

**From:** Request@ip-10-170-24-71.ec2.internal  
**Sent:** Tuesday, July 03, 2018 8:55 PM  
**To:** foiapa  
**Subject:** Request for Document from Hutton, Amy

**Follow Up Flag:** Follow up  
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Dr. Amy Hutton  
Carroll School of Management, Boston College Chestnut Hill, Massachusetts 02467 United States



Request:

COMP\_NAME: CONSOLIDATED EDISON INC

DOC\_DATE: 1/1/2001 to 12/31/2006

CIK\_NUM: 0001047862

TYPE: Comment letters

FEE\_AUTHORIZED: Other Amount \$: \$0

FEE\_WAIVER\_REQUESTED: Yes

FEE\_WAIVER\_COMMENT: We are a team of researchers at Boston College planning to explore the effects of making SEC comment letters publicly available. In particular, we are seeking to document how timely and broader public access to SEC comment letters created a more level playing field for all investors. To undertake this research we need access to both the publicly disclosed SEC comment letters and the comment letters that were issued but not made public (issued prior to 2005). Our sample consists of S&P 500 firms. We can easily obtain the treatment sample, i.e., firms whose SEC comments letters are publicly available. We would like your help in obtaining the SEC comment letters that were issued but not publicly available on Edgar (control sample). Having both samples will enable us to conduct rigorous tests to assess the effects resulting from the letters becoming publicly available. We believe this research will help regulators, academics and the general investing public better understand the role played by the SEC disclosure rules and their implications.

EXPEDITED\_SERVICE\_REQUESTED: No



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
STATION PLACE  
100 F STREET, NE  
WASHINGTON, DC 20549-2465

Office of FOIA Services

July 17, 2018

Dr. Amy P. Hutton  
Boston College  
Carroll School of Management  
Chestnut Hill, MA 02467

RE: Freedom of Information Act (FOIA), 5 U.S.C. § 552  
Request No. 18-02389-FOIA

Dear Dr. Hutton:

This letter is in response to your request, dated July 03, 2018 and received in this office on July 05, 2018, for SEC comment letters for the time period January 1, 2001 to December 31, 2006 that were issued to Consolidated Edison Inc., but were not made publicly available on EDGAR.

The search for responsive records has resulted in the retrieval of the enclosed comment letter dated August 21, 2002 that may be responsive to your request.

If you have any questions, please contact me at [hallr@sec.gov](mailto:hallr@sec.gov) or (202) 551-8353. You may also contact me at [foiapa@sec.gov](mailto:foiapa@sec.gov) or (202) 551-7900. You also have the right to seek assistance from Jeffery Ovall as a FOIA Public Liaison or contact the Office of Government Information Services (OGIS) for dispute resolution services. OGIS can be reached at 1-877-684-6448 or [Archives.gov](http://Archives.gov) or via e-mail at [ogis@nara.gov](mailto:ogis@nara.gov).

Sincerely,

A handwritten signature in black ink that reads "Ronnye L. Hall".

Ronnye L. Hall  
FOIA Research Specialist

Enclosure

Mail Stop 3-8

August 21, 2002

By Facsimile and U.S. Mail

Ms. Joan S. Freilich  
Executive Vice President and Chief Financial Officer  
Consolidated Edison, Inc.  
4 Irving Place, New York, New York 10003

RE: Consolidated Edison, Inc.  
Consolidated Edison Company of NY, Inc.  
Orange and Rockland Utilities, Inc.

Forms 10-K, for the year ended December 31, 2001  
Filed March 27, 2002

Dear Ms. Freilich :

We have reviewed your filings and have the following comments. Where indicated, we think you should revise your documents in response to these comments. If you disagree, we will consider your explanation as to why our comment is inapplicable or a revision is unnecessary. Please be as detailed as necessary in your explanation. In some of our comments, we may ask you to provide us with supplemental information so we may better understand your disclosure. After reviewing this information, we may or may not raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or on any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

Consolidated Edison Inc Form 10-K for the year ended December 31, 2001

Operating Statistics, Electric and Gas, pages 14 and 15

1. Supplementally explain to us the reason(s) for the change in distribution losses and other variances for your gas operations between years. Tell us why there is not a similar measure for your electric operations. Please tell us, with quantification, the effect that such changes had in your statement of operations and whether there were offsetting items that mitigated the effect on net income. Please explain to us why the distribution losses and other variances for gas operations could be negative. Finally, please describe to us how you calculate gas distribution losses, and electric if

applicable, and the internal controls in place for monitoring and controlling this account.

2. Supplementally explain to us the reason(s) for the fluctuation in Off-System sales of electricity and gas between years. In this regard, tell us how you define "Off-System" sales and whether any structural factors had an impact on this statistic.

Consolidated Balance Sheet, page 77

3. If material, please revise future filings to present unbilled revenue as a separate line item from receivables or disclose the amounts accrued as unbilled. See Rule 5-02(c) of Regulation S-X for analogous guidance.

4. We note your presentation of regulatory assets by type on the face of the balance sheet with separate note reference to the footnotes. If any of your regulatory assets includes amounts on which you do not earn a current return, disclose the nature and amount of such assets and the remaining recovery period associated with these assets. Refer to the requirements of paragraph 20 of SFAS 71. The staff believes the best practices approach regarding regulatory assets is to affirmatively indicate whether a particular regulatory asset is earning a rate of return and the anticipated recovery period. On a related point, advise where you have classified the costs to achieve the merger disclosed in Note K in regulatory assets. If other, future filings should quantify such amounts in the disclosure and if a material portion of the other balance, reference to the disclosure. If not a material portion of other, supplementally provide us with a detail of the items comprising other regulatory assets.

Consolidated Income Statement, page 79

5. Please revise in future filings the other income less miscellaneous deductions, line item to present other income and other expense as separate line items. Net presentation is generally not appropriate unless clearly immaterial. See paragraphs 7 to 9 of Rule 5-03(b) of Regulation S-X. If the thresholds of the Rule have been met, please also disclose in a footnote in tabular format the components and related amounts included in the revised other income and other expense line items for each period your statement of operations is presented.

Consolidated Statement of Cash Flows, page 81

6. Your netting of cash flows related to other assets and other liabilities in arriving at your operating cash flows may not be appropriate. Please revise future filings to present operating cash flows related to other separately. If you believe the individual assets comprising the "other-net" are immaterial, please supplementally demonstrate via a detail listing and an explanation of why each item represents an operating cash flow item.

Notes to Consolidated Financial Statements

Note A - Summary of Significant Accounting Policies

General

7. On page 20 you disclose your 28.8% ownership in Honeoye Storage Corp. In future filings, please ensure the notes to your financial statements explain in further detail affiliate transactions. Refer to the requirements of paragraph 2 of SFAS No. 57. To the extent transactions occur between your consolidated entities but the transaction or intercompany profit is not eliminated, disclose the amount of such transactions and tell us your basis for your accounting. If not material, supplementally demonstrate.

8. You disclose that you enter into purchase and sales transactions with an independent system operator. Please tell us how you account for your initial sales of power to the ISO, your subsequent purchases from the ISO of all or a portion of that power to supply your customers' needs, and your sales of the repurchased power to your customers. In doing so, tell us whether you account for these types of transactions on a gross basis (as two sales) or a net basis (as one sale). Also, tell us the GAAP literature or practice that you relied upon for your accounting treatment.

#### Utility Plant and Depreciation, page 86

9. Under property, plant and equipment you disclose your policies for regulated property. On the face of the consolidated balance sheet you disclose both regulated and unregulated property plant and equipment. In future filings disclose separately your depreciation policies and lives for regulated and unregulated property, plant and equipment. Further disclose the estimated useful lives of major property plant and equipment groups by depreciable class, such as production, transmission, distribution, storage and other. See also APB-12, paragraph 5. If not practicable, please explain why.

#### Investment, page 87

10. You disclose on the balance sheet investments of \$216.9 million. Your policy footnote suggests such investments are cost or equity method. If otherwise, please advise and tell us how this is communicated in your disclosures. Your reference to Note J suggests the investment is related to leases. In any event, please provide the following supplemental information for each investment included in this line item:

- \* A description and carrying amount of each investment as of December 31, 2001;
- \* The business purpose of any special purpose entity;
- \* Your business purpose for having an investment in the entity;
- \* Your ownership percentage and each type of equity interest, for example common stock, preferred stock or other interest you hold;
- \* Any related parties that also have an investment in each entity, their ownership percentages and their relationship to you;
- \* The form of each entity (e.g. corporation, limited partnership, general partnership, or joint venture) and
- \* For partnerships, identify the General Partner(s) and Managing General Partner(s).

#### Federal Income Tax, page 88

11. Your disclosure here and in the utility subsidiary financial statements suggests taxes are allocated using the separate return method. If so, please specifically indicate such in future disclosures. If subsidiary income taxes are not computed on a separate return basis, please tell us why the other allocation method is preferable under GAAP and/or how your regulator requires such taxes to be allocated.

State Income Tax, page 89

12. Your disclosure here suggests the elimination of excise based taxes. If true, advise how the "net income-based" tax operates and whether disclosure similar to that required by Rule 5-03(b)(1) of Regulation S-X would be relevant. If you still act as collection agent for excise taxes, please indicate whether you are presenting your collections and payments of these taxes on a gross or net basis. If these amounts are presented on a gross basis, you should also disclose the amounts of excise taxes included in each revenue and expense caption. Refer to the requirements of Rule 5-03(b)(1) of Regulation S-X.

Note B - Capitalization

Preferred Stock, page 90

13. Disclose all pertinent rights and privileges of you or your subsidiaries outstanding preferred shares, such as liquidation preferences, voting rights, etc. If any voting rights exist, indicate the circumstances under which such shares may vote and any voting rights disproportionate to common. See SFAS 129.

Long-term Debt, page 91

14. It is unclear which debt obligations are secured and whether any inter-company collateralizations or guarantees exist. If such or similar arrangements exist, in future filings please revise to disclose obligations secured and the nature of the security. Please also revise to disclose specific assets mortgaged, pledged, or otherwise subject to lien. Additionally, please tell us, and revise your disclosures to clarify, if any of the obligations are guaranteed or secured by affiliates. If no such guarantee exists, please advise. Refer to Rules 4-08(b) and (e) of Regulation S-X.

15. In future filings please disclose in your financial statements the significant debt covenants under each of your financing arrangements and the repercussions for failure to meet them. Also, disclose the existence of any cross-default provisions.

Note D- Pension Benefits, pages 92-4

16. We note your disclosed amortization policy of recognition of investment gains and losses and other actuarial gains and losses. Please show us via calculation how your method for amortization of investment gains and losses and calculation of market-related value of plan assets complies with the guidance in paragraph 30 and 31 of SFAS no. 87. In this regard, you may want to educate us on the interplay between determination of market-related value upon which you apply your assumed investment return and the asset gains and losses which are not required to be amortized per paragraph 31 of SFAS no. 87. Likewise show us via calculation how your method of amortization of other actuarial gains and losses meets the requirements of paragraph 33 of that Statement. Please be detailed in your analysis. On a related point, please ensure changes in the funded status of your plan are discussed in your results of operations and liquidity sections of MD&A to the extent such changes impact your pension expense or know future expense and possible pension contributions, respectively. In this regard, we note your

quantification of the increased pension credit on your results of operation.

Note F - Environmental Matters, page 98

17. Supplementally tell us, and revise the notes to your financial statements in future filings to briefly describe, the nature and amounts of the environmental remediation costs for which you have recognized accruals in your financial statements. Please tell us, and consider future disclosure to the extent necessary under the aforementioned Staff Accounting Bulletin, the significant assumptions used to estimate the amounts of the accruals you have established and the nature of any circumstances that could impact the reliability of your estimates. Also, please indicate whether your accruals have been established on a discounted or undiscounted basis and indicate when the accruals will result in cash outflow. Refer to the requirements of SAB Topic 5:Y, Questions 4 and 5. In future filings, please also consider disclosing the environmental related expenditures for the year and the amounts of any insurance recoveries. We note your detailed disclosures under "Item 3. Legal Proceedings of the Form 10-K". Finally advise whether you have a range of potential exposure for these, and other sites, for which accrual has not been made but are probable or reasonably likely such that disclosure of a range of exposure that may be material to the financial statements in excess of the amounts accrued would be required under SFAS no. 5.

Note J - Leases, page 100

18. Please tell us in detail your basis for not consolidating the Newington Project or reflecting the lease in your balance sheet. In this regard, more detailed information than that included in the note is necessary for the staff to fully comprehend the transaction. Accordingly please tell us:

\* The nature of your interest in the limited partnership including identification of the General and limited partners and your basis for non-consolidation

\* The extent of third-party debt and equity commitments of \$353 relative to your investment

\* Why the lease was not a capital lease under SFAS no. 13

\* How the cited EITF's were analyzed to your fact situation and resulted in non-consolidation and operating lease treatment

We may have further comment upon review of your response.

Note M - Stock-based Compensation, page 106

19. Supplementally tell us, and disclose in future filings, the weighted-average exercise price of options currently exercisable. See SFAS 123, paragraph 48.b. We note your disclosure of options in which the exercise price of the vested options as of December 31, 2001 was below the closing market price of the stock at that day. Please tell us why the number of such vested options at December 31, 2000 exceeded the number outstanding on that same date.

Note O - Derivative Instruments and Hedging Activities, page 109

20. Please tell us the balance sheet line item you include any amounts required to be held as collateral to secure your open positions. Please also tell us the total amount as of each balance sheet date. If these amounts are included in cash and cash equivalents, please tell us how you determined that they were not

restricted. Otherwise, revise future financial statements to exclude them from the cash and cash equivalents line item. See Rule 5-02 of Regulation S-X.

21. In valuing your mark-to-mark derivatives under SFAS no. 133 and your energy trading non-derivatives under EITF 98-10, explain to us whether you factor future transaction costs or risk of non-performance by the counterparty in your valuation at market. If so, explain the mechanics of your process including whether you set up a specific allowance for such items or what accounting mechanism is used. Please be detailed in your explanation if applicable.

Consolidated Edison Company of New York, Inc Form 10-K for the year ended December 31, 2001

and

Orange and Rockland Utilities Inc Form 10-K for the year ended December 31, 2001

22. Please address the above comments, as applicable.

Consolidated Edison Inc Form 10-Q for the period ended March 31, 2002

23. Please address the above comments, as applicable.

Note G - New Financial Accounting Standards, page 16

24. You disclose that "Con Edison's definite intangible asset relates to a power purchase agreement of an unregulated subsidiary...". Supplementally explain to us the nature of this intangible asset, how and when it arose and how you calculated its value.

Management's Discussion and Analysis of Financial Condition and Results of Operations, Cash Flows from Operating Activities, page 39

25. You disclose that "Proceeds from the auction of transmission congestion contracts ... Con Edison of New York sells rights to use its transmission system for specified periods of time...". Supplementally explain to us in detail the auction process and the selling of rights to use the transmission system to other companies. What companies are interested to purchase such rights and why? How do you set, calculate the sales price? Is this common in the industry? Is the whole amount of such sale refunded to the ratepayers or do you get to share in the proceeds, based on formulas established by the NYPSC?

As appropriate, please respond to these comments within 10 business days or tell us when you will provide us with a response. Please furnish a cover letter with your amendment that keys your responses to our comments and provides any requested supplemental information. Detailed cover letters greatly facilitate our review. Please file your cover letter on EDGAR. Please understand that we may have additional comments after reviewing your responses to our comments.

If you have any questions regarding the remaining comments,

please direct them to Vassilios Karapanos at (202) 942-1920 or, in his absence, to Jim Allegretto at (202) 942-1885. Any other questions regarding disclosures issues may be directed to H. Christopher Owings at (202) 942-1900.

Sincerely,

Jim Allegretto  
Sr. Assistant Chief

Accountant

August 21, 2002  
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