

sells electricity, gas, and steam in most of New York City and Westchester County. Also owns Orange and Rockland Utilities (O&R), which operates in New York and New Jersey. Has 3.6 million electric, 1.2 million gas customers. Pursues competitive energy

Fuel costs: 30% of revenues. '15 reported depreciation rates: 3.0%-3.1%. Has 14,800 employees. Chairman, President & CEO: John McAvoy. Inc.: New York. Address: 4 Irving Place, New York, New York 10003. Tel.: 212-460-4600. Internet: www.conedison.com

366 370 Fixed Charge Cov. (%) 385 ANNUAL RATES Past Past Est'd '13-'15 of change (per sh) 10 Yrs. 5 Yrs. to '20-'22 -2.0% 4.5% 3.0% 1.5% Revenues .5% Cash Flow 3.5% 3.0% 4.5% 3.5% Earnings Dividends Book Value

% Change Customers (vr-end)

14883

NMF

NA

13568

NMF

NA

NMF

13721

NMF NA

Cal- endar	QUAR Mar.31		VENUES ( Sep.30		Full Year
2014	3789	2911	3390	2829	12919
2015	3616	2788	3443	2707	12554
2016	3156	2794	3417	2633	12000
2017	3300	2800	3450	2800	12350
2018	3400	2900	3550	2900	12750
Cal-	EARNINGS PER SHARE A				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2014	1.23	.63	1.49	.28	3.62
2015	1.26	.74	1.45	.60	4.05
2016	1.05	.78	1.48	.64	3.95
2017	1.20	.75	1.55	.65	4.15
2018	1.25	.78	1.60	.67	4.30
Cal-	QUARTERLY DIVIDENDS PAID B =				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2013	.615	.615	.615	.615	2.46
2014	.63	.63	.63	.63	2.52
2015	.65	.65	.65	.65	2.60
2016	.67	.67	.67	.67	2.68
2017	.69				

The New York State Public Service Commission has approved a regulatory settlement for Consolidated Edison's primary utility subsidiary. Consolidated Edison Company of New York's electric rates rose \$194.6 million (2.6%) this year (retroactive to January 1st) and will increase \$155.3 million (2.0%) in 2018 and \$155.2 million (1.9%) in 2019. CECONY's gas rates were cut \$5.4 million this year, but will rise \$92.3 million (5.6%) in 2018 and \$89.4 million (5.1%) in 2019. The utility will also benefit each year from amortizations to income of regulatory liabilities. The allowed return on equity is 9.0%, and the common-equity ratio is 48%.

The rate increases should help lift earnings this year and next. Another positive factor is ongoing conversions of oil-heat customers to gas heat. And for 2017, ConEd will have a full year of income from its midstream gas joint venture (completed in June of 2016). Note that the company was scheduled to report fourthquarter results shortly after this report went to press. Note as well that our earnings presentation includes the effects of mark-to-market accounting gains losses. These boosted the bottom line by \$0.02 a share in the first nine months of 2016.

The board of directors raised the divi**dend in early 2017.** As we had expected, the increase was \$0.02 a share (3.0%) quarterly. ConEd is targeting a payout ratio in a range of 60%-70%.

ConEd has expanded its presence in renewable energy. The company is already among the top-10 owners of solar generating capacity in the United States. Last month, ConEd acquired Juhl Energy for an undisclosed amount. Juhl owns 36 megawatts of wind capacity and has a pipeline of projects totaling about 500 mw. The company also has an operating and maintenance services business. We think this will have a very small effect on the company's earning power until the pipeline of projects starts entering operation.

This timely and high-quality stock has a dividend yield that is close to the industry mean. However, with the recent price well within our 2020-2022 Target Price Range, total return potential is low. Paul E. Debbas, CFA February 17, 2017

(A) Diluted EPS. Excl. nonrec. gains (losses): '02, (11¢); '03, (45¢); '13, (32¢); '14, 9¢; '16, 15¢; gain on discontinued operations: '08, \$1.01. '14 EPS don't add due to rounding. Next

In '15: \$29.74/sh. (D) In mill. (E) Rate base: net | Climate: Below Average

earnings report due late April. **(B)** Div'ds historically paid in mid-Mar., June, Sept., and Dec. CECONY in '17: 9.0%; O&R in '15: 9.0%; Div'd reinvestment plan avail. **(C)** Incl. intang.

Company's Financial Strength Stock's Price Stability Price Growth Persistence **Earnings Predictability** 

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A+ 95

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