrogation. Subject to the payment in full of all Senior Indebtedness, the holders of the Subordinated Securities shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments or distribution of cash, property or securities of the Company applicable to such Senior Indebtedness until all amounts owing on the Subordinated Securities shall be paid in full, and, as among the Company, its creditors other than holders of such Senior Indebtedness, and the holders of the Subordinated Securities, no such payment or distribution made to the holders of Senior Indebtedness by virtue of this Article which otherwise would have been made to the holders of the Subordinated Securities shall be deemed to be a payment by the Company on account of such Senior Indebtedness, it being understood that the provisions of this Article are and are intended solely for the purpose of defining the relative rights of the holders of the Subordinated Securities, on the one hand, and the holders of Senior Indebtedness, on the other hand.

Section 15.04. Obligation of Company Unconditional. Nothing contained in this Article or elsewhere in this Indenture or in the Subordinated Securities is intended to or shall impair, as among the Company, its creditors other than the holders of Senior Indebtedness, and the holders of the Subordinated Securities, the obligation of the Company, which is absolute and unconditional, to pay to the holders of the Subordinated Securities the principal of, premium, if any, and interest on the Subordinated Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the holders of the Subordinated Securities and creditors of the Company other than the holders of Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or the holder of any Subordinated Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

Upon any payment or distribution of assets of the Company referred to in this Article, the Trustee and the holders of the Subordinated Securities shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which any such dissolution, winding up, liquidation or reorganization proceeding affecting the affairs of the Company is pending or upon a certificate of the trustee in bankruptcy, receiver, assignee for the benefit of creditors, liquidating trustee or agent or other Person making any payment or distribution, delivered to the Trustee or to the holders of the Subordinated Securities, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of

the Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount paid or distributed thereon and all other facts pertinent thereto or to this Article. In the event that the Trustee determines, in good faith, that further evidence is required with respect to the right of any person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Section, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, as to the extent to which such Person is entitled to participate in such payment or distribution, and as to other facts pertinent to the right of such Person under this Section, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

Section 15.05. Payments on Subordinated Securities Permitted. Nothing contained in this Article or elsewhere in this Indenture, or in any of the Subordinated Securities, shall affect the obligation of the Company to make, or prevent the Company from making, payments of the principal of, premium, if any, or interest on the Subordinated Securities in accordance with the provision hereof and thereof, or shall prevent the Trustee or any paying agent of the Company from applying any moneys deposited with it hereunder to the payment of the principal of, premium, if any, or interest on the Subordinated Securities, in each case except as otherwise provided in this Article.

Section 15.06. Effectuation of Subordination by Trustee. Each holder of Subordinated Securities, by his acceptance thereof, authorizes and directs the Trustee in his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee his attorney-in-fact for any and all such purposes.

Section 15.07. Knowledge of Trustee. Notwithstanding the provisions of this Article or any other provisions of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of moneys to or by the Trustee, or the taking of any other action by the Trustee (and shall not be liable for making such payment or taking such action), unless and until a responsible officer of the Trustee having responsibility for the administration of the trust established by this Indenture shall have received written notice thereof from the Company, any holder of Subordinated Securities, any paying agent of the Company or any holder or representative of any class of Senior Indebtedness, and, prior to the receipt of any such written notice, the Trustee shall be entitled in all respects to assume that no such facts

exist; provided that, if prior to the third business day preceding the date upon which by the terms hereof any monies become payable for any purpose (including, without limitation, the payment of either the principal of or interest on any Subordinated Security), or the date of the execution of an instrument pursuant to Section 12.02 acknowledging satisfaction and discharge of this Indenture, a responsible officer of the Trustee shall not have received with respect to such monies or to such funds or obligations deposited pursuant to Section 12.02, the notice provided for in this Section 15.07, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such monies or such funds or obligations and apply the same to the purpose for which they were received and shall not be affected by any notice to the contrary which may be received by it on or after such date.

Section 15.08. Trustee's Relation to Senior Indebtedness. The Trustee shall be entitled to all the rights set forth in this Article with respect to any Senior Indebtedness at the time held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in Section 7.12 or elsewhere in this Indenture shall deprive the Trustee of any of its rights as such holder. Nothing in this Article shall apply to claims of or payments to the Trustee under or pursuant to Section 7.06.

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article, and no implied covenants or obligations with respect to the holders of Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness, and the Trustee shall not be liable to any holder of Senior Indebtedness, if it shall mistakenly pay over or deliver to holders of Subordinated Securities, the Company or any other Person monies or assets to which any holder of Senior Indebtedness shall be entitled by virtue of this Article or otherwise.

Section 15.09. Rights of Holders of Senior Indebtedness Not Impaired. No right of any present or future holder of any Senior Indebtedness to enforce the subordination herein shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

Amendment No. 8 to
Raymond J. McCann Compensation Agreement

WHEREAS, Raymond J. McCann (the "Employee") and Consolidated Edison Company of New York, Inc. (the "Company") entered into an Agreement dated February 28, 1989 (the "Agreement"); and

WHEREAS, paragraph 9 of the Agreement provides that the Agreement may be amended from time to time by a written instrument executed by the Company and the Employee;

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. The Agreement is amended, effective February 1, 1996, to increase the Employee's basic salary set forth in clause (i) of paragraph 1(A) of the Agreement from \$342,000 per annum to \$367,000 per annum, subject to all the terms and conditions set forth in the Agreement relating to basic salary.

2. In all other respects, the Agreement remains in full force and effect as amended hereby.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officer and its Corporate seal to be fixed hereto, and the Employee has hereto set his hand the day and year set forth below.

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

By: RICHARD P. COWIE
Richard P. Cowie
Vice President

RAYMOND J. MCCANN
Raymond J. McCann

Dated: March 28, 1996

Attest:
Approved by the Board of Trustees
the 28th day of November, 1995.

ARCHIE M. BANKSTON
Archie M. Bankston
Secretary

AMENDMENT NO. 1

TO

THE CONSOLIDATED EDISON RETIREMENT PLAN

FOR MANAGEMENT EMPLOYEES

Dated: December 29, 1995

Pursuant to Paragraph 23 B of The Consolidated Edison Retirement Plan for Management Employees, the undersigned hereby approves the amendments to the Retiree Health Program set forth below:

Section

Appendix I, Part A,
I. HOSPITAL/MEDICAL BENEFITS,
Benefits, MEDICAL

Amendment

The following is added under "A. Payment of 100% of reasonable and customary charges (not subject to the deductible) for:":

"Effective January 1, 1995, routine and preventive care for dependent children, including a routine physical examination (including immunizations and laboratory examinations) at the following age intervals: birth to 1 month; 2 months; 4 months; 6 months; 9 months; 12 months; 15 months; 18 months and annually (once every 12 consecutive months) beginning at age 2 years. The immunizations covered include diphtheria, pertussis, tetanus, polio, measles, rubella, mumps, hemophilus influenzae type B and hepatitis B."

The following is added under "C. Payment of reasonable and customary charges, subject to deductibles and copayments, for:":

"Effective January 1, 1995, cytology screenings once a year for women age 18 or older, including a pelvic examination, collection and preparation of a Pap smear, and laboratory and diagnostic services provided in connection with examining and evaluating the Pap smear."

Section

Appendix I, Part A,
II PRESCRIPTION DRUG BENEFITS,
Cost to Participants

Amendment

The following sentence is added at the end of the last paragraph:
"Effective June 1, 1995, after the annual deductible is met, the
Plan will reimburse participants an amount based on the
discounted cost of the prescription to the Plan at a
participating pharmacy, less the applicable co-payment."

IN WITNESS WHEREOF, the undersigned has executed this
instrument this 29th day of December, 1995.

RICHARD P. COWIE
Richard P. Cowie
Vice President-Employee Relations
Consolidated Edison Company of
New York, Inc.

AMENDMENT
TO
THE CONSOLIDATED EDISON
DISCOUNT STOCK PURCHASE PLAN

Effective January 2, 1996

Pursuant to resolutions adopted by the Board of Trustees of Consolidated Edison Company of New York, Inc. on June 23, 1987, the undersigned hereby approves the following amendments to The Consolidated Edison Discount Stock Purchase Plan effective January 2, 1996:

1. Section 10 is hereby amended by inserting the following words in the first sentence of subdivision (a) after the word "Plan" and before the semi-colon:

"and, pursuant to resolutions adopted by the Board of Trustees of the Company at a meeting duly called and held on June 23, 1987, the Chairman of the Board, the Vice Chairman of the Board, the Vice President-Employee Relations and the Treasurer of the Company are each authorized to make such changes from time to time in the Plan as such officer may approve as necessary or desirable to comply with law or to facilitate the administration of the Plan".

2. A new Section 16 is hereby added to read as follows:

"16. Actions by Employees.

Effective January 2, 1996, or as soon thereafter as practicable as determined by the Plan Director, any actions to be taken, authorizations to be granted or directions or instructions to be given under the Plan by an Employee shall be taken, granted or given through an electronic data gathering and voice response system or through such other means as may be approved by the Plan Director."

IN WITNESS WHEREOF, the undersigned has hereunto subscribed his name this 29th day of December, 1995.

RICHARD P. COWIE
Richard P. Cowie
Vice President-
Employee Relations

AMENDMENT NO. 2

TO

THE CONSOLIDATED EDISON RETIREE HEALTH PROGRAM

FOR MANAGEMENT EMPLOYEES

Dated: December 28, 1994

Effective as of January 1, 1994

Pursuant to resolutions adopted on November 24, 1992 by the Board of Trustees of Consolidated Edison Company of New York, Inc., the undersigned hereby approves the amendments to the Consolidated Edison Retiree Health Program for Management Employees set forth below, effective as of January 1, 1994:

1. The first sentence of Section 3.01(a) is hereby amended to read as follows:

"Only Employees who retire and immediately commence receiving a retirement pension from the Management Plan, their spouses and dependents (as defined in Appendix I under the Program), and Surviving Spouses who are receiving annuities from the Management Plan and their dependents (as defined in Appendix I) shall be eligible for medical, hospital, vision care and prescription drug benefits under the Program; provided, however, that former Employees whose employment terminated because of disability and who are eligible for an immediate pension under the Management Plan but have deferred commencement of such pension to continue to receive long term disability benefits under the LTD Plan shall also be eligible for benefits under the Program."

2. The first sentence of Section 3.01(b) is hereby amended to read as follows:

"An Employee who retires and immediately commences receiving a retirement pension from the Management Plan, and/or the spouse of such Employee, who participates in a group (not individual) medical/hospital benefit program provided by any source other than the Company and the Surviving Spouse of such retired Employee whose death terminates such other group coverage for such Surviving Spouse, may delay commencement of participation in the coverage for medical, hospital and vision care benefits under the Program until expiration of such other group coverage, provided that such retired Employee or Surviving Spouse continues to receive a pension or annuity from the Management Plan at the time participation in the coverage for medical, hospital and vision care benefits under the Program is to commence."

3. The second sentence of Section 7.07 is hereby deleted and the following sentence is inserted in place thereof:

"Any Employee who during any Plan Year was a Key Employee, as defined in Section 416(i) of the Code shall not be eligible to participate in the Program."

4. The second sentence under the heading "Description" in Appendix I -- Retiree Health Program Benefits, I. Hospital/Medical Benefits, is hereby amended to read as follows:

"Benefits will be provided to those not eligible for Medicare and to those eligible for Medicare except that benefits provided shall, for those participants who are eligible for Medicare Parts A and B benefits, exclude benefits available under Medicare

Parts A and B, whether or not such participants have enrolled in Part A and/or Part B. Coverage will be provided through a combination of three premium rates established for: Single person not eligible for Medicare, single person eligible for Medicare, and coverage for dependents (spouse and/or children)."

5. In Section 8.01, after the word, "dependents," in the first sentence, insert the following:

", by action of its Board of Trustees or pursuant to authority granted by its Board of Trustees,".

IN WITNESS WHEREOF, the undersigned has executed this instrument this 28th day of December, 1994.

THOMAS J. GALVIN
Thomas J. Galvin
Senior Vice President-Central Services
Consolidated Edison Company of
New York, Inc.

AMENDMENT NO. 3
TO
THE CONSOLIDATED EDISON RETIREE HEALTH PROGRAM
FOR MANAGEMENT EMPLOYEES

Dated: December 29, 1995

Pursuant to Section 4.01 of The Consolidated Edison Retiree Health Program for Management Employees, the undersigned hereby approves the amendments to the Program set forth below:

Section

Appendix I,
I. HOSPITAL/MEDICAL BENEFITS,
Benefits, MEDICAL

Amendment

The following is added under "A. Payment of 100% of reasonable and customary charges (not subject to the deductible) for:":

"Effective January 1, 1995, routine and preventive care for dependent children, including a routine physical examination (including immunizations and laboratory examinations) at the following age intervals: birth to 1 month; 2 months; 4 months; 6 months; 9 months; 12 months; 15 months; 18 months and annually (once every 12 consecutive months) beginning at age 2 years. The immunizations covered include diphtheria, pertussis, tetanus, polio, measles, rubella, mumps, hemophilus influenzae type B and hepatitis B."

The following is added under "C. Payment of reasonable and customary charges, subject to deductibles and copayments, for:":

"Effective January 1, 1995, cytology screenings once a year for women age 18 or older, including a pelvic examination, collection and preparation of a Pap smear, and laboratory and diagnostic services provided in connection with examining and evaluating the Pap smear."

Section

Appendix I,
II PRESCRIPTION DRUG BENEFITS,
Cost to Participants

Amendment

The following sentence is added at the end of the last paragraph:
"Effective June 1, 1995, after the annual deductible is met, the
Program will reimburse participants an amount based on the
discounted cost of the prescription to the Program at a
participating pharmacy, less the applicable co-payment."

IN WITNESS WHEREOF, the undersigned has executed this
instrument this 29th day of December, 1995.

RICHARD P. COWIE
Richard P. Cowie
Vice President-Employee Relations
Consolidated Edison Company of
New York, Inc.

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT made this 28th day of November, 1995 between CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., a New York corporation (the "Company"), and PETER J. O'SHEA, JR. (the "Executive").

Whereas, the Company desires to employ the Executive, and the Executive desires to be employed by the Company, upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and covenants contained herein, the Company and the Executive agree as follows:

1. Employment. The Company shall employ the Executive, and the Executive shall accept employment by the Company, effective January 1, 1996 (the "Effective Date"). Commencing on the Effective Date the Executive shall serve as Senior Vice President and General Counsel of the Company. During the Term (as defined in Paragraph 2) the Executive shall serve as the Company's chief legal officer and shall report directly to the Company's chief executive officer. The Executive shall have responsibility for the Company's legal affairs and for the day to day supervision of its Law Department, and in addition shall perform such other executive duties as may be reasonably assigned to him by the

Board of Trustees of the Company (the "Board") or the Company's chief executive officer.

2. Term of Employment. The Term of the Executive's employment under this Agreement shall be the three (3) year period commencing on the Effective Date and ending on December 31, 1998 (such period being hereinafter called the "Term").

3. Salary. As of the Effective Date, the Company shall pay and the Executive shall accept a basic salary of Two hundred ninety-five thousand Dollars (\$295,000.00) per annum, which shall accrue and be payable in equal monthly installments in accordance with the Company's prevailing payment practices for salary, as such practices may change from time to time. The amount of the Executive's annual salary shall be reviewed at least annually by the Board and may be increased on the basis of such review. The Company shall continue to accrue and to pay the Executive the salary until the occurrence of the earliest of (A) the date of the Executive's death, (B) in the event of the Executive's Permanent Disability (as hereinafter defined), the expiration of the salary continuation period applicable to the Executive under the Company's sick leave policy in effect for its officers, (C) the effective date of the Executive's voluntary resignation, and (D) the expiration of

the Term. For purposes of this Agreement "Permanent Disability" shall mean disability from any cause that renders the Executive incapable of performing all or substantially all of his duties hereunder as determined by the Company in accordance with the terms and conditions of the Company's long-term disability plan applicable to its officers.

4. Supplemental Pension Benefits. (a) If the Executive is in the Company's employ on January 1, 1999, then, thereafter upon termination of the Executive's employment with the Company for any reason (including the Executive's death, Permanent Disability, voluntary resignation or retirement at normal retirement age under the Consolidated Edison Retirement Plan for Management Employees as amended from time to time or any successor plan (the "Retirement Plan")), other than his termination by the Company by reason of or arising out of breach of his duties as an officer of the Company, the Company shall provide the Executive with a supplemental pension benefit, and his Surviving Spouse (as defined below) with a supplemental 50% surviving spouse benefit, such supplemental pension and surviving spouse benefit being hereinafter called the "Supplemental Pension", equal to all benefits to which the Executive or his Surviving Spouse would be entitled under the Retirement Plan and the Con Edison Supplemental Retirement Income Plan as

amended from time to time and any successor plan (the "SRIP" and, collectively, the Retirement Plan and the SRIP are herein called the "Pension Plans") as in effect on the date of such termination, calculated as if the Executive's period of service with the Company were treated as equal to two times the Executive's actual period of service with the Company (and for purposes of this Paragraph such service is hereby so treated); provided, however, that there shall be deducted from any benefit the Company shall be obligated to pay under this Paragraph the actual benefits paid to the Executive or his Surviving Spouse under the Pension Plans. Payment of the Supplemental Pension shall be made at the times and in the form and manner of payments provided under the Retirement Plan, whether or not the Executive or his Surviving Spouse shall receive any benefits under the Retirement Plan and shall be increased by the same cost of living adjustment provisions applicable to benefits paid under the Retirement Plan. "Surviving Spouse" shall be determined in accordance with the marriage requirements for surviving spouse benefits under the Retirement Plan. This paragraph 4 shall survive the expiration of the Term.

(b) The Company may establish a memorandum account on its books for the Executive as a bookkeeping convenience at such time or times as amounts of benefits are accrued under this paragraph ("Unfunded Amounts"). The Company shall not

be required to segregate any funds representing any Unfunded Amounts, and nothing in this Agreement shall be construed as providing for such segregation. In addition, the Company shall not be deemed to be a trustee or a fiduciary for the Executive of any Unfunded Amounts, and the liabilities of the Company to the Executive in respect of the Unfunded Amounts shall be those of a debtor pursuant to such contract obligations as are created by this Agreement, and no such liabilities of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company.

5. Benefits. During the Term the Executive shall be eligible to participate in all pension, savings, health and welfare, and other employee benefit plans and arrangements, and shall be subject to all programs, policies and practices of the Company, applicable to officers of the Company in accordance with the terms and conditions of such plans, arrangements, programs, policies and practices and shall enjoy all perquisites and other fringe benefits that the Company may from time to time make available to its officers.

6. Entire Agreement. This Agreement supersedes all prior or contemporaneous agreements or understandings, written or oral, between the Executive and the Company and

constitutes the only and entire agreement and understanding of the Executive and the Company with respect to the matters provided for in this Agreement.

7. Assignment and Successorship. This Agreement shall not be assignable by either party, nor shall either party have the right to assign any rights or privileges or delegate any duties or obligations under this Agreement without the prior written consent of the other party; provided, however, that upon the sale of all or substantially all of the assets, business and goodwill of the Company, or upon its merger or consolidation with another corporation, or company or other entity, this Agreement shall inure to the benefit of and be binding upon the Executive and the purchasing, surviving or resulting corporation, company or other entity in the same manner and to the same extent as though such other corporation, company or entity were the Company.

8. Governing Law. This Agreement and all questions arising hereunder shall be construed and interpreted according to the laws of the State of New York.

9. Board Approval. This Agreement has been approved by the Board.

10. Amendment. This Agreement may not be amended or modified otherwise than by a written agreement executed by the Executive and the Company.

11. Severability. In the event that any provision of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions shall remain in full force and effect to the fullest extent permitted by law.

12. Headings. The headings of the Paragraphs of this Agreement are included solely for convenience of reference and shall not control the meaning or interpretation of any provision of this Agreement.

IN WITNESS WHEREOF, the Executive has subscribed his name and the Company, pursuant to authorization by its Board of Trustees, has caused this instrument to be executed and delivered in its name and on its behalf, all as of the day and year first above written.

Attest: CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

ARCHIE M. BANKSTON
Archie M. Bankston
Secretary

By: RICHARD P. COWIE
Richard P. Cowie
Vice President-
Employee Relations

PETER J. O'SHEA, JR.
Peter J. O'Shea, Jr.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

1996 STOCK OPTION PLAN

ARTICLE 1
Establishment and Purpose

Section 1.1. Establishment. Effective January 23, 1996 and subject to the provisions of Article 11 hereof, Consolidated Edison Company of New York, Inc., (the "Company"), hereby establishes a stock option plan as described herein which shall be known as the Consolidated Edison Company of New York, Inc. 1996 Stock Option Plan (the "Plan"). The Plan provides for the grant of stock options qualifying as incentive stock options satisfying the requirements of Section 422 of the Code (as defined in Section 2.2) and/or the grant of non-qualified stock options which are not intended to so qualify under Section 422 of the Code.

Section 1.2. Purpose. The purpose of the Plan is to promote the interests of the Company and its shareholders by providing long-term incentives to those persons with significant responsibility for the success and growth of the Company, by strengthening the Company's ability to attract and retain officers and other employees of the Company on a competitive basis and by aligning the interests of the officers and other employees with the Company's shareholders,

through facilitating their acquisition of equity interests in the Company.

ARTICLE 2
Definitions

For purposes of the Plan, the following terms shall have the meanings provided herein:

Section 2.1. "Board" means the Board of Trustees of the Company.

Section 2.2. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

Section 2.3. "Committee" means the Executive Personnel and Pension Committee of the Board or such other committee as may be appointed by the Board to administer the Plan; provided, however, that the Committee shall consist of three or more non-employee members of the Board who shall qualify to administer the Plan as contemplated by both Rule 16b-3 under the Exchange Act and Section 162(m) of the Code.

Section 2.4. "Disability" means permanent and total disability as defined under the Company's Long-Term

Disability Plan for Management Employees, as in effect from time to time.

Section 2.5. "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

Section 2.6. "Fair Market Value" means the closing price of a Share in the Consolidated Reporting System as reported in the Wall Street Journal or in a similarly readily available public source for the trading day immediately prior to the applicable transaction date under the Plan. If no trading of Shares occurred on such date, the closing price of a Share in such System as reported for the preceding day on which sales of Shares occurred shall be used.

Section 2.7. "Incentive Option" means an option granted under the Plan to purchase Shares and which is intended to qualify as an incentive stock option under Section 422 of the Code.

Section 2.8. "Non-qualified Option" means an option granted under the Plan to purchase Shares and which is not intended to qualify as an Incentive Option.

Section 2.9. "Option" means, collectively, Incentive Options and Non-qualified Options.

Section 2.10. "Shares" means shares of the Company's common stock, \$2.50 par value.

ARTICLE 3
Administration

Section 3.1. Administration. (a) The Plan shall be administered by the Committee. The Committee shall have authority in its sole discretion, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including without limitation authority to select the employees to be granted Options, to determine the size and terms of the Options to be granted to each employee selected, to determine the time or times when Options will be granted, the period or periods during which Options will be exercisable, and to prescribe the form of the agreements embodying Options granted under the Plan. The Committee shall be authorized to interpret the Plan and the Options granted under the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations which it believes necessary or advisable for the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in

the Plan or in any Option in the manner and to the extent the Committee deems necessary or desirable to carry it into effect. In no event, however, shall the Committee have the right to grant dividend equivalents in respect of Options or to cancel outstanding Options for the purpose of replacing or regranting such Options with a purchase price that is less than the purchase price of the original Option.

(b) The Committee shall maintain a written record of its proceedings. Any decision of the Committee in the administration of the Plan, as described herein, shall be final and conclusive and binding on all persons affected by the decision, including the Company, any employee or optionee or any person claiming any rights under the Plan from or through any employee or optionee. The Committee may delegate to one or more of its members or to any officer or officers of the Company such administrative duties under the Plan as the Committee may deem advisable.

ARTICLE 4
Eligibility and Participation

Options may be granted to officers and other employees of the Company as the Committee may from time to time select. Any officer or employee of the Company shall be eligible to receive one or more Options, subject to the

limitation set forth in Section 5.1. In determining the persons to whom Options are to be granted and the number of Shares subject to each Option, the Committee shall take into consideration the person's present and potential contribution to the success of the Company and such other factors as the Committee may deem proper and relevant. For purposes of participation in the Plan, the term "Company" shall include any entity that is directly or indirectly controlled by the Company or any entity, including an acquired entity, in which the Company has a significant equity interest, as determined by the Committee.

ARTICLE 5
Shares Subject to Plan

Section 5.1. Amount of Stock. There may be delivered under the Plan an aggregate of not more than 10,000,000 Shares, subject to adjustment as provided in Section 5.2. The aggregate number of Shares that may be covered by Options granted to a single individual under the Plan shall not exceed 1,500,000 Shares. Shares delivered pursuant to the Plan may consist in whole or in part of authorized and unissued Shares or reacquired Shares, and no fractional Shares shall be delivered under the Plan. Cash may be paid in lieu of any fractional Shares in the exercise of Options under the Plan. In the event that Options shall be

forfeited or cancelled or shall terminate or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such forfeited, cancelled, terminated or expired Options. For purposes of this Section, the number of Shares deemed to be delivered under the Plan upon the exercise of an Option shall equal the number of Shares as to which the Option is exercised less the number of Shares tendered, if any, pursuant to Section 6.5. However, the number of Shares deemed exercised by the optionee under the applicable option(s) shall be the full number of Shares specified in the exercise notice required under Section 6.5.

Section 5.2. Dilution and Other Adjustments. In the event of any change in the number of outstanding Shares or Share price by reason of any stock split, stock dividend, recapitalization, merger, consolidation, reorganization, combination or exchange of equity securities or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other similar change, if the Committee shall determine, in its sole discretion, that such change equitably requires an adjustment in the limitations on the numbers of Shares that may be delivered as set forth in Section 5.1, in the number or kind of shares that may be delivered under the Plan, or in the number or kind of shares which are subject to outstanding Options and in the exercise

price per Share relating thereto, such adjustment shall be made by the Committee and shall be conclusive and binding for all purposes of the Plan.

ARTICLE 6
Terms and Conditions of Options

Section 6.1. Terms and Options. An Option granted under the Plan shall be in such form as the Committee may from time to time approve. Each Option shall be subject to the terms and conditions provided in this Article 6 and shall contain such other or additional terms and conditions as the Committee may deem desirable, but in no event shall such terms and conditions be inconsistent with the Plan and, in the case of Incentive Options, with the provisions of the Code applicable to "incentive stock options" as described in Section 422 of the Code.

Section 6.2. Option Price. The purchase price per Share under an Option shall be determined by the Committee, but may not be less than 100 percent of the Fair Market Value of a Share on the date the Option is granted; provided, however, that in the case of any Option granted hereunder prior to either or both of the shareholder approval and authorization by the New York State Public Service Commission contemplated by Article 11 hereof, for the purpose of

determining the purchase price per share, such Option shall be deemed to have been granted on the date of the later to occur of such approval and authorization.

Section 6.3. Option Period. The period during which an Option may be exercised shall be fixed by the Committee; provided, that no Option shall be exercisable after the expiration of ten years from the date such Option is granted, except that, in the event of the death of an optionee holding one or more options, the option(s) may remain exercisable for up to one year following the optionee's death.

Section 6.4 Exercisability of Options. The Committee may provide in the Option agreement that such Option may be immediately exercisable, or that such Option shall become exercisable at such times or upon such events as the Committee may specify.

Section 6.5. Exercise of Option. (a) An Option may be exercised in whole or in part from time to time during the Option period (or, if determined by the Committee, in specified installments during the Option period) by giving written notice of exercise to the Secretary of the Company specifying the number of Shares to be purchased. Notice of exercise of an Option must be accompanied by payment in full of the purchase price either by cash or such other method as

may be permitted by the Committee, including but not limited to (i) check, (ii) tendering (either actually or by attestation) Shares owned by the optionee having a Fair Market Value at the date of exercise equal to such purchase price, (iii) a third-party exercise procedure, or (iv) in a combination of the foregoing. The Committee, in its sole discretion, may, in lieu of delivering Shares covered by an Option upon its exercise, settle the exercise of the Option by means of a cash payment to the optionee equal to the positive difference between the Fair Market Value on the exercise date and the option price, or by delivering Shares having an aggregate Fair Market Value equal to such a payment, or by a combination of both.

(b) No Shares shall be delivered in connection with the exercise of an Option until full payment therefor has been made. An optionee shall have the rights of a shareholder only with respect to Shares for which certificates have been issued to such person.

Section 6.6. Nontransferability of Options. No Option granted under the Plan shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution, except that the Committee may provide for the transferability of an Option:

(a) by gift or other transfer to (i) a spouse or other immediate relative, or (ii) a trust or an estate in which the original optionee or the optionee's spouse or other immediate relative has a substantial interest;

(b) pursuant to a qualified domestic relations order; and

(c) as may be otherwise permitted by Rule 16b-3 under the Exchange Act;

provided, however, that any Option so transferred shall continue to be subject to all the terms and conditions contained in the Option agreement. If so permitted by the Committee, an optionee may designate a beneficiary or beneficiaries to exercise the rights of the optionee under the Plan upon the death of the optionee.

Section 6.7. Termination of Employment. The Committee shall provide in the Option agreement the terms and conditions applicable to the Option in the event of the optionee's termination of employment by reason of retirement, death, Disability or any other reason.

Section 6.8. Annual Limitation. The maximum aggregate Fair Market Value of Shares (determined as of the date of grant of the Incentive Option) for which Incentive Options are exercisable for the first time by an employee during any calendar year (under the Plan and any other plan of the Company or its subsidiaries) shall not exceed \$100,000 as and to the extent required by Section 422(d) of the Code.

Section 6.9. Withholding Obligations. (a) As a condition to the delivery of any Shares pursuant to the exercise of an Option, the Committee may require that the optionee, at the time of such exercise, pay to the Company an amount sufficient to satisfy any applicable tax withholding obligations or such greater amount of withholding as the Committee shall determine from time to time, or the Committee may take such other action as it may deem necessary to satisfy any such withholding obligations.

(b) The Committee, in its sole discretion, may permit or require an optionee to satisfy all or a part of the tax withholding obligations incident to the exercise of an Option by having the Company withhold a portion of the Shares that would otherwise be issuable to the optionee. Such Shares shall be valued based on their Fair Market Value on the date the tax withholding is required to be made. Any such Share withholding with respect to an optionee subject to Section 16(a) of the Exchange Act shall be subject to such limitations as the Committee may impose to comply with the requirements of Section 16 of the Exchange Act.

ARTICLE 7
Miscellaneous Provisions

Section 7.1. No Implied Rights. No employee or other person shall have any claim or right to be granted an Option under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of the Company or any subsidiary or affect any right of the Company or any subsidiary to terminate any employee's employment.

Section 7.2. Securities Law Compliance. No Shares shall be delivered hereunder unless counsel for the Company shall be satisfied that such delivery will be in compliance with applicable Federal and state securities laws.

Section 7.3. Ratification of Actions. By accepting any Option or other benefit under the Plan, each employee and each person claiming under or through such person shall be conclusively deemed to have indicated such person's acceptance and ratification of, and consent to, any action taken under the Plan by the Company, the Board or the Committee.

Section 7.4. Unfunded Plan. Unless otherwise determined by the Committee, the Plan shall be unfunded and shall not create (or be construed to create) a trust or a separate fund or funds. The Plan shall not establish any fiduciary relationship between the Company and any employee, optionee or other person. To the extent any person holds any rights by virtue of an Option granted under the Plan, such rights shall constitute general, unsecured liabilities of the Company and shall not confer upon such person any right, title or interest in any assets of the Company.

ARTICLE 8
Amendments or Discontinuance

The Plan may be amended at any time and from time to time by the Board and without the approval of shareholders of the Company, except that no amendment which increases the aggregate number of Shares which may be delivered pursuant to the Plan or which, in the absence of shareholder approval, would cause the Plan not to comply with Rule 16b-3 under the Exchange Act or Section 162(m) of the Code shall be effective unless and until the same is approved by the shareholders of the Company. No amendment of the Plan shall materially adversely affect any of the rights or obligations of any person, without such person's written consent, under any Option theretofore granted under the Plan.

ARTICLE 9
Termination

The Plan shall terminate upon the earlier of the following dates or events to occur:

- (a) upon the adoption of a resolution of the Board terminating the Plan; or
- (b) the tenth anniversary of obtaining shareholder approval provided for in Article 11 hereof.

After termination of the Plan, no Options may be granted. No termination of the Plan shall materially adversely affect any of the rights or obligations of any person, without such person's written consent, under any Option theretofore granted under the Plan.

ARTICLE 10
Change in Control; Dissolution or Merger

Either in contemplation of the Company's undergoing, or in the event the Company undergoes, a change in control (as determined by the Committee) or in the event of a merger or consolidation in which the Company is not to be the surviving corporation, or of a liquidation or reorganization of the Company, the Committee may provide for appropriate adjustments, including accelerating any exercisability or expiration dates, and settlements of Options either at the time the Option is granted or at a subsequent date.

ARTICLE 11
Shareholder Approval and Adoption

The Plan shall be submitted to the shareholders of the Company for approval. Shares may not be delivered under the Plan unless and until such delivery is authorized by the New York State Public Service Commission. Options may be granted hereunder prior to such approval and authorization but shall be contingent upon obtaining such approval and authorization. The shareholders of the Company shall be deemed to have approved the Plan only if it is approved at a meeting of the shareholders duly held by vote taken in the manner required by the laws of the State of New York.

ARTICLE 12
Governing Law and Interpretation

The provisions of the Plan shall take precedence over any conflicting provision contained in an Option. The Plan shall be governed by and construed in accordance with the laws of the State of New York. If any term or provision of the Plan is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms and provisions will remain in full force and effect and will in no way be affected, impaired or invalidated.

Consent of Independent Accountants

We hereby consent to the incorporation by reference of our report dated February 27, 1996, appearing on page 71 of this Annual Report on Form 10-K in (i) the Prospectus constituting part of the Registration Statement on Form S-8 (No. 33-15725) relating to The Consolidated Edison Discount Stock Purchase Plan, (ii) the Prospectus constituting part of the Registration Statement on Form S-3 (No. 33-64657) relating to \$540 million principal amount of the Company's unsecured debt securities, and (iii) the Prospectus, dated March 14, 1996, and the Prospectus, dated November 23, 1993, as amended by the Prospectus Supplement, dated March 14, 1996 constituting part of the Registration Statement on Form S-3 (No. 333-01717) relating to the Company's Automatic Dividend Reinvestment and Cash Payment Plan.

PRICE WATERHOUSE LLP

Price Waterhouse LLP
New York, New York
March 26, 1996

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

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KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Trustee or Officer or both, as the case may be, of the Company, does hereby constitute and appoint Raymond J. McCann, Peter J. O'Shea, Jr. and Travis F. Epes, and each of them severally, his or her true and lawful attorneys-in-fact, with power to act with or without the others and with full power of substitution and resubstitution, to execute in his or her name, place and stead, in his or her capacity as a Trustee or Officer or both, as the case may be, of the Company, said Annual Report on Form 10-K, and any and all amendments thereto, and all instruments necessary or incidental in connection therewith, and to file or cause to be filed the same, with all exhibits thereto and other documents having relation thereto, with the Securities and Exchange Commission. Each of said attorneys shall have full power and authority to do and perform, in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary or desirable to be done in the premises, as fully to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and confirming all that said attorneys-in-fact or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 27th day of March, 1996.

EUGENE R. MCGRATH

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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

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RAYMOND J. MCCANN

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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

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JOAN S. FREILICH

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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 26th day of March, 1996.

E. VIRGIL CONWAY

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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 26th day of March, 1996.

GORDON J. DAVIS

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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

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RUTH M. DAVIS

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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

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ELLEN V. FUTTER

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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

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ARTHUR HAUSPURG

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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

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SALLY HERNANDEZ-PINERO

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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 24th day of March, 1996.

PETER W. LIKINS

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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

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FREDERICK P. ROSE

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DONALD K. ROSS

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CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

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ROBERT G. SCHWARTZ

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WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1995 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Trustee or Officer or both, as the case may be, of the Company, does hereby constitute and appoint Raymond J. McCann, Peter J. O'Shea, Jr. and Travis F. Epes, and each of them severally, his or her true and lawful attorneys-in-fact, with power to act with or without the others and with full power of substitution and resubstitution, to execute in his or her name, place and stead, in his or her capacity as a Trustee or Officer or both, as the case may be, of the Company, said Annual Report on Form 10-K, and any and all amendments thereto, and all instruments necessary or incidental in connection therewith, and to file or cause to be filed the same, with all exhibits thereto and other documents having relation thereto, with the Securities and Exchange Commission. Each of said attorneys shall have full power and authority to do and perform, in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary or desirable to be done in the premises, as fully to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and confirming all that said attorneys-in-fact or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 26th day of March, 1996.

RICHARD A. VOELL

RICHARD A. VOELL

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1995 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

NOW, THEREFORE,

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Trustee or Officer or both, as the case may be, of the Company, does hereby constitute and appoint Raymond J. McCann, Peter J. O'Shea, Jr. and Travis F. Epes, and each of them severally, his or her true and lawful attorneys-in-fact, with power to act with or without the others and with full power of substitution and resubstitution, to execute in his or her name, place and stead, in his or her capacity as a Trustee or Officer or both, as the case may be, of the Company, said Annual Report on Form 10-K, and any and all amendments thereto, and all instruments necessary or incidental in connection therewith, and to file or cause to be filed the same, with all exhibits thereto and other documents having relation thereto, with the Securities and Exchange Commission. Each of said attorneys shall have full power and authority to do and perform, in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary or desirable to be done in the premises, as fully to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and confirming all that said attorneys-in-fact or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 23rd day of March, 1996.

MYLES V. WHALEN, JR.

MYLES V. WHALEN, JR.