



**Striving for Excellence** Environment, Health and Safety Annual Report for 2007





**“There’s no way to deliver energy without some environmental impact. But Con Edison is working hard to limit the environmental consequences of our operations by improving our energy efficiency and that of our customers.”**

Kevin Burke  
Chairman, President, and Chief Executive Officer



## Striving for Excellence



### Introduction

Introductory Letter  
Executive Summary  
Company Profile



### Policy Drives Environment, Health, and Safety Excellence

Con Edison's Corporate Environment, Health and Safety Policy  
Con Edison's EH&S Objectives  
Con Edison's Code of Conduct  
An Integrated Environment, Health, and Safety Management System  
Recognition for Environmental Achievement



### Reducing Our Carbon Footprint

Engaging with Stakeholders  
Managing Air Emissions in Operations  
Greenhouse Gases  
Promoting Renewable Energy Development  
Researching and Developing Low-Pollution Technologies  
Energy-Efficiency Initiatives for Customers  
Customer Resources



### Environmental Performance in Operations

Opacity Exceedances  
Nitrogen Oxide and Sulfur Dioxide Emissions  
Dielectric Fluid Releases  
Waste Water Discharge Exceedances  
Chemical Releases Above Reportable Quantities  
Hazardous Waste  
Enhancing Environmental Stewardship



### Social Responsibility Overview

Growth in Demand for Energy  
Infrastructure R&D Initiatives  
Emergency Response Planning  
Public Safety  
Stray Voltage Testing



### Participating in the Vitality of Communities We Serve

Environmental Engagement



### Supporting Employment Diversity

Supplier Diversity



### Recognizing Exceptional EH&S Contributions

EH&S Excellence Awards Winners



### Commitment to an Injury-Free Workplace

Promoting a Strong Safety Culture  
Union and Management Work Together to Achieve Safety Gains  
Comprehensive Training Helps Employees Work Safely Together  
Safety and Health Performance for 2007



### Con Edison Financial Performance



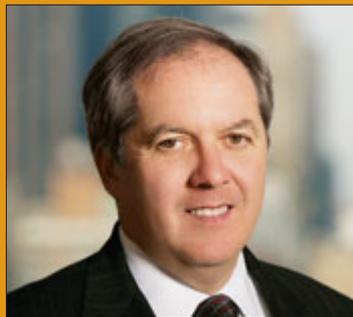
## Introductory Letter

In 2007, as in previous years, Consolidated Edison, Inc., worked to meet the growing demand for power in metropolitan New York while safeguarding the well-being of our customers and employees, protecting the environment, and encouraging energy conservation. This annual report describes the company's achievements and how the more than nine million people living in our service area have benefited.

The complex transmission and distribution systems of Con Edison of New York and Orange and Rockland Utilities deliver the energy essential to the region's stability and growth. Con Edison Solutions, an energy service company, offers customers green products including wind power and energy-efficiency programs. Con Edison is committed to safety and efficiency throughout its operations. To fulfill this commitment, we employ sound environmental, health, and safety practices in all aspects of our business.

The company focuses on five environment, health, and safety objectives to help define our journey to excellence. The objectives are: improve safety performance; ensure Environmental, Health and Safety (EH&S) compliance; enhance relationships with stakeholders; identify and reduce EH&S risk potential; and promote the wise and effective use of natural resources.

This report provides details on the projects and initiatives we've undertaken in 2007. From energy-conservation education to help customers make wiser energy choices, to reducing greenhouse gas emissions, to partnering with government officials on clean energy strategies, our performance in 2007 clearly demonstrates our commitment to a more sustainable world.



Kevin Burke  
Chairman, President,  
and Chief Executive Officer



Randolph S. Price  
Vice President,  
Environment, Health and Safety

## Executive Summary

The New York metropolitan area is home to more than nine million people. In addition, New York City hosts more than 40 million visitors every year. New York City's population has grown by more than 240,000 since the start of the decade. People and businesses are moving to the city to enjoy its distinctive culture and opportunities.

With growing numbers of residents, visitors, and businesses, there is a corresponding increase in demand for energy. Peak electric demand in New York City and Westchester County has been growing by about 275 megawatts each year. And we expect that demand to continue to grow as a result of the expanding array of electronic equipment in homes and offices. Continued investment in Con Edison's energy infrastructure allows us to deliver the reliable energy that the region needs to thrive.

### Reducing Environmental Impact

Con Edison believes that defending the natural environment is crucial to the region's quality of life. We protect the environment by doing business in accordance with structured management systems and working with stakeholders to conserve natural resources. We offer customers ways to reduce energy consumption and offer businesses incentives for curbing demand. We communicate extensively to educate customers about making wise energy choices.

Our approach to environmental management includes integrating environmental and social issues into planning and decision making; establishing strong management systems; developing strategies to reduce our carbon footprint; implementing and developing low-pollution technologies; promoting renewable energy development; encouraging energy efficiency; and building alliances with environmental organizations.

During 2007, the company received recognition for efforts to reduce our carbon footprint and for progress made in lowering our greenhouse gas emissions. Looking forward, Con Edison has proposed a range of programs to help customers conserve resources and reduce the levels of air emissions.

### Infrastructure Enhancements

In 2007, Con Edison of New York's (CECONY) new Mott Haven facility was energized. This facility houses two substations that will allow us to deliver 900 megawatts of electric power to homes and businesses.

During the year, Con Edison invested approximately \$2 billion in its infrastructure. CECONY expects to spend nearly \$8 billion over the next three years on its energy delivery systems to maintain reliability. Work on two new substations in Westchester and East Harlem

Energized in April 2007, the new Mott Haven substation in the Bronx will be able to deliver enough energy to power almost one million homes.



will be completed in 2008. Plans for a new 10-mile-long high-voltage transmission line from Westchester to Upper Manhattan received several important approvals in 2007, and construction is expected to begin in 2008. These investments, coupled with the efforts of our dedicated employees, will support our commitment to remain the most reliable electric utility in the nation.

In 2007, O&R completed a new \$16-million transmission line and substation project that redesigned and expanded the transmission system for electricity to Rockland County, more than doubling the amount of electricity that can flow into the area from the statewide grid. In addition, O&R's Rockland Electric Company completed an \$8.5-million project to improve electric service to approximately 6,500 customers in five Bergen County boroughs by completely rebuilding one electric substation, substantially upgrading another, and expanding the transmission and distribution systems serving both facilities.

### **A Commitment to Reliable Service**

Con Edison is committed to the safe and reliable delivery of energy services. By maintaining and investing in our infrastructure, we help customers build, develop, and manage their businesses. Con Edison is proud of its strong reputation for reliability. The company has consistently been recognized for exceptional reliability by PA Consulting Group, an international consultant that presents ReliabilityOne™ awards annually to electric utilities. In a recent study of customer opinion, J.D. Power and Associates also ranked CECONY gas service as highest in customer satisfaction in the Eastern United States. In July of 2007, CECONY Steam Operations was presented with the International District Energy Association's System of the Year Award. CECONY is the first company to receive this award twice.

### **Encouraging an Active, Diverse Workforce**

We recognize that our most important resource is our people. Our employees are also customers, a fact reflected in the level of dedication they bring to their jobs. That is why we work hard to promote inclusion. Con Edison has been recognized for our support of diversity, as well as for our commitment to a gender-neutral work environment.

### **Strengthening Community Relationships**

Our electric, gas, and steam systems allow us to provide power to new homes and new businesses, while delivering dependable energy to our customers. While clean, reliable energy is critical to the sustainability of New York, Con Edison also supports the communities we serve.

We maintain strategic partnerships with a variety of environmental organizations, neighborhood revitalization programs, schools, adult education and employment programs, as well as museums and cultural organizations. In addition, our employees participate in Con Edison's formal volunteer program that includes tutoring, environmental stewardship, and recycling.

We work closely with our stakeholders including customers, shareholders, nonprofit groups, businesses, elected officials, and local, state, and federal government agencies. We believe in open and transparent communication and share information about our operations.

## Company Profile

Con Edison, Inc., (CEI), delivers energy services through five major subsidiary corporations. Headquartered in New York, virtually all CEI's revenues are generated in the United States.

### Con Edison Company of New York, Inc. (CECONY)

CECONY is CEI's largest subsidiary. It is a regulated utility providing electric service throughout New York City (except for a small area of southeastern Queens) and most of Westchester County. CECONY also provides natural gas service in Manhattan, the Bronx, and parts of Queens and Westchester.

CECONY owns one of the world's largest steam distribution systems, providing service for Manhattan south of 96th Street. During winter, steam provides customers with heat and hot water. In summer, steam continues to provide hot water and also supplies steam-driven air conditioning. Overall, CECONY serves a population of approximately 9 million throughout a service territory covering 660 square miles.





O&R crews perform maintenance year-round on an extensive overhead electric network to help assure reliable service.

### **Orange and Rockland Utilities, Inc. (O&R)**

O&R, headquartered in Pearl River, New York, delivers electricity in northern New Jersey, and electricity and natural gas in southeastern New York and northeastern Pennsylvania. O&R serves a population of roughly 740,000 within its tri-state service territory of approximately 1,350 square miles.

### **Consolidated Edison Solutions, Inc. (CES)**

CES is a leading energy services company that offers cost-effective energy solutions and green power to commercial, industrial, residential, and government customers. CES is based in White Plains, New York, with offices in Burlington, Massachusetts; Cherry Hill, New Jersey; Arlington, Virginia; Houston, Texas; and Tampa, Florida. The company delivers a broad range of commodity, consulting, demand-side management, and performance contracting services to help customers achieve their individual energy objectives. In 2007, CES expanded its national reach by entering the deregulated energy marketplace in the Commonwealth Edison territory in Illinois. The company also provides a portfolio of cost-effective energy services to businesses throughout the eastern United States.

### **Con Edison Development, Inc. (CED)**

CED is an independent power producer that develops, builds, and operates electric generation plants primarily in the Northeast and mid-Atlantic states. It provides wholesale energy to be marketed by Con Edison Energy in the regional wholesale markets and to support the energy requirements of Con Edison Solutions, Inc. Con Edison sold CED's 1,700 megawatts of natural gas, oil, and hydro facilities focused principally in the Northeast and mid-Atlantic states. The sale is expected to be completed in two stages during 2008.

### **Con Edison Energy, Inc. (CEE)**

CEE manages commodity supply of approximately 2,600 megawatts for Con Edison Solutions' retail customers. It also provides power-marketing and fuel-management services for almost 2,500 megawatts of merchant generation in New England and mid-Atlantic states. CEE also has agreements to manage approximately 1,600 megawatts of wholesale load in New York, New Jersey, Pennsylvania, Maryland, Connecticut, Massachusetts, Delaware, and the District of Columbia.

## Focus of this Report

The information provided in this report primarily covers Con Edison, Inc.'s two regulated subsidiaries: CECONY and O&R. The competitive energy businesses are relatively small in comparison to Con Edison Company of New York and Orange & Rockland.

More information on Con Edison, Inc., and its family of companies is available on the Web.

### Web Sites

Con Edison, Inc., (CEI)	<a href="http://www.conEdison.com">www.conEdison.com</a>
Con Edison Company of New York (CECONY)	<a href="http://www.conEd.com">www.conEd.com</a>
Orange & Rockland (O&R)	<a href="http://www.oru.com">www.oru.com</a>
Con Edison Solutions (CES)	<a href="http://www.conEdsolutions.com">www.conEdsolutions.com</a>
Con Edison Energy (CEE)	<a href="http://www.conEdenergy.com">www.conEdenergy.com</a>
Con Edison Development (CED)	<a href="http://www.conEddev.com">www.conEddev.com</a>



# Policy Drives Environment Health & Safety Excellence



## Con Edison's Corporate Environment, Health, and Safety Policy

Con Edison, Inc., is committed to striving for excellence in environmental, health, and safety performance while complying with all laws and regulations that apply to company operations. Business and operational decisions throughout the company incorporate environmental, health, and safety aspects into the decision-making process. All employees are held accountable for knowing the corporate environmental, health, and safety requirements that apply to their assigned responsibilities, and for using the information in planning and completing their work.

### In support of this policy, Con Edison, Inc.

- Maintains procedures and provides training to meet the corporation's environmental, health, and safety standards
- Openly communicates about environmental, health, and safety issues with employees, customers, and stakeholders
- Promotes effective environmental, health, and safety program management through auditing, monitoring, reviewing, and corrective action
- Advances the identification, analysis, and management of environmental, health, and safety risks to foster prediction and prevention efforts
- Recognizes and encourages outstanding environmental, health, and safety performance
- Strives to reduce waste and prevent pollution through recycling and effective work-planning programs, and to promote strategies for energy conservation
- Maintains systems, procedures, and personnel to prevent incidents and, when necessary, respond to emergencies
- Promotes research to develop new and better technologies for environmental, health, and safety management
- Establishes metrics to track progress and identify opportunities for improvement

## Con Edison's EH&S Objectives

In support of Con Edison's policy, the company established five key EH&S objectives that guide our journey to excellence:

**Improve safety performance** by strengthening our management systems and working actively to foster a positive safety culture;

**Ensure EH&S compliance** by sustaining our existing management system activity and by improving work processes and practices;

**Enhance relationship with stakeholders** by building trust through proactive communication and collaboration;

**Identify and reduce significant EH&S risk potential** by incorporating risk management as a tool in the business decision-making process; and

**Promote the wise and effective use of natural resources** by integrating resource conservation into our business planning and operations, including the identification and implementation of sustainable reductions.

### Con Edison's Corporate Code of Conduct

Our corporate code of conduct is founded on service, honesty, concern, courtesy, excellence, and teamwork. We have developed six principles for managing our work and maintaining our corporate values. Known as "The Way We Work," these principles include:

**Plan the Work and Work the Plan** – We plan all activities, track progress, monitor results, and implement lessons learned. Continuous

improvement is the goal, helping us maintain high standards for productivity, quality, environmental protection, and safety.

**Seek and Accept Responsibility** – Our personnel are not afraid to take initiative and to suggest and implement improvements. Our corporate culture empowers us to admit mistakes and learn from them, focusing on solving problems rather than laying blame.

**Communicate Openly** – Our culture is open. We have regular meetings with management and union staff. We share information among our operating areas and with our shareholders and customers freely.

**Work in Teams** – Con Edison fosters teamwork by respecting the skills, knowledge, and experience of all our employees. We value a strong management-union relationship. We encourage diversity.

**Improve Continuously** – We strive to increase our efficiency and effectiveness every day. All employees are free to ask questions and to look for ways to improve our work. Just as we maintain and upgrade our hard assets, we offer training to our workforce over the entire length of their careers to ensure that our employees have the knowledge and experience to do their jobs.

**Celebrate Success** – We believe that success breeds success. We provide quick and positive feedback to all employees, recognizing individual milestones and achievements.

## An Integrated Environment, Health, and Safety Management System

Con Edison has a unified Environment, Health, and Safety Management System (EHSMS) in place to provide employees with a single source of reference that streamlines all EH&S information. It consolidates environmental, as well as health and safety considerations.

The EHSMS outlines:

**Corporate Management Framework** – Integrating safety, health, and environmental considerations into the company's business practices, the Corporate Management Framework holds all employees accountable for knowing those EH&S requirements that apply to their work.

**Procedures** – These comprise general written rules and regulations: Corporate Environmental Procedures (CEPs), General Environmental Instructions (GEIs), Corporate Safety Procedures (CSPs), Corporate Safety Instructions (CSIs), and provisions for monitoring their use and effectiveness.

**Training** – From formal courses at the company's instructional facility, The Learning Center, to on-the-job instruction, training is an essential component of working safely. Job-title and job-specific training requirements are listed on an intranet site, and training effectiveness is monitored by the EH&S training committee, which also develops recommendations to improve training effectiveness.

**Communications** – Free and open communication builds a dialogue among employees, allows for sharing of experiences, and supports creation and maintenance of a safe work environment.

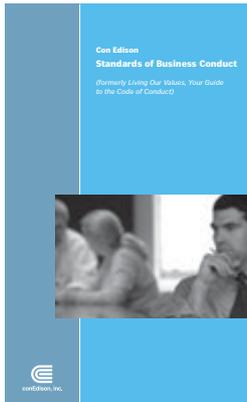
**Risk Management** – On a corporate level, enterprise-wide risks are identified and evaluated. At the operating level, representatives from EH&S, Engineering, and operating departments work together to address risks.

**Planning, Design, and Operation** – Each operating organization is responsible for integrating EH&S considerations into the planning, design, construction, operation, and maintenance of the company's energy delivery systems and facilities.

**Responsibility and Accountability** – Both are based on a structured system keyed to the principle that all employees are responsible for understanding and implementing the environmental, safety, and health requirements that apply to their jobs.

**Emergency Preparedness and Response** – The company has well-defined procedures to mobilize and deploy resources in case of system emergencies.

**Job-Site Protection** – Specific measures include job briefings, job environmental and safety analysis, equipment preparation and energy-isolation processes, personal protective equipment, and contractor programs.



*The Standards of Business Conduct pamphlet is a policy-reference resource for employees.*

**Speaking Openly** – This provision presents an array of options for all employees to openly express concerns about potentially unsafe or hazardous conditions.

**Performance Monitoring and Improvement** – Using structured, established methodologies, environmental, health, and safety performance is tracked. A database is built to provide reports, and trend presentation and analysis are used to determine likely causes of problems and identify opportunities for improvement.

**Auditing** – Compliance audit programs provide a comprehensive environment, health and safety review using ongoing scheduled and unannounced inspections.

**System Oversight** – In-depth, ongoing monitoring and evaluation are provided by the EH&S Committee of the Board of Directors, The Environmental Quality Review Board, The Environment and Safety Committee, corporate EH&S staff, Leadership Teams, and field safety personnel.

### **Formal Management System Certification**

CECONY received corporate-wide certification for its environmental management system under the ISO 14001 Standard from the International Organization for Standardization in 2002, and was recertified in 2005. Ongoing assessments by independent auditors confirm that Con Edison has comprehensive environmental management protocols in place, and that they are being properly implemented and enhanced over time.

## **Governance and Accountability for EH&S Performance**

Since 1995, the EH&S Committee of the Board of Directors has governed Con Edison's programs and policies. The EH&S Committee meets quarterly to review the status of Con Edison's EH&S efforts and to provide guidance. The Con Edison, Inc., chief executive officer, CECONY's president, the general counsel, O&R's president, and the CECONY EH&S vice president participate in these meetings.

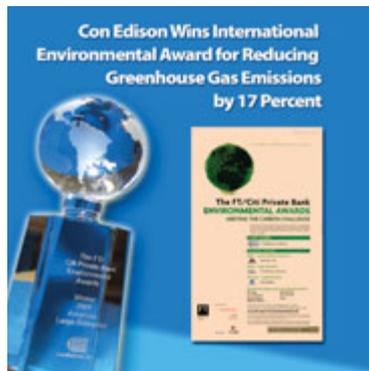
### **Independent Oversight**

As a demonstration of commitment to EH&S excellence, the following independent oversight functions have been established.

**Office of the Corporate Ombudsman** – The Office of the Corporate Ombudsman offers employees an independent office where they can confidentially refer suspected violations of Con Edison's *Standards of Business Conduct*, including EH&S requirements, or ethical and legal concerns.

**Independent Monitor** – The independent monitor investigates select and significant environmental and safety events. The monitor reports the findings of investigations to the chairman and other employees, as appropriate.

**Environmental Quality Review Board** – The Environmental Quality Review Board, consisting of three outside consultants, reports to the chairman on components of Con Edison's EH&S programs and notes progress made, along with opportunities for improvement.



Con Edison's success at achieving substantial reductions in greenhouse gas emissions was recognized with an award presented jointly by the *Financial Times* Citi Private Bank.

### Management Oversight

Con Edison's EH&S policy, as well as related programs and procedures, are periodically reviewed and updated to ensure that they embrace our values and provide high-quality and easy-to-use information to our employees. An Environment & Safety Committee, consisting of CECONY's president, its general counsel, the senior officers of the major departments, as well as outside environmental consultants, is responsible for establishing and reviewing the corporate EH&S policy. This committee is chaired by CECONY's corporate EH&S vice president, who reports, in this capacity, to Con Edison's chief executive officer.

In addition, an EH&S Leadership Team convenes regularly to oversee and implement EH&S efforts. The Leadership Team consists of EH&S managers from operating departments, as well as representatives from Law, Purchasing, Occupational Health, Human Resources, Auditing, and corporate EH&S. This team contributes to the development of annual goals that help drive Con Edison toward EH&S excellence.

### Systematic Auditing

Auditing is a critical component of an effective environmental, health, and safety management system. CEI maintains a rigorous EH&S auditing program. Both facility operations and company-wide programs undergo periodic audits to determine compliance with applicable regulations and procedures, as well as the adequacy of EH&S management systems. Con Edison has also established a formal, standardized self-assessment program for company organizations to monitor their own compliance.

## Recognition for Environmental Achievement

### The Carbon Disclosure Project Ranks Con Edison as Top Utility Addressing Corporate Carbon Emissions

During 2007, the global Carbon Disclosure Project (CDP) named Con Edison, Inc., the top-ranked United States utility in the Standard & Poor's 500 for climate governance. The report assesses firms' greenhouse gas emission trends and management programs, and thoroughness of disclosure to investors on risks and opportunities presented by this issue. The CDP assessments put particular emphasis on Con Edison's leading status among utilities. The company's degree of disclosure, its emissions targets, and its strategic management execution plan were described as "among the most proactive reviewed." The report can be accessed at [www.cdproject.net/cdp5reports.asp](http://www.cdproject.net/cdp5reports.asp).

### Con Edison Recognized for Reducing Greenhouse Gas Emissions

Con Edison, Inc., was honored in 2007 by the *Financial Times*/Citi Private Bank for the "Greatest Improvement in Carbon Efficiency Achieved by a Large Enterprise for the Americas." The award was given at a ceremony that honored corporations that have demonstrated environmental excellence. Con Edison received this recognition for reducing direct greenhouse gas emissions by 17 percent between 2005 and 2006, amounting to 1.3 million tons of CO<sub>2</sub> equivalent. The reductions were achieved by replacing generating equipment with natural-gas-burning combustion turbines; implementing cogeneration technologies that reduce greenhouse gas emissions per unit of energy output; and by significantly reducing



Our tree-trimming programs ensure safe and reliable electric service, and are supported by a comprehensive customer outreach campaign that includes this direct mail piece.

sulfur hexafluoride (SF<sub>6</sub>) emissions by 63 percent between 1996 and 2006.

### **Innovest Ranks Con Edison Top Utility in North America for Environmental and Social Performance**

Innovest Strategic Value Advisors ranked Con Edison, Inc., second of 27 international utilities in environmental and social performance. Of North American companies, CEI was ranked first in a new 2007 Multi-Utilities & Unregulated Power index created by the investment advisory firm. The 27 multi-utility companies (17 in the United States and 10 in Canada, Europe, and Australia) primarily deal in the commodities of electricity, gas, and water.

### **Caring for Trees while Meeting Service Objectives**

In 2007, for the sixth year in a row, the National Arbor Day Foundation named O&R a "Tree Line USA Utility" in recognition of the company's "national leadership in caring for trees while meeting service objectives." O&R manages vegetation along 3,800 miles of primary distribution and 475 miles of electric transmission in New York, New Jersey, and Pennsylvania. Included in the program is vegetation control for its gas transmission lines, electric substations, and facilities. O&R's four-year tree trimming cycle prunes an estimated 225,000 trees yearly along approximately 1,200 miles of rights-of-way.



O&R trims an estimated 225,000 trees along transmission and distribution lines every year.



# Reducing Our Carbon Foot Print



## Reducing Our Carbon Foot Print

Con Edison recognizes the need to implement strategies to reduce greenhouse gas emissions and is partnering with others, both in the public and private sectors, to do so. Con Edison established the following climate change principles to guide its activities in this area:

- Work with federal, state, and local governments, and other stakeholders to address climate change
- Maintain an inventory of the company's direct and indirect greenhouse gas emissions
- Consider the potential impact of business decisions on greenhouse gas emissions
- Pursue improvements in energy efficiency, in our operations to reduce greenhouse gas emissions
- Advocate, promote, and support energy-efficiency improvements among our customers
- Support new technology development in coordination with other key industry stakeholders
- Support development of renewable sources of energy and other generation that reduces emissions, including greenhouse gases.

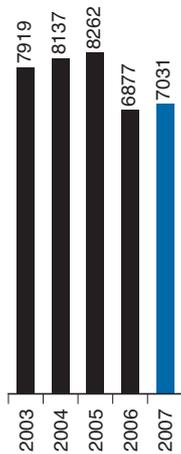
## Engaging with Stakeholders

Con Edison has been active in the development of the Regional Greenhouse Gas Initiative (RGGI) covering ten Northeast and mid-Atlantic states. The effort aims to cut heat-trapping CO<sub>2</sub> emissions from the region's power plants and create new investment in cleaner, more efficient energy technology. The accord takes effect in 2009, and will reduce carbon dioxide pollution to a level 10 percent below current emissions by 2019. Companies will be required to obtain carbon dioxide emission "allowances" from auctions administered by participating states. States will use auction revenue to support energy efficiency, renewable energy, and carbon-abatement technology efforts.

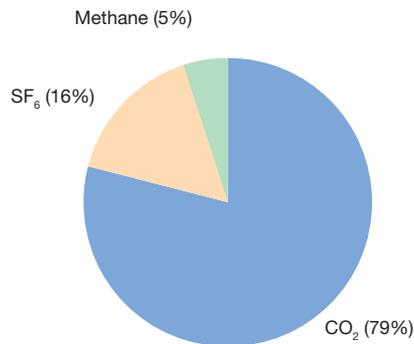
In 2007, Con Edison joined 64 businesses and institutional investors and signed a climate call to action, asking the federal government to enact strong legislation to curb air emissions causing global climate change. This call to action comprised three principal elements: a mandatory national policy to reduce national greenhouse gas emissions; the realignment of incentives and other national policies to achieve climate objectives; and guidance from the Securities and Exchange Commission and other financial regulatory bodies for investors, on what climate change issues companies should disclose in financial reports.

Con Edison also joined seven other utilities to work with the Clinton Global Initiative to seek regulatory reform and approvals to increase energy-efficiency investments. Con Edison and the other signatories are working toward changes that would facilitate a combined increased investment of \$500 million to over

### Con Edison, Inc., Total Greenhouse Gas Emissions (thousands of tons CO<sub>2</sub>e)



### Breakdown of 2007 Greenhouse Gas Emissions



Total = 7,031 thousand tons CO<sub>2</sub>e

\$1.5 billion a year in energy-efficiency and demand-side management efforts. When fully implemented, these increasing levels of investment are expected to prevent nearly 30 million tons of greenhouse gas emissions every year. In addition, peak demand will be reduced sufficiently to avoid the need for fifty 500-megawatt power plants.

### Managing Air Emissions in Operations

CECONY and O&R no longer operate generating plants to produce electricity exclusively. However, CECONY has a nominal output of approximately 700 megawatts of generating capacity as secondary output of its steam generating plants. CECONY generates about two percent of the total electricity delivered in its franchise area. It uses the cleanest fossil fuels – natural gas and low-sulfur oil – to generate steam and electricity sold to customers. Nevertheless, as part of its operations, Con Edison overall generates greenhouse gas emissions, primarily in the form of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and sulfur hexafluoride (SF<sub>6</sub>).

CECONY, O&R, and CES purchase their electricity requirements under firm power contracts and through the wholesale electricity market administered by the New York Independent System Operator (NYISO). Con Edison cannot track or control the energy sources used to generate the electricity purchased through the NYISO, although the primary fuel sources are varying combinations of natural gas, nuclear, coal, oil, and hydro.

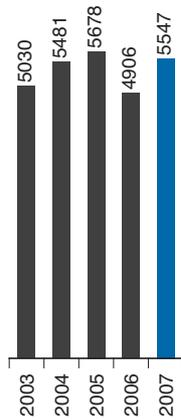
### Greenhouse Gases

Greenhouse gases are reported in units of carbon dioxide equivalents, or CO<sub>2</sub>e, a standardized unit designed to account for the differing warming potentials of the various greenhouse gases. In 2007, Con Edison produced 7,031 thousand tons CO<sub>2</sub>e of greenhouse gases. Compared against 2006, the increase in greenhouse gas emissions during 2007 primarily reflects increased steam production by CECONY during colder than normal winter weather, and the increased electrical generation at the CED generating projects.

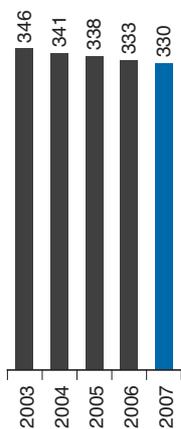
CECONY employees implement rigorous operating and maintenance protocols at substations to curb SF<sub>6</sub> emissions.



### Con Edison, Inc., CO<sub>2</sub> Emissions (thousands of tons)



### CECONY Methane Emissions (thousands of tons CO<sub>2</sub>e)



Con Edison Solutions offers customers the option of choosing electricity generated 100 percent by wind power.

### Carbon Dioxide (CO<sub>2</sub>) Emissions

The principal source of the company's carbon dioxide emissions comes from the fuel used for generating steam that supplies CECONY's district steam system, and the fuel used to power the generating assets of CED. CECONY minimizes its CO<sub>2</sub> emissions from its generating plants by using cogeneration technology, which reduces CO<sub>2</sub> emissions per unit of energy output. Con Edison's vehicular fleet is a very small source of CO<sub>2</sub> emissions (approximately 0.5 percent of total emissions). Nevertheless, the company is taking steps to reduce these emissions by using bio-diesel fuel and alternative fuel vehicles.

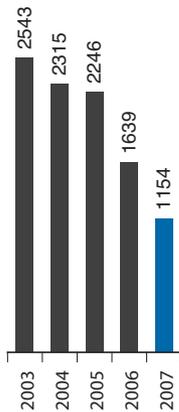
### Methane Emissions

Methane is a greenhouse gas that has 21 times the heat-trapping potential of CO<sub>2</sub>. Methane emissions result chiefly from leaks in the CECONY and O&R natural gas distribution systems, including leaks from supply stations,

surface facilities, and pipes. To reduce emissions, CECONY and O&R have enhanced inspections and maintenance at gas facilities, implemented rigorous pipe maintenance and replacement programs, reduced system gas pressures, and introduced new technology, including equipment that prevents loss of gas while employees work on gas lines.

In 1993, CECONY became one of the first companies to join the United States Environmental Protection Agency's (EPA) Gas STAR program. As a STAR partner in the transmission and distribution sector, the company works to implement the program's management practices for reducing natural gas emissions in our operations. The company has reduced its methane emissions approximately 13 percent since 1996.

**CECONY SF<sub>6</sub> Emissions  
(thousands of tons CO<sub>2</sub>e)**



### Sulfur Hexafluoride (SF<sub>6</sub>) Emissions

In 1999, CECONY entered into a memorandum of understanding with the EPA, voluntarily enlisting in the sulfur hexafluoride (SF<sub>6</sub>) Emissions Reduction Partnership for Electric Power Systems. SF<sub>6</sub> is an odorless and colorless insulating gas for high-voltage circuit breakers and switches used chiefly in CECONY substations. It has 23,900 times the heat-trapping potential of carbon dioxide. To date, no suitable alternative has been found for SF<sub>6</sub> in this application.

To reduce SF<sub>6</sub> emissions, the company has accelerated equipment replacements and improved its ability to identify and repair leaks. Con Edison developed a special monitoring device that spots equipment that is releasing SF<sub>6</sub>, even in very small quantities. The company has reduced its SF<sub>6</sub> emissions by approximately 74 percent since 1996.

### Promoting Renewable Energy Development

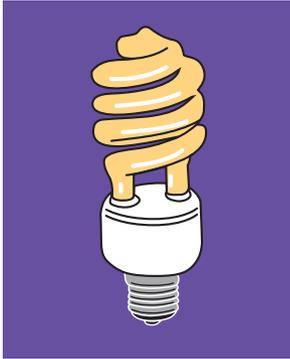
Con Edison promotes renewable energy by offering green power and wind power through Con Edison Solutions (CES). CES residential customers in the Con Edison service area may purchase their full electrical requirements with a mix of 65 percent low-impact hydropower and 35 percent wind energy or 100 percent wind energy. CES can supply commercial customers between five and 100 percent of their electricity requirements with 100 percent wind energy. Sales of these products have increased the demand for renewable energy by approximately 150 percent in 2007. CES *Green Power* is Green-e certified; Green-e is a leading national labeling program that sets consumer protection and environmental standards for environmentally

superior electricity products. CES is accredited as an Energy Services Provider by the National Association of Energy Service Companies.

In 2004, the New York State Public Service Commission (PSC) established a renewable portfolio standard under which the agency aims to raise the percentage of renewable power used by consumers in New York State from 19 to 25 percent by 2013. To fund this effort, utilities throughout the state collect a surcharge from utility customers that will subsidize New York State Energy Research and Development Authority (NYSERDA) efforts to qualify new renewable generators. Con Edison's contributions amounted to approximately \$31 million over the last two years. The contributions will increase to nearly \$29 million in 2008, and approximately \$39 million in 2009.

Con Edison also supports renewable energy development through its R&D programs. For example, CECONY developed and built the largest rooftop solar power system in New York City in collaboration with NYSERDA, the Greenpoint Manufacturing and Design Center, and the Powerlight Corporation.

Con Edison is experimenting with a way of generating electricity from tidal flow in the East River. We worked with NYSERDA and Verdant Power LLC of Arlington, Virginia, to install six turbine generators in the East River alongside Roosevelt Island. We then had to design a way to deliver the electricity generated by the turbines to the local distribution system. The company's role was crucial in developing this safe and functional pilot installation.



Con Edison encourages customers to make smart energy choices by promoting the use of compact fluorescent bulbs.

### Researching and Developing Low-Pollution Technologies

For many years, Con Edison has been a leader in implementing and developing low-pollution technologies for the utility industry. We often work with our peers, including the Electric Power Research Institute (EPRI) and the Gas Research Institute (GRI), to develop systems and equipment that reduce environmental risks. This collaboration allows companies throughout the utility industry to benefit from these efforts. Examples of low-pollution technologies Con Edison has helped develop, or that are underway, include:

- Replacing oil-filled transmission and distribution cable with solid dielectric cable. These new solid dielectric cables are also being used to replace older paper-insulated lead-clad cables that may contain PCB-contaminated oil that could leak to the environment.
- Using hydrogen fuel cells in large substations to provide back-up energy in case of power interruption and to maintain back-up batteries at maximum charge.
- Con Edison is working with the automotive industry and EPRI Electric Transportation Initiative to support plug-in hybrid-electric vehicles. We also are testing the performance of fully electric plug-in vehicles.
- Con Edison supports superconductivity technology to increase the capacity of electrical distribution lines.

- An experimental program to recover steam condensate after the steam has passed through customer premises is underway. The recovered condensate can be recycled to help reduce the amount of water needed for steam generation, and its residual heat can also help save on fuel needed to generate steam.

### Strengthening the Company's Own Energy-Efficiency Efforts

O&R's GoGlobal initiative engaged more than 800 employees in developing conservation and resource recovery strategies at work locations. As a result, O&R is conducting energy audits at all major facilities, creating a company energy-consumption report, developing a corporate management plan, establishing a permanent GoGlobal advisory team, and installing EnergyStar equipment at facilities. Capital funding was secured for GoGlobal projects over the next four years to finance initiatives, including stepped-up recycling efforts and an employee-education campaign to enhance awareness about the importance of energy efficiency at work and at home.

### Energy-Efficiency Initiatives for Customers

Encouraging customers to use energy efficiently helps to reduce energy use, optimizes natural resources, and sustains the environment. Con Edison's energy-efficiency initiatives are a critical part of our environmental mission.

CECONY is participating in the PSC proceeding to design an electric and natural gas Energy Efficiency Portfolio Standard (EPS) to establish

New-home construction in the New York metropolitan region contributes to increased demand for energy.



efficiency targets to reverse the pattern of increasing energy use in the state. We are working with Mayor Bloomberg's PlaNYC, an effort to reduce carbon emissions by 30 percent by the year 2030. We support New York State's "15 by 15" initiative and Governor Corzine's aggressive goal of reducing greenhouse gases in New Jersey.

CECONY's Targeted Demand Side Management (DSM) Program helps business and residential customers use less electricity by installing energy-efficient lighting, air-conditioning, refrigeration, and motors. The program is offered in neighborhoods where peak energy demand would otherwise require us to add new transmission lines and substations. Residential and commercial customers who qualify for the program may receive financial incentives to offset installation costs. Over the next five years, we expect these programs to offset energy demand by more than 200 megawatts.

CECONY also achieves energy efficiency through demand-response programs that reduce energy use through peak-demand and price-responsive electric load reduction programs. Customers are compensated for their participation. These programs also contribute to CECONY's ability to maintain the high standard of reliable service. Information about the demand-response programs can be found at [www.coned.com/sales/business/bus\\_energy\\_manage.asp](http://www.coned.com/sales/business/bus_energy_manage.asp).

CECONY supports NYSERDA in its planning and marketing of energy efficiency-programs to our customers. Technical assistance and financial incentives are offered to customers who want to save energy, money, and the environment. NYSERDA's efforts include energy-efficiency programs, research and development initiatives, and low-income energy programs.



Customer newsletters provide energy-efficiency tips.

CECONY's oil-to-gas conversion effort brought more than 2,000 new customers to natural gas in 2007. These conversions save more than nine million gallons of oil, and decrease carbon dioxide emissions by approximately 59 million pounds a year. We install free, high-tech programmable thermostats that allow customers with central air conditioning to set temperatures by time of day, providing a collective benefit to our customers through increased load-management flexibility during periods of peak energy demand. More than 3,000 customers took advantage of these thermostats in 2007.

Customers of O&R's New Jersey subsidiary, Rockland Electric Company, benefit from the rebates provided through the Clean Energy Programs for energy-efficiency measures. Business customers receive rebates for purchasing high-efficiency equipment such as lighting, motors, and variable speed drives. In addition, Rockland Electric offers design assistance to make new buildings energy efficient. Residential customers benefit when they install high-efficiency air conditioners, lighting systems, washing machines, and other appliances. Customers who install renewable resources such as solar panels also are eligible for rebates. Rockland Electric also provides free information on cost-effective energy reduction measures to low-income customers.

### Customer Resources

Con Edison provides an extensive array of resources to help customers use energy wisely.

### Energy-Efficiency Awareness Campaigns

included newspaper and radio spots and subway posters that provided seasonal

energy-saving tips last spring and fall. To see examples, visit [www.conEd.com/publicissues/energy\\_education\\_campaign.asp](http://www.conEd.com/publicissues/energy_education_campaign.asp).

**New Power of Green** Web pages include a list of 100 energy-saving tips that offer customers opportunities for saving money and the environment. Visit [www.conEd.com/thepowerofgreen](http://www.conEd.com/thepowerofgreen).

**The Con Edison Kids Web site** delights the mind, the eyes, and the ears. The site is a fun-filled, educational trip through the underground maze of wires, pipes, gauges, and meters that make up the CECONY system. Characters demonstrate the dos and don'ts of gas and electric safety, and teach all about the history of electricity and gas, the environment, and how to save valuable energy in everyday life. Visit [www.conEd.com/kids](http://www.conEd.com/kids).

**O&R's Energy Efficiency World for Kids** provides a lively, colorful, interactive environment where young visitors can play games that teach them how to conserve energy and much more. Have a look at the fun in store at [www.oru.com/energyandsafety/energyefficiency/energyefficiencyworld/index.html](http://www.oru.com/energyandsafety/energyefficiency/energyefficiencyworld/index.html).

**Energy-Saving Tips from O&R**, a special feature on the O&R Web site, shows the best way to choose and use many household appliances. Learn more at [www.oru.com/energyandsafety/energyefficiency/index.html](http://www.oru.com/energyandsafety/energyefficiency/index.html).

**EnergyLine 1-800-609-4488** is a toll-free information line for customers that gives energy-efficiency advice and offers booklets and a video.

**Customer News**, a bi-monthly newsletter, is mailed to 3.2 million CECONY customers. It includes seasonal messages about conserving energy and energy efficiency tips. *Customer News* is also available online at [www.conEd.com/customercentral/customernews.asp](http://www.conEd.com/customercentral/customernews.asp).

**@home** is O&R's customer newsletter. It provides a lifestyle guide to energy services and ideas, and other useful information. This publication is also available at [www.oru.com/programsandservices/customerpublications/](http://www.oru.com/programsandservices/customerpublications/)

**E\*bill** gives both CECONY and O&R customers the opportunity to view and pay their bills online. It is estimated that if all U.S. households viewed and paid their bills electronically, the country would save 18.5 million trees, avoid 2.2 billion tons of toxic air pollutants and 1.7 billion pounds of solid waste, and save 15.8 billion gallons of water. The number of customers participating in this program continues to grow. To encourage more online payments, we donate \$1 to plant trees each time a customer enrolls.

Energy-efficiency educational campaigns placed on subways, commuter trains, and in newspapers reach customers throughout our service area.

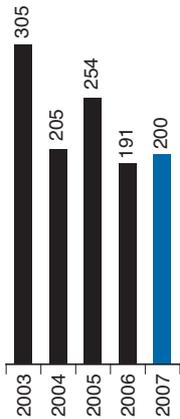




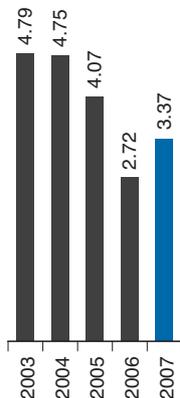
# Environmental Performance in Operations



### CECONY New York City DEP-Regulated Opacity Exceedances



### Combined CECONY and CED NO<sub>x</sub> Emissions (thousands of tons)



## Environmental Performance in Operations

An EH&S objective is to “ensure environmental, health, and safety compliance.” Con Edison strives to make progress in carrying out its environmental mission. In addition, employees are offered financial incentives to meet our environmental goals. In the following section, we provide a five-year snapshot of selected environmental performance indicators.

### CECONY New York City DEP-Regulated Opacity Exceedances

New York City Department of Environmental Protection (NYCDEP) regulations require CECONY to report instantaneous or two-minute opacity (smoke) events at facilities with boilers and other combustion equipment. During 2007, CECONY experienced 200 opacity events that required DEP notification. Quarterly reports on six-minute opacity events are given to the New York State Department of Environmental Conservation (NYSDEC). For the year, CECONY experienced only three events attributed to operator error or subject to stipulated penalty that needed to be reported to NYSDEC.

All opacity events are investigated in detail to determine their root causes and to develop corrective measures to reduce the likelihood of a recurrence.

### Nitrogen Oxide (NO<sub>x</sub>) and Sulfur Dioxide (SO<sub>2</sub>)

Nitrogen oxides and sulfur dioxide are released by combustion of fuel. Our steam business and the generating assets of Con

Edison Development account for virtually all of the company’s releases.

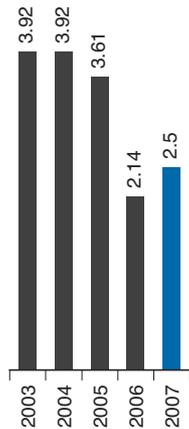
To minimize NO<sub>x</sub> and SO<sub>2</sub> emissions, Con Edison uses sophisticated and efficient controls to regulate and monitor combustion equipment according to rigorous procedural guidelines. Sensors constantly monitor flue gases so that we can adjust combustion to curb emissions.

The quantity of sulfur dioxide produced depends on the levels of sulfur in the fuel being used. Con Edison uses clean-burning natural gas for its combustion operations whenever practicable. When oil is used, the company specifies a maximum of 0.3 percent sulfur content, by weight, making it one of the cleanest residual oil fuels available in terms of sulfur dioxide emissions. Quantities of NO<sub>x</sub> and SO<sub>2</sub> emitted during 2007 rose by comparison with the prior year because of increased steam generation during the winter. Since 1996, Con Edison has reduced nitrogen oxide emissions by 53 percent and sulfur dioxide emissions by 48 percent.

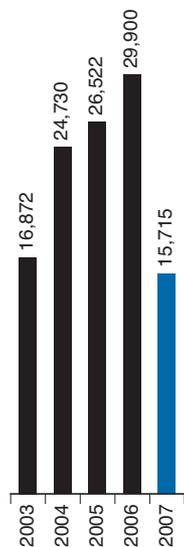
### CECONY Dielectric Fluid Released to the Environment

Dielectric fluid is a nonconductive oil, similar to mineral oil, used in pipe casings that enclose a majority of electrical transmission feeder cables. The oil transfers heat away from the conductors, and insulates and protects them against arcing. Overall, Con Edison’s pipe-type feeder system consists of more than 600 miles of conductors and contains approximately 8,700,000 gallons of dielectric fluid.

### Combined CECONY and CED SO<sub>2</sub> Emissions (thousands of tons)



### CECONY Dielectric Fluid Released to the Environment



Ongoing research at Con Edison's Cable and Splice Center for Excellence improves safety and service reliability while minimizing the environmental impact of electric energy-delivery systems.

In 2007, water main breaks were the principal cause of dielectric fluid leakage. To help curtail dielectric fluid releases, detection and warning installations, such as an in-line monitoring system, can provide alerts of fluid loss of as little as one gallon an hour.

The company also uses an advanced detection technology to help minimize the amount of fluid releases. A small quantity of tracer compound is added as a marker to the dielectric fluid in the casing of pipe-type feeders. Highly sensitive leak-detection equipment is mounted in mobile laboratory vans. This equipment can detect minute quantities of the tracer from air samples drawn at ground level. If the tracer is detected, technicians can quickly pinpoint the location of the leak so that repairs can be made promptly.

In addition, company engineers identify potential trouble spots in order to predict

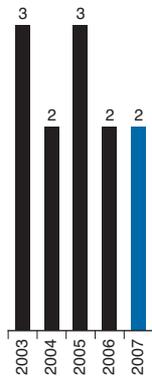
the feeders most likely to release fluid. The company excavates these locations and makes necessary repairs.

CECONY's Cable and Splice Center for Excellence evaluates new conductor designs. Our engineers determined that solid dielectric cables containing no oil can function safely and reliably in many applications. As system maintenance and upgrades are performed, sections of pipe-type feeders are being replaced with solid dielectric conductors where feasible.

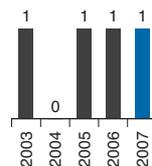
### Waste Water Discharge Exceedances

In accordance with the federal Clean Water Act and state Environmental Conservation Law, New York State issues permits to facilities that discharge waste water or storm water to rivers or other bodies of water, including groundwater. These State Pollutant Discharge Elimination System (SPDES) permits

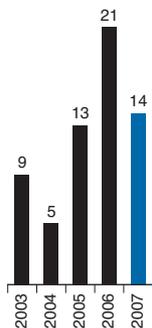
### CECONY SPDES Exceedances



### CECONY CED SPDES Exceedances



### CECONY Chemical Releases Above Reportable Quantities



specify discharge limitations and require routine monitoring of discharges to confirm compliance. Monitoring results are then reported to the NYSDEC.

During 2007, CECONY managed 22 SPDES permits and experienced two wastewater discharge permit exceedances from the 2,653 samples taken. Although only two of the samples failed to meet permit discharge limits, we continue to strive for zero. Con Edison employees conduct thorough analysis of any discharges that exceed permit limits. To improve performance, we are working to enhance operational efficiency, upgrade maintenance practices, and invest in new engineering controls.

### Chemical Releases Above Reportable Quantities

During 2007, there were 14 CECONY chemical releases exceeding federally established reportable quantities. Nine were releases of antifreeze, four were refrigerant releases, and one was a mercury release. The company has taken steps to reduce the likelihood of equipment failures that can cause chemical releases. Root-cause analysis is used to investigate causative factors in releases and identify safer handling methods and procedures.

### Hazardous Waste Manifested Off-Site

During 2007, the CECONY shipped 5,750 tons of hazardous nonremediation waste to licensed commercial waste-handling facilities. Most of this hazardous waste consisted of lead-contaminated sediment that accumulates in underground structures, such as manholes.

### Enhancing Environmental Stewardship

To improve its energy delivery systems, Con Edison develops new operational initiatives, technologies, and equipment that also deliver environmental benefits.

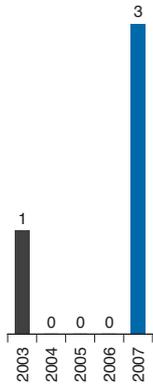
**Conservation and Resource Recovery** – In the course of business, Con Edison uses a great deal of material, from office supplies to heavy industrial equipment. Con Edison has been a leader in recycling, selling excess items and supplies for their second-hand value, and segregating and selling scrap metals. We work with organizations such as Per Scholas, a South Bronx-based technology recycling service that provides reconditioned computers to schools and low-income families.

During 2007, CECONY began recycling plastic gas pipe. Old pipe and excess pipe from new installations are collected and sold to a recycler that grinds the material and sells it for reuse in paving materials, recycled molding compounds, and other products.

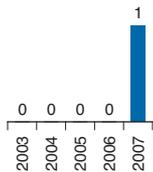
Con Edison's resource recovery program lightens the burden on the waste stream and generates revenues, which is good for the environment and for business.

O&R's award winning Recycling/Investment Recovery Program employs Rockland ARC (formerly known as the Association for Retarded Citizens) to break down old equipment into component parts for resale. The Rockland ARC workers also separate waste paper, bale used cardboard, and dismantle and sort old cable, streetlights, reflectors, and meters for recycling. Since 1992, the program has saved tens of thousands of yards of landfill space, spared

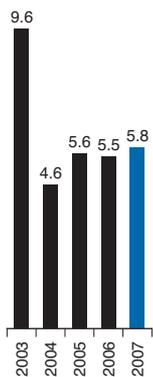
### O&R Chemical Releases Above Reportable Quantities



### CED Chemical Releases Above Reportable Quantities



### Hazardous Nonremediation Waste Manifested Off-Site (thousands of tons)



thousands of trees, and earned O&R a return on their initial investment. The program's success has been recognized with the Certificate of Environmental Achievement from Renew America, a national environmental enhancement organization.

### Fuel Additive to Reduce Emissions

Throughout 2007, CECONY tested a No. 6 fuel oil additive system, Combustion Catalyst CC910, at its Hudson Avenue Station, in cooperation with the New York State Department of Environmental Conservation (NYSDEC). It was determined that the fuel additive can reduce the emission of particulate matter and further reduce opacity incidents, particularly when starting up and shutting down boilers. The additive also makes combustion more efficient, so less fuel is needed. NYSDEC approved the use of this fuel-oil additive system at the Hudson Avenue Station. There are plans to fit such systems at other CECONY steam stations.

### Horizontal Drilling for Subsurface Facilities

When installing underground electric and gas systems, CECONY has implemented new technologies that allow it to avoid conventional excavation and open trenching. Horizontal drilling allows excavation of tunnels with varying diameters. In addition, the horizontal drilling technology is more energy efficient than conventional excavation.

### Broadening the Discussion on Environment

In 2007, Con Edison hosted its sixth annual Environmental Excellence Forum at its corporate headquarters to bring multiple industry perspectives to bear on shared environmental concerns. Attendees included senior environmental executives from Fortune 500 companies, including manufacturing, chemicals, pharmaceuticals, energy, communications, and utility industries. The meeting's theme was environmental communications, with emphasis on employee communications, environmental branding, and formal reporting. The gatherings help environmental leaders explore best practices to help the environment and benefit the bottom line.

### Managing Risk

CECONY identifies and addresses environmental, health, and safety risks. CECONY's risk-management efforts focus on analyzing, managing, and, to the greatest possible degree, eliminating these risks. Leading this effort are cross-functional risk-management teams. Teams go into the field to assess equipment, processes, and procedures to identify potential environmental, safety, or health risks.



# Social Responsibility Overview



## Social Responsibility Overview

Con Edison believes in full engagement with its communities and employees.

### Growth in Demand for Energy

In 2007, the company delivered a record amount of electricity to its customers, a 23-percent increase in the last decade. Last year the company delivered a record 62,591 gigawatt hours to customers. A gigawatt is equal to 1,000 megawatts and one megawatt can power approximately 1,000 homes. Con Edison's service area has been growing annually by about 275 megawatts.

New construction and increased use of new electrical devices, including flat-screen televisions and associated on-screen games, computers, and various handheld gadgets, as well as record numbers of home offices, are all contributing to the increasing use.

Con Edison expects to spend \$8 billion over the next five years on its electric delivery system to maintain reliability and support the significant economic growth projected for its service area.

### Infrastructure Research and Development Initiatives

#### 3G Next-Generation Electric Power Delivery

The need for electricity continues to increase, but the space available for building new substations is scarce, particularly in Manhattan. The company has undertaken a long-term study, called 3G System of the Future, to determine new ways to design and build substations and electric distribution installations in urban settings.

Several common design elements emerged from 3G, including reconfigurable system architecture, minimal or no low-voltage meshed networks, and underground and overbuild construction for substations, including the use of gas-insulated transformers. Preliminary designs for the 3G project are based on systems that share demand and maximize asset utilization. 3G will initially be implemented in areas where new substations and underground infrastructure will be required to meet the demand.

**Hydra Secure Grid** Con Edison is working with American Superconductor, which has partnered with the Department of Homeland Security and Department of Energy, to begin the design and testing of fault-current limiting superconducting cable. The project is named "Hydra," and it will be installed in Con Edison territory. The system is designed to use so-called high-temperature superconductors kept at cryogenic temperatures, requiring much less underground space than conventional cables. In addition, this project includes the possibility of using a stand-alone, fault-current limiter.

Superconductor technology could facilitate advanced substation and interconnection designs that would increase power routing between substations, feeders, and networks. Superconductor technology also holds promise for new functionalities, such as fault-current limiters, which will enable future developments of the grid.

## Emergency Response Planning

Con Edison has comprehensive emergency response plans for incidents that may result from storms or other natural disasters, system emergencies, and emergencies not related to company operations. The plans are based on the nationally recognized Incident Command System.

CECONY's Emergency Management department facilitates responses to emergency situations and coordinates with state and local emergency management organizations. These include the New York City Office of Emergency Management, the New York City Fire Department, the New York City Police Department, the New York State Emergency Management Office and the Westchester County Office of Emergency Management. CECONY makes The Learning Center training facility available to the New York City Fire Department and other city agencies to conduct response training, exercises and drills.

Emergency crews provide prompt, effective response to incidents day and night.



CECONY resources also support O&R response to environmental emergencies, and both companies have mutual-aid understandings with neighboring utilities.

### Public Safety

Con Edison integrates public safety considerations into every aspect of its operations. Formal periodic inspection, testing, and maintenance of electric, gas, and steam transmission and distribution infrastructure confirms that we will continue to provide safe and reliable service. When field work is performed, extensive requirements for work-area protection are implemented to

make certain that employees and the public are protected from potential hazards.

Con Edison regularly communicates safety information to customers in its customer newsletters, *Customer News* and *@home*. These publications offer storm preparedness messages. In addition, the O&R and CECONY Web sites offer safety information about residential electric and gas use, along with information about carbon monoxide and generator safety, and street safety.

### Manhattan Steam Incident

On July 18, 2007, a 20-inch steam distribution main ruptured at the intersection of 41st Street and Lexington Avenue in Manhattan. The steam-main rupture created a crater and caused personal injuries and damage to nearby buildings, vehicles, and underground infrastructure. Two people in a tow truck that fell into the crater were seriously injured. A pedestrian in the area suffered a fatal heart attack.

Reports issued were completed by two independent experts, ABS Consulting Group (incident investigation technical analysis) and Lucius Pitkin Inc. (metallurgical testing and materials analysis), who conducted independent investigations at CECONY's request. The reports, as well as CECONY's Action Plan, were posted on the company's Web site. According to the reports, the steam pipe rupture was caused by a bubble-collapse water hammer that generated a momentary force against the pipe's wall that was more than seven times greater than the pipe's normal operating pressure. According to the experts' findings, unusually heavy rains the morning of July 18 led to high levels of

external water accumulating around the deeply buried steam pipe, cooling the pipe and causing above-normal condensate (steam turning into water) to form and collect within it.

The steam bubble's contact with the cooled condensate caused the steam to condense to water very rapidly, creating a void in the pipe and causing the surrounding water in the pipe to rush in to fill the void left as the steam bubble collapsed. The rushing water slammed against water rushing from the other side, creating a large momentary pressure pulse, likely in excess of 1,200 pounds per square inch. This event, called a bubble-collapse water hammer, caused the pipe rupture.

Tests confirmed that the pipe's failure was caused by overpressurization due to a water hammer, rather than other factors. Tests on the pipe revealed no significant corrosion, with adequate strength and appropriate safety margins for normal operation. Age of the pipe, installed in 1924, was determined not to have been a factor.

Post-incident investigation also revealed that the capacity of the area's two steam traps was affected by epoxy materials, injected by an outside contractor who had sealed a leaking flange (joint) months earlier. Some of the materials appeared to have ultimately entered the traps and compromised their operation.

Steam traps usually drain ordinary amounts of condensate accumulating within steam pipes but the compromised traps could not drain the large amount of condensate produced when the pipe was surrounded by water.

Con Edison also released an action plan in conjunction with the experts' findings that included the replacement of all 1,654 steam traps on the system; enhanced rain response procedures; new repair oversight protocols; and research and development on steam trap design, as well as new steam trap inspection and testing procedures. The replacement of the steam traps and the development and implementation of improved procedures and protocols was completed in 2007.

### **Queens Gas Incident**

On November 21, 2007, the New York City Fire Department notified Con Edison of a gas odor in front of a row of homes in Sunnyside, Queens. The gas mechanics who responded followed company procedure and tested the ground around and the air inside the building where the odor was reported. The fire department initially checked for gas.

The mechanics continued to test the street to identify the source and extent of gas in the ground. They detected gas by inserting testing devices into several underground structures. While the investigation was under way, a home on the block burst into flames, and caused a fatality.

Gas crews excavated down to the gas main in front of the burned building, found a leak on the main, and installed a clamp to repair it. CECONY then removed the section of pipe that had leaked for analysis. This main was last surveyed in January 2007 and no leaks were detected at that time.

Each year, CECONY sends a gas safety brochure to its customers. This brochure encourages customers to leave any place



Con Edison's mobile stray-voltage detectors are used to conduct ongoing sweeps to spot potential hazards.

where there is a strong smell of gas, and to tell others to leave. We will continue to reinforce this message and remind customers to immediately report gas odors.

### Stray-Voltage Testing

Stray voltage is the presence of electrical energy on lamp posts, sidewalk grates, or other structures where it should not be found. The core of Con Edison's \$100 million stray voltage mitigation efforts is a fleet of 15 stray-voltage-detecting vehicles developed by the company's Research and Development department. These high-tech vehicles are dispatched throughout the company's service territory year-round and use sensors to detect stray voltage as low as one volt on manhole covers, gratings, service boxes, light poles, neon signs, and other structures.

The mobile stray-voltage detectors enable Con Edison to perform multiple scans of geographic areas more quickly and efficiently than manual testing. The vehicles have the advantage of not needing to make direct contact with a structure to find stray voltage, and can identify stray voltage on objects, such as scaffolding, that would not be tested manually.

The manual testing program deploys crews that use hand-held voltage detection equipment to survey 730,000 structures in New York City and Westchester County each year. In 2007, the company completed six surveys consisting of one manual test cycle and five system sweeps by the stray-voltage vehicles. In 2008, Con Edison will increase the vehicle surveys to nine.

Sixty percent of stray-voltage conditions identified last year did not involve Con Edison equipment. In 2007, Con Edison facilities were involved in the other 40 percent of the total stray voltage found, the lowest percentage since records were kept. Last year, the company found and eliminated 5,427 cases of stray voltage.

Con Edison is working with government agencies to address stray voltage on noncompany equipment, such as fencing, sidewalk bridges, and scaffolding. In addition to stray-voltage surveys, Con Edison has developed and tested composite service box and manhole covers, and plans to install 1,000 of the new insulating covers in 2008.



# Participating in the Vitality of Communities We Serve



## Participating in the Vitality of Communities We Serve

The company has an active Strategic Partnerships program that contributes to the social, cultural, and economic vitality of our communities. In 2007, Con Edison invested approximately \$10 million in organizations whose activities advance strong, vibrant, and stable communities. The company identifies organizations based on their ability to develop education initiatives, training, and special programs and events to enrich the quality of life for all New Yorkers.

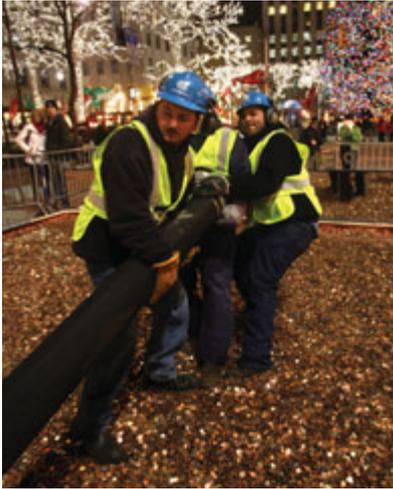
Programs that enhance the educational achievements of New York's youth are high

on Con Edison's corporate-giving agenda. In particular, the company seeks programs that foster development for teachers, facilitate school-to-career initiatives, and enrich math, science, reading, engineering, and environmental studies.

Con Edison supports organizations that present visual and performing arts programs to the public; promote tourism and foster economic development; and provide opportunities, especially for students, in traditionally underserved communities. Con Edison also supports arts-in-education projects that introduce students to the cultural and artistic resources of their communities.

Con Edison supports many community-based programs, such as the nature walk at the Alley Pond Environmental Center.





Workers participated in "Penny Harvest" activities that gave school children the opportunity to gather funds one penny at a time, then donate them to charitable causes of their choosing.

### Environmental Partnerships

Con Edison has a commitment to environmental excellence, and the company maintains strategic partnerships with more than 150 environmental organizations. These groups share our concern for preserving and protecting the environment through conservation and beautification projects and educational programs. We recognize the importance of work that furthers conservancy, recycling, reclamation efforts, and the mitigation of pollution.

Con Edison's Discovery Garden at the New York Botanical Garden is a wetland that surrounds a small pond and serves as a demonstration of the ecology of aquatic settings. A boardwalk extends over the water and viewing stations provide views of the plant species, visiting birds, and the shoreline. Signs posted at each station explain the relationships among plant species, fish, and birds in this ecological niche. The cycle of the seasons draws visitors to the garden year round. It is a popular destination for class trips and youth groups. Con Edison will continue its long term relationship with the New York Botanical Garden with a green sponsorship in 2008.

Con Edison supports the Community Environmental Center at Stuyvesant Cove Park. This institution gives youngsters the opportunity to participate in an environmental education program that ranges from conservation and recycling to ecological study. Con Edison also sponsored the installation of a solar-powered pavilion for the community center.

CECONY supports the Lower East Side Recycling Center (LESRC), a leader in electronics recycling. In addition to financial support, CECONY promotes and participates in LESRC events, including community recycling days. LESRC estimates that New York City generates about 34,000 tons of waste electronics every year. With CECONY's help, LESRC collected approximately 15,000 pounds of electronic waste at two events alone.

In 2007, Rockland Electric cosponsored a two-day event called Green Expo that took place at the Ramapo College of New Jersey. Admission to Green Expo was free, and the event showcased leading vendors of renewable energy, green buildings, green services and products, and exhibits of the latest green technologies. The expo also featured a conference where prominent experts discussed climate change.



# Supporting Employment and Diversity





Con Edison publishes an Equal Employment Opportunity report that details the annual progress in promoting employee and supplier diversity.

Con Edison is one of the largest employers in the region. At year-end 2007, Con Edison employed more than 14,000 people. Con Edison recruits from the broadest possible talent pool to ensure that our workforce is representative of the diverse communities we serve.

Con Edison is a recognized leader in promoting equal employment opportunity and valuing diversity. We work hard to preserve this tradition and to ensure that our employees are provided with the opportunities to expand their skills and to realize their full career potential. The company's mission is to have equitable representation of minorities and women at all levels, and we continue to make strides toward achieving this goal.

In 2007, Con Edison was named one of the 50 best companies for Latinas to work for by *LATINA Style* magazine, which surveys nearly 1,000 companies to identify those providing the best career opportunities for Hispanic women. The magazine evaluates educational opportunities, alternative work arrangements, dependent and child care support, employee benefits, job retraining opportunities, and affinity groups, as well as the number of Latina executives and board members, and mentoring programs.

*DiversityInc.* magazine named Con Edison among the Top 50 Companies for Diversity. Now in its seventh year, the Top 50 survey assesses corporate-diversity success in four categories: human capital; CEO commitment; corporate communications; and supplier diversity.

Underlying the company's strong commitment to maintaining a bias-free workplace is our

effort to train our employees to respect their coworkers. In 2005-2006, Con Edison launched a mandatory, online Equal Employment Opportunity training program for all management and union employees to help managers reduce conflict and improve the work environment. Additionally, the company's Corporate Diversity Council is made up of a diverse group of high level-managers who focus on ways to foster diversity and inclusion.

Con Edison recruitment efforts are key to its accomplishments. Marketing career opportunities over the internet is an effective way to reach diverse populations. Posting job openings through leading sites such as HotJobs.com, Careerbuilder.com, and Monster.com allowed us to reach diverse audiences in technical fields through links to a wide array of diversity Web sites, including America's Job Bank, the U.S. Department of Labor, Disability Jobs, GayJobs, Womenlinks, Network of Indian Professionals, GayWork, Hispanic Online, and the NAACP.

Jobs were also posted on the Society for Human Resource Management Web site, which is linked to professional associations including American Indian Native, National Disability, American Association of Blacks in Energy, Society of Hispanic Professional Engineers, Society of Women Engineers, and the National Action Council for Minorities in Engineering. To increase women hires, we strengthened our partnership with Nontraditional Employment for Women, a nonprofit organization that prepares women for work in construction and other traditionally male jobs.



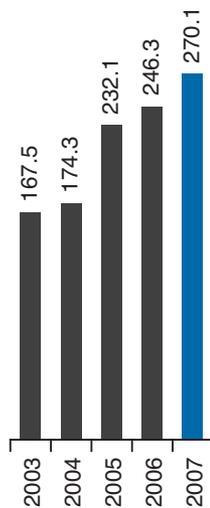
Brochure promoting Supplier Diversity Program.

Supplier Diversity Vendor  
Daniel Sung Park,

President and CEO  
Eclaro International,  
IT staffing – “We’re a  
company that stays on  
the cutting edge because  
of clients like Con Edison  
who are committed to  
excellence.”



#### Supplier Diversity Program expenditures (\$ millions)



#### Supplier Diversity

Con Edison’s Supplier Diversity Program provides procurement opportunities for minority-owned and women-owned businesses, buying \$270.1 million in goods and services from them in 2007. Throughout the year, the company reaches out to diverse

suppliers throughout our region. Con Edison launched a media and print campaign that featured vendors who gave accounts of how their contracts with Con Edison helped them grow their businesses and provide economic opportunities for their communities.



# Recognizing Exceptional Contributions to Environment, Health and Safety





Every year, Con Edison presents its EH&S Excellence Awards, the highest honor the company bestows for notable environmental, health, and safety achievement. The awards are presented at a special ceremony and are given in categories that correspond to five key EH&S objectives. In addition, the company recognizes employees who have earned three or more Excellence Awards by designating them Circle of Excellence Honorees. In 2007, 145 employees received Excellence Awards, and one was admitted to the Circle of Excellence.

## EH&S Excellence Award Winners

Juan Adrover  
 Paul Bajohr  
 Nicholas Beharry  
 Vincent M. Boatright  
 Wayne L. Brow  
 Joanne Callahan  
 Ann Cameron  
 Alfred A. Campbell, Jr.  
 Edwin Carrillo  
 Robert K. Ceriello  
 Michael Chalich

Elizabeth Christakos-Comack  
 Heidi Christopher  
 Kenneth Chu  
 Dennis E. Connelly  
 Christopher J. Cotroneo  
 James Crawford  
 Leslie F. Crotty  
 Joseph Cultrera  
 Tracy S. Cureton  
 Michael J. Dandurand  
 Michael P. Danowski

Lisa M. Dayle  
 John T. Deluca  
 Thomas Demodna  
 Raymond H. Depew, Jr.  
 Christopher J. Destefano  
 Joseph Devito  
 Joseph S. Disilvestro  
 Allan Douglas  
 David J. Driscoll  
 Glenn A. Ellis  
 David C. Erickson

Timothy P. Etta  
 James W. Finneran  
 Richard K. Freud  
 Michael J. Forsberg  
 John A. Forzaglia  
 Philip J. Fowles  
 Patrick Gagliardi  
 John T. Gaglio  
 Gary J. Gainsa  
 Alan L. Gajer  
 James B. Gaughan

Kevin D. Gillespie  
 Rosemarie Giordano  
 Natalino J. Giraldi  
 Kenneth M. Genuard  
 Eric C. Glass  
 Matthew Glasser  
 Steven A. Gombas  
 James J. Gomez  
 Rolando S. Gonzales  
 Alberto Gonzalez  
 Arthur Greene



Stuart C. Hanebuth  
 Patrick S. Hanley  
 Elton R. Hanson  
 Mohammed Z. Haque  
 Thomas A. Healy  
 John M. Heasley  
 Arthur V. Hudman  
 Randolph J. Johnson  
 Christopher G. Jones  
 Lima A. Jones  
 Adelson S. Jules  
 Marlon Kalloo  
 Paul M. Katchen  
 Glen H. Katz  
 Matthew J. Kearney  
 Hilary Kliros  
 Jackson Koo  
 Nelli Kraysberg  
 Winston M. Krieger  
 Curt A. Landgrebe  
 Hsin-Sun Lin  
 Jeffrey H. Leon  
 Cristina B. Lombardi

Patrick Losee  
 Nicholas T. Luberto  
 John P. Lyons  
 Robert G. Mahoney  
 Dennis J. Malerba  
 Joseph T. Mandara  
 James B. Manera  
 Peter Massaro  
 Roberto M. Mata  
 Peter Matsis  
 Stephen G. McReady  
 Randy A. Mester  
 Robert T. Michelitch, Jr.  
 Oneil A. Miles  
 William Montalvo  
 Daniel P. Morales  
 Kevin M. Morrison  
 David Muggeo  
 John W. Murphy  
 George Murray  
 Sigbjorn Myhre  
 Anthony J. Natale  
 Thomas F. O'Connell

James T. O'Connor  
 Phillip A. O'Donnell  
 Anastasia E. O'Malley  
 Sandra A. Ottey  
 Gerard Picardi  
 Robert J. Piepiora  
 Vincent C. Pisciotta  
 Peter Massaro  
 Michael Pokler  
 Maria W. Pollard  
 Deepak Ramlatchan  
 Kenneth M. Reynolds  
 Richard Rienzo  
 Jaime Rivera  
 Thomas P. Riviello  
 Jennifer Rommel  
 Craig M. Ruiz  
 Jeffrey Rutowski  
 Carmine M. Sabatasso  
 Jacqueline D. Sanchez  
 Luis R. Sanchez  
 Roberto A. Sanchez  
 Denis Sardo  
 Frank A. Schiavo

Karl M. Schweitzer  
 Daniel P. Simon  
 Richard C. Slote  
 Joseph Somma  
 Robert Spera  
 Robert P. Stewart  
 John Terlecki  
 Christian S. Thomas  
 Peter A. Tokarz  
 Guy Tourangeau  
 Jerry A. Turner  
 Joseph M. Tusa  
 Spencer D. Valdez  
 Courtney Velzy  
 Frank R. Vivola  
 Anna Marie Volpe  
 William E. Whelan  
 Shakira C. Wilson  
 James D. Wong  
 Steven L. Wong  
 Thomas J. Woop  
 Jonathan P. Zanger

## Circle of Excellence Honoree

Daniel P. Morales



345 kV  
DISCONNECT SWITCH  
5A BØ



DISC SW 5A  
B PHASE

# Commitment to an Injury-Free Workplace





Yearly Safety Conference attracts hundreds of employees and safety business leaders.

**At every single moment . . .**  
take the lead on safety.  
Be a safety leader.

- Be accountable for your safety and the safety of others.
- Model and promote good safety habits.
- Point out and correct poor safety habits.

Whether you are union or management, a CRR or the CEO, be a safety leader at every single moment.



"You want to be able to go through your career and not get injured, not get hurt. And that's all on you. That's a decision that you make."

Frank Wozniak, Outside Plant Mechanic A, Con Operations

Stay safe . . . at every single moment.



A comprehensive safety campaign themed "At Every Single Moment" focused on helping employees work toward an injury-free workplace.

## Commitment to an Injury-Free Workplace

Con Edison incorporates new or improved technologies to reduce the risks to our employees and the public. We regularly review and update our safety policies and procedures. We train our employees on the use of these policies and procedures at The Learning Center and during on-the-job training sessions at service centers and work locations.

### Promoting a Strong Safety Culture

In 2007, the company mounted a special communications campaign, *At Every Single Moment*. The campaign was anchored by a video that featured roughly 30 employees who shared their own insights on working safely. The campaign emphasized the responsibility to work safely not just for the sake of avoiding personal injury, but also for the well being of their coworkers and families. A copy of the video was mailed to every CECONY employee's home, along with a letter signed by the employees who appeared in the video, and company and union executives. It was packaged in an attractive jacket that featured photographs and quotes from the interviews. The campaign was well received, and continues through workplace posters and elevator screens.

Also in 2007, the president of CECONY instituted a monthly "Speaking Safety" e-mail sent to all employees. These concise messages keep employees current about safety issues, provide year-to-date updates on safety performance, and reinforce our commitment to achieving an injury-free workplace.

In addition, employees have access to environmental and safety communications from the EH&S intranet site, EH&S InfoLine. Hard copies of appropriate safety documents, such as the *Work Area Protection Manual*, are kept in company vehicles. First-line supervisors routinely conduct safety talks with workers on a variety of safety issues. Job briefings, including safety and health issues, are conducted prior to the start of field projects.

CECONY produces an award-winning monthly video news magazine called *The Excellence Files*, covering environmental health and safety issues, special features, and descriptions of any recent EH&S-related incidents. This video is available to all employees in CD, DVD, and VHS formats, as well as on the EH&S InfoLine.

In local organizations, there are safety breakfasts and monthly Safety Committee meetings throughout the year to help celebrate achievements, review lessons learned, and focus on EH&S performance.

Effective communication is a two-way street. Con Edison encourages employees to inform their managers of any unsafe conditions or risky situations that could result in accidents or injuries. Management and union employees are provided with a Close Call system for reporting situations where accidents or injuries were narrowly avoided. Lessons learned typically are communicated throughout the employee's organization and corrective actions are taken.

Any employee is empowered to call a Time Out when concerned about a health, safety, or environmental issue. When work stops,



CECONY employees from throughout the organization were honored with Safety Leadership Awards at the company's 2007 Annual Safety Conference. Awards recipients were Peter Acocella, Joseph Battaia, Frank Calabrese, Samuel Clarke, Vladimir Constant, Joseph D'Aquila, Robert Degiorgio, Kevin Fagan, Nicholas Gervasi, Michael Grinnell, Michael Havrisko, Chris Jones, Walter Lyon, Glenn Malysz, Christopher Mannuzza, John Molokie, William Mullen, Jesus Pina, James Rispoli, Roy Rodriguez, Vincent Schembari, Frederick Schmitt, Daniel Simon, David Smyth, John Terlecki, Joseph Thurston, Leonard Toscano, Gerard Toto, Jerry Turner, and Frank Vivola.

the employee can discuss the safety concern with a supervisor, and a subject-matter expert may also be consulted. Senior management encourages employees to use a Time Out when appropriate. This way, every individual is empowered to accept responsibility for getting work done while avoiding unacceptable environmental risks, or safety risks to himself or herself, coworkers, or the public.

O&R communicates safety messages to its employees. Employees are offered health and safety training programs, skills training programs, and daily job assignment briefings by supervisors and crew chiefs. *Currents*, their weekly employee publication, includes relevant safety messages. O&R provides safety briefings and video presentations for all Mutual Aid crews from other utilities working on storm damage repairs, animated safety messages on electronic bulletin boards throughout the facilities, and Safety Grams – documents that communicate information about recent accidents or seasonal safety concerns.

### Union and Management Partnerships

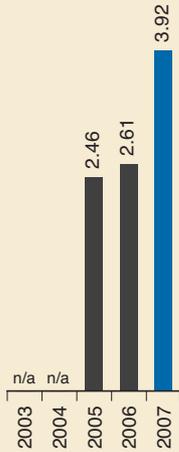
Participation from the executive officer through the entry-level employee is essential in working toward an injury-free workplace. Con Edison works with union and management teams to strengthen its safety culture and address safety concerns. The teams also participate in inspections and accident investigations.

In 2007, a specially appointed union and management committee was convened to assess gains made in working safely, and to recommend ways to improve performance. Committee members concentrated on identifying safety leadership traits. The committee worked to help all employees internalize "Safety Leadership ABCs," actions, behaviors, and communications practices that demonstrate a commitment to working safely.

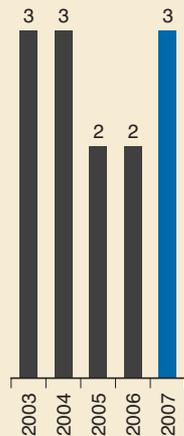
CECONY held its seventh annual Safety Conference, which was attended by more than 300 union and management employees. The conference theme was *Personal Responsibility – Every Single Moment*, and featured presentations from safety experts and union safety teams. It was also the occasion for presenting the company's first-ever Safety Leadership awards, a recommendation of the union/management team that developed the Safety Leadership ABCs.

Con Edison and Local 1-2, Utility Workers Union of America, along with Local 3, International Brotherhood of Electrical Workers, continue to collaborate on union and management safety committees throughout the organization. Union-only safety committees are also active in several operating groups.

### CECONY OSHA Injury/Illness Incidence Rate



### CECONY Recordable Injuries\*



\*Recordable injuries are those where medical attention beyond first aid is required.

### Comprehensive Training Helps Employees Work Safely

The company provides in-depth health and safety training for employees. Through Con Edison's Learning Center, instructors train employees about proper safety procedures and operating activities. The Learning Center maintains sophisticated teaching laboratories to facilitate training in operations such as splicing, meter repair, and incipient-stage fire fighting.

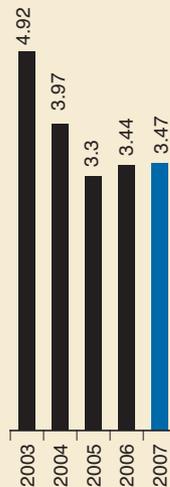
Employees receive OSHA Millennium training each year, using a curriculum that stresses participation over lecture, to increase employees' understanding of safety and health issues. In addition, workers receive formal on-the-job training that tailors safety and

operational procedures to specific tasks and settings. CECONY maintains a comprehensive information management system to track the courses taken by each employee, including any required annual refresher training, against the training program established for each employee. This information is available to all employees from the company's intranet site.

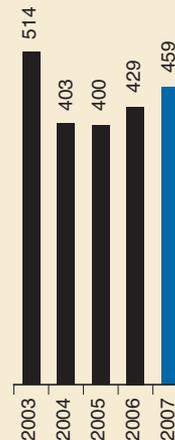
### Safety and Health Performance for 2007

The Occupational Health and Safety Administration (OSHA) Injury/Illness Incidence Rate is a federally-standardized measure for quantifying work-related injuries and illnesses. During 2007, the CECONY rate increased slightly compared to 2006, and the company did not achieve its goal of ending the year with an OSHA rate at 3.30 or lower.

### CECONY OSHA Injury/Illness Incidence Rate

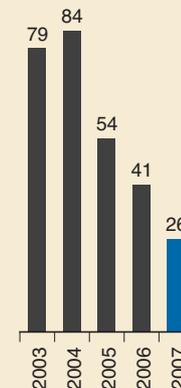


### CECONY Recordable Injuries\*



\*Recordable injuries are those where medical attention beyond first aid is required.

### CECONY Recordable Illnesses





Our Work Area Protection Manual provides guidance for maintaining employee safety and public safety at job sites.

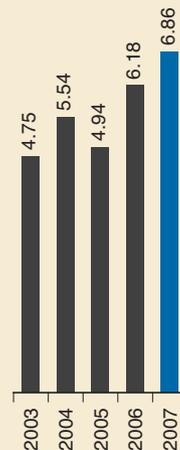
However, the 2007 figure represents CECONY's third-best safety performance. During the year, several new safety initiatives were put in place at CECONY. The Safety Leadership ABCs were formally incorporated in employee training and performance reviews. There was more emphasis on integrating safety considerations when planning work, both on a project basis, and day to day on the job site. A new field-safety observation program provided real-world assessments of safety practices and procedures in work settings to identify opportunities for improvement. All these measures promise to better safety performance in the coming year, and beyond.

At O&R, there was also a rise in the OSHA rate for 2007. During the year, O&R assembled

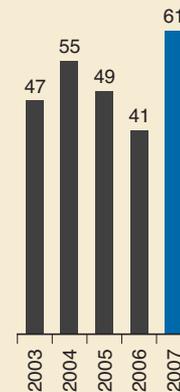
a special safety team to help reinforce a strong safety culture. The team is made up of union and management employees, and its mission is to reduce accidents and injuries by recommending action on core causes. The team has implemented a number of programs, including establishing truck committees, field observations and visits by safety team members, and creation of *ad hoc* committees to address specific safety concerns. The safety team is concentrating particularly on slips, trips, and falls, which constitute more than 40 percent of accidents at O&R.

Overall, Con Edison is set on a long-term, structured campaign of continuing to strengthen its safety culture as we work to achieve an injury-free workplace.

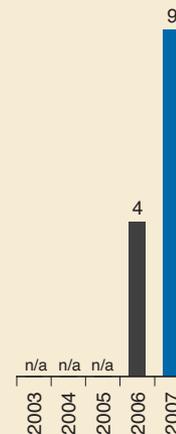
**O&R OSHA Injury/Illness Incidence Rate\***



**O&R Recordable Injuries\*\***



**O&R Recordable Illnesses**



\*For 2003-2005, OSHA Injury Incidence Rate shown. Figures for 2006-2007 reflect OSHA Injury/Illness Incidence Rate.

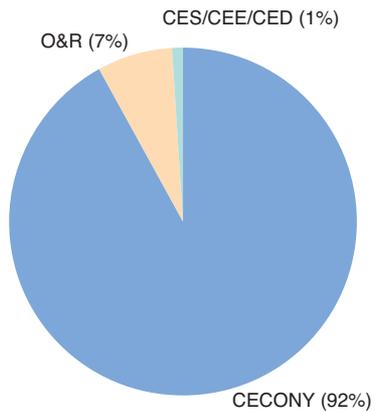
\*\*Recordable injuries are those where medical attention beyond first aid is required.



## Con Edison Financial Performance



**Percentage of Income from CEI Companies from Continuing Operations in 2007**



## Con Edison Financial Performance

Con Edison plays a major role in the sustainable economic development of New York and the communities we serve. We purchase goods and services from community-based organizations, and we are one of the largest taxpayers in both New York City and New York State.

By adding to shareholder value, we attract new investors and improve our capability to support the growth of our community. Con Edison has a long history of providing growing returns on investment. Con Edison invests substantial funding for building and improving our infrastructure. In the coming years, even more investment is planned so that we can continue to deliver the high level of service reliability to our customers.

### CEI Returns to Investors

Con Edison has consistently delivered solid returns for investors, with increased dividends provided for 34 consecutive years. Over the past 10 years, Con Edison stock has provided shareholders with an average annual return of 7.3 percent, compared with 7.8 percent for the S&P Utilities overall, and 5.9 percent for the S&P 500. Con Edison is one of two utilities in the S&P 500 with 30 or more years of consecutive dividend increases. In January of 2008, the dividend was increased to an annualized \$2.34 per share.

For a complete picture of Con Edison's financial performance during 2007, please refer to the CEI Annual Report, which is available on the company Web site, [www.conEdison.com](http://www.conEdison.com).



Con Edison's commitment to environmental and safety excellence in all its endeavors is critical and is aligned with our overall business goals. We are determined to do our part to protect the environment, make prudent, sustainable use of natural resources, and safeguard the well-being of our employees, the public, and the customers we serve. We prepared this report to offer a close look at how Con Edison carries out this commitment. Please let us have your comments by contacting:

Con Edison  
Re: EH&S Annual Report, 806S  
4 Irving Place  
New York, NY 10003  
EHSAnnualReport@conEd.com

Copyright © 2008

The Environment, Health and Safety Annual Report was printed with soy inks on paper made from 100% recycled post-consumer waste. Savings derived from using this paper, rather than 100% virgin fiber, include:



256 trees preserved for the future



93,382 gallons of wastewater flow saved



11,992 pounds of solid waste not generated



178 million BTUs of energy saved, the amount consumed by 2 homes in one year



22,497 pounds of greenhouse gases (CO<sub>2</sub>e) not produced, equivalent to taking 2 cars off the road for one year

The environmental impact estimates above were made using the Environmental Defense Fund Paper Calculator. For more information, visit [www.papercalculator.org](http://www.papercalculator.org).



100% post-consumer waste



 **conEdison, inc.**

Con Edison  
4 Irving Place  
New York, N.Y. 10003