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Marc Richter  
Associate General Counsel

August 16, 2002

*Delivery by Hand and Overnight Mail*

Hon. Janet Hand Deixler  
Secretary  
Department of Public Service  
Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223

Re: In the Matter of the Application of CONSOLIDATED  
EDISON COMPANY OF NEW YORK, INC. under  
Section 70 of the Public Service Law for consent to the  
sale of a transformer to NRG Astoria Gas Turbines,  
LLC.

Dear Secretary Deixler:

Enclosed please find an original and six copies of the Petition of Consolidated Edison  
Company of New York, Inc. for expedited relief regarding sale of a transformer to NRG Astoria  
Gas Turbines, LLC.

Please provide one stamped copy to the Company's messenger.

Thank you.

Very truly yours,

cc: Kevin Lang, Esq. (Staff)  
Thomas Oberg (NRG)

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

-----X  
In the Matter of the Application :  
 :  
 :  
 of :  
 :  
 CONSOLIDATED EDISON COMPANY :  
 OF NEW YORK, INC. under Section 70 :  
 of the Public Service Law for consent to :  
 the sale of a transformer to :  
 NRG Astoria Gas Turbines, LLC :  
-----X

Case No. \_\_\_\_\_

PETITION

Marc Richter  
Attorney for Petitioner  
Consolidated Edison Company  
of New York, Inc.  
4 Irving Place  
New York, New York 10003  
(212) 460-4615

August 16, 2002

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

-----X  
In the Matter of the Application :  
 :  
 of :  
 :  
 CONSOLIDATED EDISON COMPANY : Case No. \_\_\_\_\_  
 OF NEW YORK, INC. under Section 70 : PETITION  
 of the Public Service Law for consent to :  
 the sale of a transformer to :  
 NRG Astoria Gas Turbines, LLC. :  
-----X

By this verified Petition, Consolidated Edison Company of New York, Inc. ("Con Edison" or "Company") requests the consent of the Public Service Commission ("PSC" or "Commission") pursuant to Public Service Law § 70 to the sale and transfer of a transformer under the terms of the Transformer Sales Agreement attached hereto as Appendix B, at a sale price of \$1,300,000.00, to NRG Astoria Gas Turbines, LLC. ("NRG"), having an office in Queens, New York.<sup>1</sup>

1. On July 31, 2002, NRG experienced a fire at its Astoria Gas Turbine Generating Facility (the "Station"). The fire damaged one of the Station's transformers beyond repair, thereby necessitating that NRG replace the transformer.

2. During the course of its efforts to replace the transformer, NRG expressed to Con Edison an interest in obtaining a 180 MVA, 138/13.8 KV, three-phase step-up transformer owned by Con Edison that had the necessary transformer specifications. The General Electric transformer that is the subject of this sale is identified on Attachment A to the Transformer Sales Agreement (the

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<sup>1</sup> The Transformer Sales Agreement also provides for the sale of certain ancillary equipment to facilitate NRG's installation of the Transformer. Specifically, the Transformer Sales Agreement provides for the sale of (a) a 308 foot cable spool, three splicing kits, three potheads, and a 1000 KVA light and power transformer, for a total sale price of \$137,255.55, and (b) such other equipment that Con Edison may provide by mutual agreement.

“Transformer”).

3. The Company acquired the Transformer in 1997 for use at one of several in-City generating plants that have since been divested for approximately \$1,185,000.00. None of the buyers of the divested plants were willing to purchase the Transformer and, therefore, the Transformer was retired from service in June 1999.

4. There is no accrued depreciation.

5. The Transformer has a current net book cost of \$0.00.

6. The Transformer is no longer needed by Con Edison for generation or other utility purposes and its sale will not have any adverse impacts on the environment or on Con Edison's service to customers. A short environmental assessment form is attached as Exhibit 1.

7. The sale price for the Transformer is \$1,300,000.00. Any applicable sales tax will be paid by NRG.

8. The accounting associated with this sale is set forth on Exhibit 2.

9. A statement of the financial condition of Con Edison as of December 31, 2001 is attached as Exhibit 3.

#### Request For Expedited Consideration

9. In the interests of the public health and welfare, the Company requests that the Commission approve this petition on an expedited basis under the emergency provisions of SAPA. The Transformer is needed by NRG in order to operate the Station, which is currently “de-rated” because one of its transformers is inoperable, at its full capacity. NRG is currently testing the unit and plans to install the unit in a matter of days following Commission approval of this petition. The additional energy from the Station is needed to meeting the needs of electric customers in the Company's service territory, particularly in the Astoria “load pocket,” on a reliable basis, especially

during periods of high electric demand on the Company's system.

WHEREFORE, Con Edison respectfully requests consent under Public Service Law § 70 to the transfer to NRG of the Transformer described herein.

Respectfully submitted,

CONSOLIDATED EDISON COMPANY  
OF NEW YORK, INC.

By: 

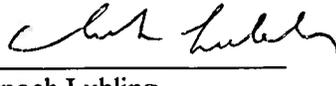
Marc Richter  
Its Attorney

August 16, 2002

STATE OF NEW YORK }  
COUNTY OF NEW YORK }

ss.:

Chanoch Lubling being duly sworn, deposes and says: I am Vice President of Consolidated Edison Company of New York, Inc., Petitioner herein. I have read the foregoing Petition and know the contents thereof. They are true to the best of my knowledge and belief.

  
\_\_\_\_\_  
Chanoch Lubling

Sworn to before me this  
16th this day of August , 2002



Notary Public

**MARIA DALTON**  
**Notary Public, State of New York**  
**No. 01DA5010017**  
**Qualified in Nassau County**  
**Commission Expires March 22, 2003**

PROJECT ID NUMBER

617.20  
APPENDIX C

SEQR

STATE ENVIRONMENTAL QUALITY REVIEW

**SHORT ENVIRONMENTAL ASSESSMENT FORM**

for UNLISTED ACTIONS Only

**PART 1 - PROJECT INFORMATION** (To be completed by Applicant or Project Sponsor)

1. APPLICANT / SPONSOR Consolidated Edison Company of New York, In	2. PROJECT NAME Sale of Transformer
3. PROJECT LOCATION: New York City Municipality	Queens County
4. PRECISE LOCATION: Street Address and Road Intersections, Prominent landmarks etc - or provide map Astoria Generating Station, Astoria, Queens, New York	
5. IS PROPOSED ACTION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Expansion <input type="checkbox"/> Modification / alteration	
6. DESCRIBE PROJECT BRIEFLY: On July 30, 2002, Reliant Energy, Inc., owner of the Astoria Generating Station, experienced a fire which damaged beyond repair one of its Station transformers. Con Edison proposes to sell to Reliant a Station transformer that it had purchased as a spare for use at the Astoria Generating Station.	
7. AMOUNT OF LAND AFFECTED: Initially 0 acres Ultimately _____ acres	
8. WILL PROPOSED ACTION COMPLY WITH EXISTING ZONING OR OTHER RESTRICTIONS? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, describe briefly:	
9. WHAT IS PRESENT LAND USE IN VICINITY OF PROJECT? (Choose as many as apply.) <input type="checkbox"/> Residential <input checked="" type="checkbox"/> Industrial <input type="checkbox"/> Commercial <input type="checkbox"/> Agriculture <input type="checkbox"/> Park / Forest / Open Space <input type="checkbox"/> Other (describe)	
10. DOES ACTION INVOLVE A PERMIT APPROVAL, OR FUNDING, NOW OR ULTIMATELY FROM ANY OTHER GOVERNMENTAL AGENCY (Federal, State or Local) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, list agency name and permit / approval:	
11. DOES ANY ASPECT OF THE ACTION HAVE A CURRENTLY VALID PERMIT OR APPROVAL? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, list agency name and permit / approval:	
12. AS A RESULT OF PROPOSED ACTION WILL EXISTING PERMIT / APPROVAL REQUIRE MODIFICATION? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS TRUE TO THE BEST OF MY KNOWLEDGE	
Applicant / Sponsor Name	Date:
Signature _____	

If the action is a Coastal Area, and you are a state agency,  
complete the Coastal Assessment Form before proceeding with this assessment

**PART II - IMPACT ASSESSMENT (To be completed by Lead Agency)**

A. DOES ACTION EXCEED ANY TYPE I THRESHOLD IN 6 NYCRR, PART 617.4? If yes, coordinate the review process and use the FULL EAF.  
 Yes  No

B. WILL ACTION RECEIVE COORDINATED REVIEW AS PROVIDED FOR UNLISTED ACTIONS IN 6 NYCRR, PART 617.6? If No, a negative declaration may be superseded by another involved agency.  
 Yes  No

C. COULD ACTION RESULT IN ANY ADVERSE EFFECTS ASSOCIATED WITH THE FOLLOWING: (Answers may be handwritten, if legible)

C1. Existing air quality, surface or groundwater quality or quantity, noise levels, existing traffic pattern, solid waste production or disposal, potential for erosion, drainage or flooding problems? Explain briefly:

No

C2. Aesthetic, agricultural, archaeological, historic, or other natural or cultural resources; or community or neighborhood character? Explain briefly:

No

C3. Vegetation or fauna, fish, shellfish or wildlife species, significant habitats, or threatened or endangered species? Explain briefly:

No

C4. A community's existing plans or goals as officially adopted, or a change in use or intensity of use of land or other natural resources? Explain briefly:

No

C5. Growth, subsequent development, or related activities likely to be induced by the proposed action? Explain briefly:

No

C6. Long term, short term, cumulative, or other effects not identified in C1-C5? Explain briefly:

No

C7. Other impacts (including changes in use of either quantity or type of energy? Explain briefly:

The installation and operation of the Station transformer will enable Reliant Energy to make full utilization of Astoria Genreating Unit No. 3

D. WILL THE PROJECT HAVE AN IMPACT ON THE ENVIRONMENTAL CHARACTERISTICS THAT CAUSED THE ESTABLISHMENT OF A CRITICAL ENVIRONMENTAL AREA (CEA)? (If yes, explain briefly:

Yes  No

E. IS THERE, OR IS THERE LIKELY TO BE, CONTROVERSY RELATED TO POTENTIAL ADVERSE ENVIRONMENTAL IMPACTS? If yes explain:

Yes  No

**PART III - DETERMINATION OF SIGNIFICANCE (To be completed by Agency)**

**INSTRUCTIONS:** For each adverse effect identified above, determine whether it is substantial, large, important or otherwise significant. Each effect should be assessed in connection with its (a) setting (i.e. urban or rural); (b) probability of occurring; (c) duration; (d) irreversibility; (e) geographic scope; and (f) magnitude. If necessary, add attachments or reference supporting materials. Ensure that explanations contain sufficient detail to show that all relevant adverse impacts have been identified and adequately addressed. If question d of part ii was checked yes, the determination of significance must evaluate the potential impact of the proposed action on the environmental characteristics of the CEA.

- Check this box if you have identified one or more potentially large or significant adverse impacts which **MAY** occur. Then proceed directly to the FULL EAF and/or prepare a positive declaration.
- Check this box if you have determined, based on the information and analysis above and any supporting documentation, that the proposed action **WILL NOT** result in any significant adverse environmental impacts **AND** provide, on attachments as necessary, the reasons supporting this determination.

\_\_\_\_\_  
 Name of Lead Agency

\_\_\_\_\_  
 Print or Type Name of Responsible Officer in Lead Agency

\_\_\_\_\_  
 Signature of Responsible Officer in Lead Agency

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Title of Responsible Officer

\_\_\_\_\_  
 Signature of Preparer (If different from responsible officer)

## Consolidated Edison Company of New York, Inc.

Sale Of General Electric Transformer To NRG Astoria Gas Turbines, LLC

	<u>Amount</u>
Sales Price	\$1,300,000
<u>Deduction</u>	
Book Cost of Transformer	\$0
Accumulated Provision for Depreciation	<u>0</u>
Net Plant	<u>0</u>
Income Before Income Taxes	1,300,000
New York State Income Tax @ 9.03%	<u>117,390</u>
Income Before Federal Income Tax	1,182,610
Federal Income Tax @ 35%	<u>413,914</u>
Income After Federal Income Tax	<u>\$768,696</u> *

\*The ancillary equipment is being sold at approximately cost.

### Requirements Under 16 NYCRR Parts 31 and 18

The requirements of a petition pursuant to section 70 of the Public Service Law are set forth in Parts 31 and 18 of the Commission's regulations (16 NYCRR Parts 31 and 18). In accordance with the provisions of Parts 31 and 18, Petitioner states as follows:

Section 31.1(a) - - Financial Condition This section requires that the petition provide the facts called for in subdivisions (f) - (i) and (p) of Section 18.1 applicable to the property to be transferred. The information required by this section for Con Edison is set forth in Appendix A, attached hereto.

Section 31.1 (b) - - General Description of the Facilities to be Transferred A general description of the Transformer is set forth in Exhibit 1 to this Petition.

Section 31.1 (c) - - List of Franchises, Consents and Rights to be Transferred Con Edison's franchised retail operations will not be transferred, merged or consolidated as part of the transfer of the Transformer.

Section 31.1 (d) - - Local Approvals Upon information and belief, no other consents or approvals of any municipality are required in connection with the proposed transfer of the Transformer.

Section 31.1 (e) - - A Copy of the Proposed Agreement to be Approved An unexecuted copy of the Transformer Sales Agreement is annexed as Appendix B to this Petition.<sup>2</sup>

Section 31.1 (f) and (g) - - Original Cost of the Property to be Transferred As stated in the Petition, the Company acquired the Transformer in 1997 for approximately \$1,185,000.00.

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<sup>2</sup> The Company will file a fully executed copy with the Commission.

Section 31.1 (h) - - Accumulated Depreciation Reserve of the Property to be Transferred.

The accumulated depreciation reserve of the Property is \$0.00.

Section 31.1 (i) - - Cost of the Property to be Transferred. The net book cost of the Transformer is \$0.00.

Section 31.1 (j) - - Depreciation Reserves of Property to be Transferred. The depreciation reserve of the Property to be transferred is \$0.00.

Section 31.1 (k) - - Statement of Contributions. There are no contributions toward construction of the Transformer.

Section 31.1 (l) - - Statement of Operating Revenues, Expenses and Taxes Relating to the Property to be Transferred. It is not meaningful to allocate operating revenues, expenses and taxes to the Transformer. The balance sheet of Con Edison is set forth in Appendix A to this Exhibit 3.

## MORTGAGES

There are no mortgages upon the property to be transferred.

**STATEMENT OF AFFILIATED INTERESTS**

There are no advances from affiliated interests or other indebtedness to affiliates.

Consolidated Edison Company of New York, Inc.

CONSOLIDATED INCOME STATEMENT

For the Year Ended December 31

	2001	2000	1999
	<i>(Thousands of Dollars)</i>		
OPERATING REVENUES (NOTE A)			
Electric	\$6,350,360	\$6,467,074	\$5,672,348
Gas	1,268,095	1,081,534	943,641
Steam	503,736	452,135	340,026
<b>TOTAL OPERATING REVENUES</b>	<b>8,122,191</b>	<b>8,000,743</b>	<b>6,956,015</b>
OPERATING EXPENSES			
Purchased power	2,818,936	2,988,096	1,669,227
Fuel	350,619	322,064	430,174
Gas purchased for resale	665,964	490,565	351,785
Other operations	868,092	947,545	1,047,748
Maintenance	404,158	430,870	423,322
Depreciation and amortization (Note A)	465,164	535,179	504,018
Taxes, other than income taxes	1,067,370	1,048,509	1,134,079
Income taxes (Notes A and J)	435,364	285,847	394,147
<b>TOTAL OPERATING EXPENSES</b>	<b>7,075,667</b>	<b>7,048,675</b>	<b>5,954,500</b>
<b>OPERATING INCOME</b>	<b>1,046,524</b>	<b>952,068</b>	<b>1,001,515</b>
OTHER INCOME (DEDUCTIONS)			
Investment income (Note A)	4,230	2,294	8,647
Allowance for equity funds used during construction (Note A)	1,294	1,086	3,805
Other income less miscellaneous deductions	(12,036)	1,446	(9,344)
Income taxes (Notes A and J)	8,196	(4,079)	28,066
<b>TOTAL OTHER INCOME (DEDUCTIONS)</b>	<b>1,684</b>	<b>747</b>	<b>31,174</b>
<b>INCOME BEFORE INTEREST CHARGES</b>	<b>1,048,208</b>	<b>952,815</b>	<b>1,032,689</b>
Interest on long-term debt	359,787	331,426	305,261
Other interest	32,323	43,224	17,363
Allowance for borrowed funds used during construction (Note A)	(6,963)	(5,550)	(1,778)
<b>NET INTEREST CHARGES</b>	<b>385,147</b>	<b>369,100</b>	<b>320,846</b>
<b>NET INCOME</b>	<b>663,061</b>	<b>583,715</b>	<b>711,843</b>
<b>PREFERRED STOCK DIVIDEND REQUIREMENTS</b>	<b>13,593</b>	<b>13,593</b>	<b>13,593</b>
<b>NET INCOME FOR COMMON STOCK</b>	<b>\$ 649,468</b>	<b>\$ 570,122</b>	<b>\$ 698,250</b>

Consolidated Edison Company of New York, Inc.

CONSOLIDATED BALANCE SHEET

	<i>As at</i>	
	<u>December 31, 2001</u>	<u>December 31, 2000</u>
	<i>(Thousands of Dollars)</i>	
<b>CAPITALIZATION AND LIABILITIES</b>		
<b>CAPITALIZATION (SEE STATEMENT OF CAPITALIZATION)</b>		
Common shareholder's equity	\$ 4,665,805	\$ 4,479,584
Preferred stock subject to mandatory redemption (Note B)	37,050	37,050
Other preferred stock (Note B)	212,563	212,563
Long-term debt	5,011,752	4,915,108
<b>TOTAL CAPITALIZATION</b>	<b>9,927,170</b>	<b>9,644,305</b>
<b>NONCURRENT LIABILITIES</b>		
Obligations under capital leases	41,088	31,432
Accumulated provision for injuries and damages	163,632	148,047
Pension and benefits reserve	101,759	105,124
Other noncurrent liabilities	12,187	14,822
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>318,666</b>	<b>299,425</b>
<b>CURRENT LIABILITIES</b>		
Long-term debt due within one year (Note B)	300,000	300,000
Notes payable	-	139,969
Accounts payable	598,137	879,602
Customer deposits	204,873	195,762
Accrued taxes	141,259	49,509
Accrued interest	73,311	78,230
Accrued wages	71,177	70,951
Other current liabilities	270,109	237,634
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,658,866</b>	<b>1,951,657</b>
<b>DEFERRED CREDITS AND REGULATORY LIABILITIES</b>		
Accumulated deferred federal income tax (Note J)	2,022,638	2,134,973
Accumulated deferred investment tax credits (Note A)	111,925	124,532
Regulatory liabilities		
NYISO reconciliation (Note A)	92,504	-
World Trade Center casualty loss (Note P)	81,483	-
Gain on divestiture (Note I)	52,784	50,000
Deposit from sale of First Avenue properties	50,000	50,000
Accrued electric rate reduction (Note A)	38,018	38,018
DC service incentive	28,455	18,169
NYPA revenue increase	9,169	35,021
Other	127,140	201,841
<b>TOTAL REGULATORY LIABILITIES</b>	<b>479,553</b>	<b>393,049</b>
<b>TOTAL DEFERRED CREDITS AND REGULATORY LIABILITIES</b>	<b>2,614,116</b>	<b>2,652,554</b>
<b>TOTAL</b>	<b>\$14,518,818</b>	<b>\$14,547,941</b>

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

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

	<i>As at</i>	
	<u>December 31, 2001</u>	<u>December 31, 2000</u>
	<i>(Thousands of Dollars)</i>	
<b>ASSETS</b>		
<b>UTILITY PLANT, AT ORIGINAL COST (NOTE A)</b>		
Electric	\$10,441,779	\$11,135,764
Gas	2,113,664	2,020,395
Steam	758,600	740,189
General	1,241,746	1,282,254
<b>TOTAL</b>	<b>14,555,789</b>	<b>15,178,602</b>
Less: Accumulated depreciation	4,083,760	4,819,626
<b>NET</b>	<b>10,472,029</b>	<b>10,358,976</b>
Construction work in progress	626,835	476,379
Nuclear fuel assemblies and components, less accumulated amortization	-	107,641
<b>NET UTILITY PLANT</b>	<b>11,098,864</b>	<b>10,942,996</b>
<b>NON-UTILITY PLANT</b>		
Non-utility property	29,408	4,087
<b>NET PLANT</b>	<b>11,128,272</b>	<b>10,947,083</b>
<b>CURRENT ASSETS</b>		
Cash and temporary cash investments (Note A)	264,776	70,273
Accounts receivable - customer, less allowance for uncollectible accounts of \$29,400 and \$25,800 in 2001 and 2000, respectively	527,635	743,883
Other receivables	91,814	155,656
Fuel, at average cost	16,719	28,455
Gas in storage, at average cost	85,534	64,144
Materials and supplies, at average cost	82,301	118,344
Prepayments	58,628	131,141
Other current assets	33,247	50,977
<b>TOTAL CURRENT ASSETS</b>	<b>1,160,654</b>	<b>1,362,873</b>
<b>INVESTMENTS</b>		
Nuclear decommissioning trust funds	-	328,969
Other	4,950	15,068
<b>TOTAL INVESTMENTS (NOTE A)</b>	<b>4,950</b>	<b>344,037</b>
<b>DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS</b>		
Accrued pension credits	697,807	366,743
Regulatory assets		
Future federal income tax (Note A)	624,625	642,868
Sale of nuclear generating unit (Note I)	170,241	-
Recoverable energy costs (Note A)	121,748	274,288
Real estate sale costs - First Avenue properties	105,407	103,009
Workers' compensation (Note F)	60,466	32,000
Divestiture - capacity replacement reconciliation (Note I)	58,850	73,850
Accrued unbilled gas revenue (Note A)	43,594	43,594
Deferred special retirement program costs (Note D)	42,197	46,743
World Trade Center restoration costs (Note P)	32,933	-
Other	117,584	152,482
<b>TOTAL REGULATORY ASSETS</b>	<b>1,377,645</b>	<b>1,368,834</b>
Other deferred charges and noncurrent assets	149,490	158,371
<b>TOTAL DEFERRED CHARGES, REGULATORY ASSETS AND NONCURRENT ASSETS</b>	<b>2,224,942</b>	<b>1,893,948</b>
<b>TOTAL</b>	<b>\$14,518,818</b>	<b>\$14,547,941</b>

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

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

	<i>As at</i>		
	<i>December 31, 2001</i>	<i>December 31, 2000</i>	<i>December 31, 1999</i>
	<i>(Thousands of Dollars)</i>		
BALANCE, JANUARY 1	\$3,995,825	\$3,887,993	\$4,517,529
Net income for the year	663,061	583,715	711,843
<b>TOTAL</b>	<b>4,658,886</b>	<b>4,471,708</b>	<b>5,229,372</b>
DIVIDENDS DECLARED ON CAPITAL STOCK			
Cumulative Preferred, at required annual rates	13,593	13,593	13,593
Common	459,718	462,290	1,327,786
<b>TOTAL DIVIDENDS DECLARED</b>	<b>473,311</b>	<b>475,883</b>	<b>1,341,379</b>
<b>BALANCE, DECEMBER 31</b>	<b>\$4,185,575</b>	<b>\$3,995,825</b>	<b>\$3,887,993</b>

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

<i>For the Year Ended December 31</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>
	<i>(Thousands of Dollars)</i>		
NET INCOME FOR COMMON STOCK	\$649,468	\$570,122	\$698,250
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAXES			
Minimum pension liability adjustments, net of \$1,402 and \$363 taxes in 2001 and 2000, respectively	(1,844)	(673)	-
Unrealized (losses)/gains on derivatives qualified as hedges, net of \$3,559 taxes	(4,938)	-	-
Reclassification adjustment for gains/(losses) included in net income, net of \$2,087 taxes	2,983	-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAXES</b>	<b>(3,799)</b>	<b>(673)</b>	<b>-</b>
<b>COMPREHENSIVE INCOME</b>	<b>\$645,669</b>	<b>\$569,449</b>	<b>\$698,250</b>

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

<i>Long-term debt (Note B)</i>			<i>At December 31</i>	
<i>Maturity</i>	<i>Interest Rate</i>	<i>Series</i>	<i>2001</i>	<i>2000</i>
			<i>(Thousands of Dollars)</i>	
<b>DEBENTURES:</b>				
2001	6½	1993B	\$ -	\$ 150,000
2001	3.25	1996B	-	150,000
2002	6⅝	1993C	150,000	150,000
2002	4.72*	1997A	150,000	150,000
2003	6⅝	1993D	150,000	150,000
2004	7⅝	1992B	150,000	150,000
2005	6⅝	1995A	100,000	100,000
2005	6⅝	2000C	350,000	350,000
2007	6.45	1997B	330,000	330,000
2008	6¼	1998A	180,000	180,000
2008	6.15	1998C	100,000	100,000
2009	7.15	1999B	200,000	200,000
2010	8⅝	2000A	325,000	325,000
2010	7½	2000B	300,000	300,000
2023	7½	1993G	380,000	380,000
2026	7¾	1996A	100,000	100,000
2028	7.1	1998D	105,000	105,000
2028	6.9	1998D	75,000	75,000
2029	7⅝	1994A	150,000	150,000
2039	7.35	1999A	275,000	275,000
2041	7½	2001A	400,000	-
<b>TOTAL DEBENTURES</b>			<b>3,970,000</b>	<b>3,870,000</b>
<b>TAX-EXEMPT DEBT - NOTES ISSUED TO NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY FOR FACILITIES REVENUE BONDS:</b>				
2020	5¼	1993B	127,715	127,715
2020	6.10	1995A	128,285	128,285
2022	5⅝	1993C	19,760	19,760
2026	7½	1991A	-	128,150
2027	6¾	1992A	-	100,000
2027	6⅝	1992B	-	100,000
2028	6.00	1993A	101,000	101,000
2029	7⅝	1994A	100,000	100,000
2034	2.74*	1999A	292,700	292,700
2036	1.95*	2001A	224,600	-
2036	1.81*	2001B	98,000	-
<b>TOTAL TAX-EXEMPT DEBT</b>			<b>1,092,060</b>	<b>1,097,610</b>
<b>SUBORDINATED DEFERRABLE INTEREST DEBENTURES:</b>				
2031	7¾	1996A	275,000	275,000
<b>UNAMORTIZED DEBT DISCOUNT</b>			<b>(25,308)</b>	<b>(27,502)</b>
<b>TOTAL</b>			<b>5,311,752</b>	<b>5,215,108</b>
<b>LESS: LONG-TERM DEBT DUE WITHIN ONE YEAR</b>			<b>300,000</b>	<b>300,000</b>
<b>TOTAL LONG-TERM DEBT</b>			<b>5,011,752</b>	<b>4,915,108</b>
<b>TOTAL CAPITALIZATION</b>			<b>\$ 9,927,170</b>	<b>\$ 9,644,305</b>

\* Rates reset weekly, quarterly or by auction held every 35 days; December 31, 2001 rate shown.

## AGREEMENT FOR SALE OF GE 180 MVA TRANSFORMER

This AGREEMENT is dated this \_\_\_\_ day of August, 2002 by and between CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. ("Con Edison" or "Seller") and Astoria Gas Turbines, LLC (the "Buyer" or "Purchaser").

WHEREAS, Con Edison owns a General Electric 180 Mva power transformer (the "Transformer"); and

WHEREAS, the Buyer would like to purchase and install the transformer at its Astoria generating site located in Queens, New York; and

WHEREAS, Con Edison is willing to sell the Transformer and certain ancillary equipment (the "Ancillary Equipment") to the Buyer on the terms and conditions stated below:

NOW, THEREFORE, the parties agree as follows:

1. Description of Transformer. The Transformer and Ancillary Equipment are described on Attachment A hereto.
2. Price. The sale price of the Transformer is one-million-three-hundred-thousand dollars (\$1,300,000.00). The price of the Ancillary Equipment is one-hundred-seventy-thousand-two-hundred-seven dollars and fifty-three cents (\$107,207.53). (The prices of the Transformer and of the Ancillary Equipment, \$1,407,207.53 in the aggregate, shall be referred to collectively as the Sale Prices.) The Sale Prices do not include (i) taxes as described in paragraph 8, (ii) reimbursement of costs related to the preparation of the Transformer for testing and transportation and oil drainage-related costs (if any) pursuant to paragraph 4, (iii) the sale price of \$30,048.02 for the previously delivered 1000 KVA light and power transformer which was previously paid by Buyer to Con Edison or (iv) the price for any other services or equipment that Con Edison may provide by mutual agreement.
3. Payment. Buyer shall pay (i) the Sale Prices, (ii) an estimate of the costs for the preparation of the Transformer for testing, oil drainage-related costs, if any, and the costs for preparation of the Transformer for transportation pursuant to Paragraph 4 (collectively the "Estimated Costs"), and (iii) unless the Buyer has provided an exemption certificate, applicable sales taxes. The aforesaid payments shall be made to Con Edison by priority wire transfer promptly when the contract becomes effective. Promptly upon Con Edison's calculation of the actual Estimated Costs incurred (the "Actual Costs"), Con Edison shall submit an adjusted invoice to Buyer. If the Actual Costs exceed the Estimated Costs, Buyer shall pay Con Edison the difference within

ten (10) days of receipt of the adjusted invoice. If the Estimated Costs exceed the Actual Costs, Con Edison shall return to Buyer the difference within ten (10) days of the issuance of the adjusted invoice. The Buyer shall be entitled to test the Transformer on Con Edison's property only after Con Edison has received verification of full payment as aforesaid.

Payment shall be by priority wire in accordance with the following wire transfer instructions:

Bank: J.P. Morgan Chase Bank  
ABA #: 021000021  
Account #: 9101264514  
Account of: Consolidated Edison Company of New York, Inc.

Any notice or invoice sent pursuant to this Agreement may be made by personal delivery, nationally recognized overnight carrier, or by fax (provided a copy is also sent on the same day by nationally recognized overnight carrier). Any such notice shall be effective when received. Notices shall be addressed as follows:

**If to Con Edison:**

Consolidated Edison Company  
of New York, Inc.  
4 Irving Place, Room 518  
New York, NY 10003  
Attention: Mr. Frank P. Marino  
Telephone: (212)460-8426  
Fax: (212)420-7288

**If to Buyer:**

**Astoria Gas Turbines, LLC**  
**901 Marquette Ave., Suite 2300**  
Minneapolis, MN 55402  
Attention: Tom Oberg  
Telephone: (612)373-8663  
Fax: (621)373-5422

4. Preparation, Testing, Oil Drainage, and Transportation, and Installation. Con Edison will prepare the Transformer for testing. If the test is successful, Con Edison will prepare the Transformer for transportation and, at the Buyer's request, drain (or arrange for draining of) the oil from the Transformer and refill the Transformer with dry air prior to its being transported. The Buyer shall provide tankers necessary to hold and transport the oil off Con Edison's premises. This work shall be performed at the Buyer's expense. The Buyer shall be responsible for, and shall bear, all costs in connection with testing, transporting, and installing the Transformer. The Buyer shall at its expense, arrange for there to be a manufacturer's representative on site to witness, and shall give Con Edison reasonable notice to enable it to witness testing of the Transformer. Contractors retained by the Buyer to perform the aforesaid work will be subject to Con Edison's prior approval, which shall not be unreasonably withheld. Prior to the commencement of work by Buyer, Buyer must provide to Con Edison an Environmental Health and Safety Plan ("HASP") for prior review and approval and any

and all work or testing to be performed by the Buyer or on the Buyer's behalf shall be performed in accordance with all applicable laws and the approved HASP.

5. Testing Standards.

(a) Buyer and Con Edison have agreed upon testing standards for the Transformer. The testing standards are attached hereto as Attachment B and are meant to determine whether the Transformer has been properly prepared for service and can be safely energized. If the Transformer attains the standards set forth in Attachment B and Con Edison receives PSC approval of the sale (as addressed in paragraph 24), the Bill of Sale shall be issued by Con Edison to Buyer, Con Edison shall prepare the Transformer and ancillary equipment for transportation and, if applicable, oil-drainage, and Con Edison shall have no further responsibility with respect to the Transformer, its failure or repair.

(b) If the Transformer fails to meet any standard set forth in Attachment B, Con Edison will, at its own expense, arrange for repairs to be completed on the Transformer as promptly as reasonably practicable so as to enable the Transformer to attain the standard. After the standard is attained, Con Edison shall have no further responsibility with respect to the Transformer, its failure or repair. If Con Edison has not yet received PSC approval of the sale, it may delay arranging for the repairs until such approval is received. If, in Con Edison's sole judgment, the failure of the test (or any retest, as applicable) is not correctable at reasonable cost, Con Edison will have the right to decline to have the repairs performed and will refund the Sale Prices, less the preparation costs incurred in accordance with Paragraph 4 and this Agreement shall terminate.

(c) If the Transformer does not attain the standards set forth in Attachment B due to damage caused during the testing of the Transformer by Buyer, Con Edison shall be deemed to have satisfied its obligations hereunder and the sale shall be consummated as contemplated by the Agreement, the Bill of Sale shall be issued by Con Edison to Buyer, Con Edison shall prepare the Transformer and Ancillary Equipment for transportation and, if applicable, oil-drainage, and Con Edison shall have no further responsibility with respect to the Transformer, its failure or repair.

(d) If PSC approval is denied, Con Edison shall promptly give notice to the Buyer of the PSC denial. This Agreement shall automatically terminate upon receipt by Buyer of notice of the PSC denial. Con Edison shall promptly return the Sale Prices to the Buyer less the preparation costs incurred in accordance with Paragraph 4 and Con Edison and Buyer shall have no further responsibility with respect to the Transformer, the Ancillary Equipment or this Agreement.

6. Representations and Warranties of the Buyer. Buyer represents and warrants to

Con Edison that (a) it is a limited liability company duly registered and validly existing under the laws of the State of Delaware; and (b) the execution and delivery of this Agreement and consummation of the transaction contemplated by this Agreement have been duly and validly authorized by all necessary corporate action on the part of the Buyer, and this Agreement constitutes a valid and legally binding obligation of the Buyer enforceable according to its terms. Neither the execution and delivery of this Agreement, nor the consummation of the transaction contemplated by this Agreement, will (1) violate any provision of the terms of any applicable law, rule or regulation of any governmental body having jurisdiction; (2) conflict with or result in a breach of any provision of the Buyer's Articles of Incorporation or Bylaws, or (3) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Buyer.

7. No Warranties. Subject to Paragraph 5, the Transformer and the Ancillary Equipment are sold AS IS. Any description of the Transformer or the Ancillary Equipment contained in any document relating to this sale is for reference purposes only and is not intended to be construed as a warranty of any kind. EXCEPT FOR WARRANTY OF TITLE, NO WARRANTIES SHALL APPLY, WHETHER EXPRESSED OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR WARRANTIES BASED ON COURSE OF DEALING OR TRADE USAGE.

8. Taxes. The sale prices do not include any federal, state or local sales, use, gross receipts, excise or other similar tax (but excluding net income taxes imposed on Con Edison) which may now or hereafter be applicable to this transaction, and Buyer agrees to pay or reimburse Con Edison for any such tax paid by Con Edison in the connection of this sale. Con Edison will accept properly completed exemption certificates for any tax from which the Buyer claims exemption.

9. Assignment. The Buyer shall not assign this Agreement or any of its rights under this Agreement without the prior written consent of Con Edison, and any assignment made without such consent shall be void.

10. Indemnification. To the fullest extent allowed by law, the Buyer agrees to defend, indemnify and save Con Edison, its trustees, officers, employees and agents harmless from all claims, damage, loss and liability, including costs and expenses, legal and otherwise, for injury to or the death of persons, damage to the environment or damage to property, including the Transformer, the Ancillary Equipment and other property of the parties, resulting, in whole or in part, from, or connected with, the performance of this Agreement or the possession, transportation, assembly, testing, installation, maintenance, operation, disposition, or other use of the Transformer or the Ancillary Equipment.

11. Insurance. The Buyer shall have Comprehensive General Liability Insurance,

including Contractual Liability, with limits of \$3,000,000 per occurrence for bodily injury or death and \$1,000,000 per occurrence for property damage or a combined single limit of \$3,000,000 per occurrence from the Effective Date of this Agreement until (i) title and risk of loss is transferred to the Buyer or (ii) the sale is cancelled in accordance with the terms of this Agreement. Policy deductibles or self-insured retention shall be \$25,000 or less. Con Edison's acceptance of an insurance policy or policies with deductibles or self-insured retentions or of any insurance policy or policies does not relieve or reduce Buyer's defense and indemnification obligations in Paragraph 10. The insurance policy or policies shall name Con Edison as an additional insured and contain a cross-liability endorsement. There shall be no exclusion for claims by the Buyer's employees against Con Edison based on injury to the Buyer's employees. The Buyer shall cause the above insurance to be endorsed by the insurer to require that the insurer furnish Con Edison with at least ten days written notice prior to the effective date of cancellation of the insurance or of any change in policy limits or scope of coverage. All coverage of Con Edison as an additional insured shall be primary coverage and not contributory.

12. Title and Risk of Loss. Title and risk of loss or damage to the Transformer shall pass to the Buyer upon the later of (i) the Transformer's attaining the standards set forth in Attachment B and (ii) PSC approval of the sale.

13. Force Majeure. Con Edison shall not be liable for failure to perform or delay in performing due to damage to the Transformer prior to removal of the Transformer by Buyer or due to any cause beyond its reasonable control.

14. Interpretation. All rights and remedies provided by this Agreement shall, unless otherwise specified herein, be deemed to be cumulative so as to exist in addition to one another and to any other rights and remedies provided by law. The titles of the articles of this Agreement are for convenience only and shall not be construed to limit or qualify the meaning of any article or section thereof.

15. Waiver. Any waiver shall be effective only if in writing and signed by the waiving party's authorized representative, and shall apply only with respect to the particular event to which it specifically refers.

16. Amendments. No modification of or amendment to this Agreement shall be valid or binding unless in writing and signed by an authorized representative of each party.

17. Entire Agreement. This Agreement contains the entire agreement between Con Edison and the Buyer. If any article or provision of this Agreement is or becomes legally invalid or unenforceable, the remainder of the article and this Agreement shall not be affected thereby. Any prior or contemporaneous, oral or written, understandings or agreements relating to the subject matter of this Agreement are merged herein.

18. New York Law. This Agreement shall be construed, and the rights and liabilities of the parties hereto determined, in accordance with the laws of the state of New York, without reference to its choice of law provisions.

19. Limitation of Liability. Neither Con Edison nor its trustees, officers, employees, or agents shall be liable to the Buyer in contract, tort (including negligence and strict liability) or otherwise for loss of use of equipment or facilities, cost of capital, loss of profits or revenues, cost of repair, claims of any customer of Buyer, or any special, incidental, indirect or consequential loss or damage whatsoever. In any event, the total cumulative liability of Con Edison, whether in contract, tort (including negligence and strict liability) or otherwise, arising out of this Agreement shall be limited to \$100,000.

20. Transfer. In the event that the Buyer transfers the transformer or the Ancillary Equipment or any interest therein to a third party, the Buyer shall either obtain from the transferee for the benefit of Con Edison, its trustees, officers employees and agents the same protections against liability that the Buyer is providing them with hereunder or indemnify them against any liability they incur in excess of what they would have incurred had the Buyer obtained such protections from the transferee.

21. Submission to Jurisdiction/Choice of Forum

A. The Buyer hereby irrevocably submits to the jurisdiction of the courts of the State of New York with regard to any controversy arising out of or relating to this Agreement. The Buyer agrees that service of process on the Buyer in relation to such jurisdiction may be made, at the option of Con Edison, either by registered or certified mail addressed to the Buyer at the address shown in this Agreement or at the address of any office actually maintained by the Buyer or by actual personal delivery to the Buyer. Such service shall be deemed to be sufficient when jurisdiction would not lie because of the lack of a basis to serve process in the manner otherwise provided by law. In any case, however, process may be served as stated above whether or not it may be properly served in a different manner.

B. The Buyer consents to the selection of the New York State and the United States courts situated within the City of New York or Westchester County as the exclusive forums for any legal proceeding arising out of or relating to this Agreement.

22. Effective Date. This Agreement shall become effective only after it has been executed by both parties

23. Survival. Paragraphs 3, 7, 8, 10, 12, 18, 19, and 21 herein shall survive termination of this Agreement.

24. PSC Approval. Buyer and Con Edison acknowledge that the New York State Public Service Commission ("PSC") must review and approve of the sale pursuant to Public Service Law §70. Pending PSC approval, title to the Transformer and the Ancillary Equipment shall remain at all times with Con Edison. Pending PSC approval, Con Edison will allow Buyer to "test" the Transformer in accordance with the provisions herein.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives:

**CONSOLIDATED EDISON  
COMPANY OF NEW YORK, INC.**

**ASTORIA GAS TURBINES, LLC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT A**

**GE 180 Mva Transformer**Transformer Identification  
Serial No. S/N H409086

**ANCILLARY EQUIPMENT**

**1000 KVA light and power transformer (previously delivered  
and paid for)  
308 ft. Cable Spool**

3 Splicing Kits

3 Pot Heads

Labor for line drops at pick-up point

## ATTACHMENT B

The following standards are to be used for purposes of Paragraph 5 of the Agreement, "Testing Standards." All term references are based on the attached General Electric Test Report, 180 MVA 138-13.8-13.8 kV GSU transformer, GE Job No. 20602, Rewound 1997.

1. Double Power Factor: Power Factor: Doble (@ 20 degrees C) Section +/- 10 percent
2. Bushing C1, C2 and power factor tests for all bushings: Results for each bushing on metallic nameplate located on bushing base (+/- 10 percent)  
(Copies of bushing test reports are not available)
3. Transformer Excitation Current Tests: Single Phase Excitation Test Section (+/- 10 percent)
4. Transformer Turns Ratio Tests: Single ratio unit (138-13.8-13.8 kV) Section (+/- 1 percent)
5. Winding Resistance: Winding Resistance (Corrected to 75 degrees C) Section (+/- 10 percent)
6. Core Ground Test: 1000 Megohms, minimum
7. Oil Quality Test Results: Tests are to be performed in accordance with ASTM and IEEE C57.106 Standards

Water in Oil (ASTM D-1533): 20 ppm, maximum

Dielectric Strength (ASTM D-1816): 30 kV for 0.04 in gap

Oil Power Factor (ASTM D-924): 0.1 percent, maximum for 25 degrees C

Interfacial Tension (ASTM D-971): 35 mN/m, minimum

Color (ASTM D-15-00): 1, maximum

**ATTACHMENT C**

**BILL OF SALE**

FOR AND IN CONSIDERATION of the sum of One Dollar (\$1.00) and other good and valuable considerations, the receipt of which is hereby acknowledged, Consolidated Edison Company of New York, Inc. ("Seller") does hereby sell, transfer, convey and deliver unto Astoria Gas Turbines, LLC, its successors and assigns, all assets, properties and rights enumerated on Attachment A attached hereto (the "Equipment").

Seller makes no warranties regarding the Equipment.

IN WITNESS WHEREOF, Seller has caused this instrument to be executed by its duly authorized officer, this \_\_\_\_ day of \_\_\_\_\_, 2002.

\_\_\_\_\_

STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ )

Before me, a Notary Public of the State and County aforesaid, personally appeared \_\_\_\_\_, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, executed the foregoing instrument for the purpose therein contained.

WITNESS my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 2002.

\_\_\_\_\_

Notary Public

My commission expires \_\_\_\_\_