Case 07-S-1315
Exhibit__(FP-16)

Exhibit__(FP-16)
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Moody's Investors Service

Credit Opinion: Consolidated Edison, Inc.

Consolidated Edison, Inc.

New York, New York, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	A2
Senior Unsecured	A2
Subordinate Shelf	(P)A3
Preferred Shelf	(P)Baa1
Commercial Paper	P-1
Consolidated Edison Company of New York, Inc.	
Outlook	Stable
Issuer Rating	A1
Senior Unsecured	A1
Subordinate	A2
Preferred Stock	A3
Commercial Paper	P-1
Orange and Rockland Utilities, Inc.	
Outlook	Stable
Issuer Rating	A2
Senior Unsecured	A2
Subordinate Shelf	(P)A3
Commercial Paper	P-1

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Key Indicators

[1]
Consolidated Edison, Inc. (The)

	3Q07 LTM	2006	2005	2004
(CFO Pre-W/C + Interest) / Interest Expense	**3.3x**	**3.3x**	**3.7x**	**4.2x**
(CFO Pre-W/C) / Debt	**13%**	**14%**	**15%**	**20%**
(CFO Pre-W/C - Dividends) / Debt	**7%**	**8%**	**10%**	**13%**
(CFO Pre-W/C - Dividends) / Capex	**34%**	**38%**	**48%**	**65%**
Debt / Book Capitalization	**41%**	**43%**	**45%**	**44%**
EBITA Margin %	**15%**	**14%**	**13%**	**8%**

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Company Profile

Consolidated Edison, Inc. (CEI) is the parent holding company of two regulated transmission and distribution (T&D) utility subsidiaries that comprise the largest utility system in New York State. The utilities serve roughly 3.5 million electric, 1.2 million gas and 1,800 steam customers in some of the state's most vital communities. CEI is also the parent holding company of three wholly owned unregulated subsidiaries that operate in the wholesale and retail competitive power supply markets and also offer some ancillary energy-related services. CEI generated roughly $12.9 billion in revenue over the twelve months ended September 30, 2007. Over the past two years, approximately 82% of CEI's consolidated revenues have been generated through its regulated businesses.

CEI's regulated subsidiaries include: Consolidated Edison Company of New York, Inc. (CECONY) and Orange and Rockland Utilities, Inc. (O&R). With $9.6 billion in revenue over the twelve months ended September 30, 2007, CECONY is the largest North American T&D utility rated by Moody's. CECONY serves approximately 4.3 million utility consumers through its vast electric, gas and steam infrastructure primarily located in and around New York City and Westchester County. CEI, more commonly know as New York City's utility due to CECONY's T&D infrastructure, also provides electric and gas delivery services to some closely situated service territories west of the Hudson River through O&R. O&R's 422,000 electric and gas customers are located in southeastern New York, northern New Jersey and eastern Pennsylvania. O&R generated approximately $900 million in revenue over the twelve months ended September 30, 2007. The utilities are regulated at the state level by the New York Public Service Commission (NYPSC), New Jersey Board of Public Utilities (NJBPU) and Pennsylvania Public Utility Commission (PPUC) and at the federal level by the Federal Energy Regulatory Commission (FERC). CEI's unregulated competitive businesses are managed through Consolidated Edison Energy, Consolidated Edison Development and Consolidated Edison Solutions.

Recent Events

On December 10, 2007, CEI's wholly-owned subsidiary, Consolidated Edison Development, announced an agreement to sell 1,706 megawatts of unregulated generation projects for $1.477 billion in cash. The acquirer is North American Energy Alliance, LLC, which is a newly formed entity that is jointly owned and controlled by AllCapital (US) LLC, which is a subsidiary of Allco Finance Group, and Industry Funds Management Pty Ltd, which is acting on behalf of the IFM International Infrastructure Fund. The sale, which is subject to various state and regulatory approvals, is expected to be completed in two stages over the course of the first half of 2008. According to CEI, the sale is expected to produce a pre-tax gain of about $572 million, after taking into account various transaction-related expenses. After satisfying the repayment of project debt, taxes, and transaction expenses, CEI estimates that cash proceeds will amount to $667 million. CEI plans to use the proceeds for debt repayment and investments in its businesses. Although we view the planned sale of assets and expected use of cash proceeds as a credit positive, the proposed transaction by itself does not result in a change in the rating level or outlook for CEI, CECONY, or O&R.

Since mid-year, CEI's utilities have been active in filing rate cases with the NYPSC. Currently, CECONY is awaiting decisions on their request for a $1.9 billion three-year electric rate increase (decision expected in March 2008) and a $127 million steam rate increase (decision expected in September 2008). Also pending is O&R's requested $47.8 million electric rate increase (decision expected in June 2008).

During October 2007, CEI's utilities also settled two rate cases. CECONY implemented a $67.4 million gas rate increase, based upon a 9.7% ROE. At the same time, the PSC was concluding its investigation into accusations of over earnings by O&R's electric operations. As a result of the investigation, the PSC left O&R's electric rates unchanged, but revised its previously authorized Return on Equity (ROE) downward to 9.1% from 10.4%, which is significantly lower than the average 10.3% ROE observed among all the national electric rate cases settled this year, and is also reportedly the lowest ROE granted to an electric utility in over 30 years. O&R's ROE will be lower because of the regulatory mandate to expense approximately $13 million in pension costs that were previously incurred and funded, but deferred as a regulatory asset for future collection through rates. While we acknowledge the lower ROE as negative from an earnings perspective, in this specific case it should not affect O&R's future cash flow available for debt service. Prospectively, we view the NYPSC's use of a low ROE as a benchmark in setting future equity returns as generally negative for credit quality. Although we believe that CECONY has some flexibility to absorb an outcome in its current rate case proceeding that is based on a somewhat lower ROE than the 11.5% incorporated in the original filing without being subject to undue financial pressure, an ROE as low as that used in the aforementioned O&R proceeding would likely be a more challenging obstacle for the company to overcome. Separate from the ROE consideration, we also believe that CECONY's management has some flexibility in budgeting practices for operational expenses and potential capital expenditures programs at the utilities, in the event that the NYPSC disallows some of those costs.

Rating Rationale

CEI's A2 senior unsecured rating and stable outlook reflect the relatively stable and predictable consolidated earnings and cash flows generated by the company's generally lower-risk regulated utility subsidiaries, the degree of constructive support provided by the regulatory frameworks for CEI's two utilities, especially as relates to New York State which is the largest jurisdiction by far, and limited exposure to unregulated business activities.

The rating also takes into account the company's key credit metrics, such as cash flow from operations before changes in working capital (CFO Pre-W/C) to debt and to interest, as well as CEI's consolidated liquidity profile. Although some of CEI's historical consolidated credit metrics have been weaker than those of its A-rated peers, we anticipate improvement in CEI's key credit metrics over the next several years as the utilities work through settlements with the NYPSC on their proposed rate cases. At the same time, we expect overall liquidity to remain sufficient, with ample access to committed bank credit to supplement internally generated cash flow when needed.

We note as well that CEI's rating is also viewed within the context of Moody's Rating Methodology for Global Regulated Utilities.

The key factors influencing CEI's ratings and stable outlook include:

INVESTMENT OPPORTUNITIES ALIGNED WITH COMPANY'S STRATEGIC GROWTH FOCUS

CEI, like other owners of T&D infrastructure, is facing increased reliability standards. At the federal level, introduction of increased FERC-mandated reliability standards for transmission owners are an after effect of the 2003 blackout in the Northeastern U.S. These FERC mandates, in conjunction with state and city level proposals announced earlier this year by Mayor Michael Bloomberg and Governor Eliot Spitzer, are shaping New York's plans to become "greener", and are also further defining CEI's role in enhancing system reliability and planning for future customer growth. CEI's prospective credit quality should benefit from its current initiatives and potential opportunities to further strengthen its operations, increase development of infrastructure and provide consumers more choice in buying energy and managing its use. These endeavors are consistent with the company's strategic focus to grow earnings and cash flow generated by regulated operations. The Mayor's plan includes significant infrastructure investment to provide for the expected increase in the city's population over the next several years, and at the same time he has been supportive of CEI's current capital projects. The Governor's proposal includes significant measures to increase energy efficiency and conservation, and to clean up existing environmental issues.

For the most part, CEI's consolidated earnings and cash flows are generated through regulated operations, which is generally viewed as positive for credit quality because regulated cash flows tend to be more stable and predictable than unregulated cash flows. As a result, we view CEI's business risk profile to be consistent with the lower end of the medium-risk category. Recently, CEI's management announced their plans to sell virtually all of the unregulated generation plant investments currently owned by Consolidated Edison Development. In our opinion, a successful closing of the planned sale would be a credit positive event because we believe it would further strengthen CEI's business position as a pure T&D utility, while providing some additional financial flexibility when funding new capital investments.

SUBSTANTIAL CAPITAL EXPENDITURES PROGRAM CREATES NEED FOR RATE INCREASES

One of CEI's primary challenges over the next few years is to prudently manage their utilities' substantial T&D capital-expenditure program, which is being undertaken as a result of the increased reliability standards and the generally strong population growth experienced within their respective service territories. As a result, more than $6 billion of investment is needed to replace or expand existing infrastructure. We view rising construction costs as a potential risk to CEI, as they may exceed construction estimates used in the utilities' rate-making process. However, the risk of cost overruns and possible disallowances by the regulators is partially mitigated by the fact that future capital projects are spread among various small to medium-sized projects instead of concentrated on several large projects.

Whether CEI actually moves ahead with all of the expected utility-related capital expenditures hinges in large part on the outcome of CECONY's three-year rate increase request of $1.2 billion (2008), $335 million (2009) and $390 million (2010). Of the $1.2 billion initial-year rate increase, $235 million is for new infrastructure investment, $280 million is for new and expanded operating programs and $195 million is for previous infrastructure investment from 2005 - 2007 that exceeded estimated spending levels in CECONY's current rate plan. We view increasing reliability standards, historically strong regulatory relationships and CECONY's strategic importance serving one of the country's largest metropolitan and financial centers as significant factors that will shape the commission's final rate decision. Thus far, we view the staff's initial recommendation for roughly half of the first-year rate increase request as a reasonable development with respect to cost recovery issues, but it is important to note that the staff's recommendation is predicated on a very low ROE (i.e. 9.0%), which as we note elsewhere in this report would likely be a more challenging obstacle for the company to overcome. A more negative decision could lead to lower consolidated earnings and cash flow and could possibly defer certain system upgrades. In our view, a deferral of needed capital expenditures could threaten CECONY's higher than national average reliability standards and would pressure its standing with state regulators. A final decision by the commission is expected in March 2008.

Currently, we note that CECONY's distribution rates are set on an energy usage basis, leaving the company's financial profile susceptible to weather fluctuations or conservation efforts by consumers; however, CECONY's rate filing contains a proposed revenue decoupling mechanism that would bifurcate utility rates from customer usage, thus providing a steady stream of earnings and cash flows regardless of energy consumption. NYPSC's approval of such a mechanism would be considered credit positive because we believe it would enhance the utility's opportunity to earn its regulatory authorized ROE.

In 2006, CEI's utilities expended approximately $2 billion on consolidated capital projects, which was a $264 million increase over the amount invested in 2005 and a more substantial increase over the $1.5 billion annual average invested from 2002 - 2004. In early November 2007,, CEI announced its was finalizing its capital-investment plan for 2008 and beyond, and it estimated construction expenditures for 2008 and 2009 may materially increase above the $2 billion per year guidance in its 2006 10-K. Over the next four years, we estimate annual capital expenditures could average $2.4 billion. Well over 90% of these planned capital expenditures will occur at CECONY, which has some infrastructure that is more than 50 years old. Approximately 57% of the planned capital expenditures are for system upgrades while 43% is to meet population growth expectations for the utilities' service territories.

Given the magnitude of these projects, we expect CEI's utilities will continue to use a mix of internally generated cash flow, parent contributions (including redeployment of some of the asset sale proceeds discussed above), bank borrowings, and long-term debt issues to finance capital expenditures. We also expect continued maintenance of historic debt/capital ratios of approximately 50% for CEI and CECONY and 55% for O&R. Consistent with this strategy, through the nine months ended September 30, 2007, CEI issued 11 million shares of common stock and made capital contributions of $418 million into CECONY and $40 million into O&R to fund capital investments and for general corporate needs. The balance of external financing came from increased commercial paper usage by CEI and a $525 million, 30-year debt issuance by CECONY.

REASONABLY SUPPORTIVE REGULATORY ENVIRONMENT PREVAILS

While CEI's utilities operate in three different states - New York, New Jersey and Pennsylvania - the bulk of operations are under the purview of the NYPSC. Despite the sometimes challenging aspects of various regulatory proceedings filed by CEI's subsidiaries, the frameworks in New York, New Jersey and Pennsylvania are considered developed, stable and generally constructive in nature. Based on our assessment of past regulatory actions and prospective views for regulation in the three states, we consider the consolidated regulatory risk profile to be better than average for U.S. electric utilities. Going forward, a potential challenge may be for CEI's regulated subsidiaries to obtain adequate returns on their significant transmission investments, which will be critical in maintaining a financial profile that is consistent with the company's ratings. One key will be to see if the NYPSC's recently adopted 9.1% ROE in O&R's recent rate investigation will be carried over into CECONY's and O&R's pending rate cases. In our opinion, we do not expect this to be the case for CECONY. We view the 9.1% ROE as punitive for O&R's failure to file a new rate case in light of over earnings by their electric operations under an expired rate plan. As noted earlier, although we believe that CECONY has some flexibility to absorb an outcome in its current rate case proceeding that is based on a somewhat lower ROE than the 11.5% incorporated in the original filing without being subject to undue financial pressure, an ROE as low as that used in the aforementioned O&R proceeding would likely be a more challenging obstacle for the company to overcome. Separate from the ROE consideration, we also believe that CECONY's management has some flexibility in budgeting practices for operational expenses and potential capital expenditures programs at the utilities, in the event that the NYPSC disallows some of those costs.

CEI's subsidiaries have benefited from multi-year rate increases and full recovery of purchased power costs, as well as a history of timely and adequate recovery of increased operating costs, which helps support our generally favorable view of the consolidated regulatory risk profile. This compares especially favorably with some other jurisdictions, such as Maryland and Illinois, where fuel and power cost adjustment proceedings in particular have been contentious, due in part to legislative intervention into the regulatory process.

EXPECTED IMPROVEMENT IN THE FINANCIAL METRICS

Over 2003 - 2006, CEI's CFO pre-W/C to adjusted interest and adjusted debt averaged approximately 3.9x and 17.7%, respectively. Since 2005, these metrics have weakened, in part, as CECONY has financed infrastructure investment above levels addressed in the company's current rate plan. CEI's CFO pre-W/C to adjusted debt and adjusted interest was 14% and 3.3x, respectively, for 2006, and 13.2% and 3.3x, respectively for the 12 months ended September 30, 2007. The previously incurred investments are addressed in CECONY's recently filed electric rate case with the PSC, and we expect the company will be able to largely put these investments into rate base. Given that CECONY's expected capital program is the impetus for their recently filed electric rate case with the PSC, we expect future rate design to better address the timely and adequate recovery of capital investment.

Over the intermediate term, we expect steady improvement in CEI's CFO pre-W/C to interest and debt metrics to achieve amounts in excess of 4x and the mid-to-high teens, respectively, thus returning the metrics to a level comparable to, or even slightly better than the three-year average levels noted for 2003 -2006. Importantly, our expectations take into consideration the phase-in of reasonably acceptable new rates at the utilities and the likelihood for incremental debt at the utilities to fund capital projects. Performance consistent with these expectations would help solidify CEI's position within its A2 senior unsecured rating level, given our view of its standing at the low end of the medium business-risk profile.

Liquidity

With capital expenditures and dividend outflow requirements estimated to exceed CEI's cash flow generated from operating activities over the next four quarters, we expect that the company will be relying on external sources of funding to support its corporate cash outflow needs, including CEI's $200 million 3.6% notes due August 2008, $610 million of long-term debt maturities at CECONY, and about $2.6 million at O&R, which represents amortization of securitized debt. Indeed, this trend is expected to continue over the next few years as CEI funds its aggressive utility-related capital improvement program and maintains its common dividend requirements. We expect CEI will continue to rely on a mix of internally generated cash flow from its operating subsidiaries, redeployment of some of the asset sale proceeds discussed above into the utilities, bank borrowings, long-term debt issues, and common equity issuance to fund its needs. Importantly, we also expect the maintenance of historic debt/capital ratios of approximately 50% for CEI and CECONY and 55% for O&R.

We note that CEI has ample access to the capital markets and other short-term funding. Moody's expects that the company will continue to maintain the same high level of market access and strong relationship with the banks going forward. As of September 30, 2007, CEI had approximately $350 million of commercial paper outstanding, all of which was issued under its own commercial paper program, and a cash balance of approximately $192 million, including $66 million at CECONY. CEI relies on its commercial paper program and those of its utility subsidiaries, to fund liquidity needs within its operating companies. Due to seasonal aspects related to the electric utility industry such as higher operating expenditures in the summer months, commercial paper borrowings usually peak in the third quarter. CEI's commercial paper program is sized at $1 billion. CECONY and O&R commercial paper programs are sized at $1.5 billion and $200 million, respectively. The size limit on the regulated utilities commercial paper program can change from time to time subject to regulatory approval by the FERC.

CEI and its subsidiaries' commercial paper programs are supported by a committed unsecured bank credit facility in the amount of $2.25 billion. The five-year syndicated unsecured committed revolving credit agreement expires June 22, 2012, following the amendment and restatement in June to extend the maturity by one year. It is worth noting that the size of the facility in the last year is capped at $2.2 billion. Under the credit facility agreement, CECONY can access up to $1.5 billion or the full amount subject to regulatory approvals. CEI and O&R have $1.0 billion and $200 million sub-limit access, respectively. This arrangement gives CECONY the flexibility to temporarily increase the size of its commercial paper program, while ensuring that at least 100% back up liquidity is maintained. The credit agreement may be increased by an additional $500 million under certain conditions, with proportional availability to each company as prior to the increase. As of September 30, 2007 there were no borrowings outstanding under the 5-year credit agreement, but CEI did have $79 million in letters of credit issued under the facility.

CEI's credit agreement, which is jointly arranged with its utilitiy subsidiaries, does not have any rating triggers that would cause an event of default or acceleration or put of obligations. It does, however, have a ratings-based pricing grid and a financial covenant which limits consolidated debt to consolidated capitalization (as defined in the agreement) to 65%. As of September 30, 2007, total debt to capitalization for each of CEI, CECONY, and O&R was comfortably below this level. We expect that CEI and its utility subsidiaries will continue to keep this ratio with a comfortable cushion below the limit for the foreseeable future.

Rating Outlook

CEI's stable rating outlook reflects the expected improvement in the consolidated business risk profile as the company moves ahead with the announced divestiture of unregulated generation assets. The outlook also incorporates our expectations for improvement in the consolidated credit metrics, including CFO pre-W/C to interest and debt over the next three years, which should help solidify CEI's standing within its current rating category.

What Could Change the Rating - Up

Given CEI's current credit metrics and its sizable planned capital expenditures over the next several years, an upgrade in ratings is unlikely during that time frame. However, assuming there is continued regulatory support for the planned capital projects, we would consider upgrading CEI's ratings if the company is able to achieve on a sustainable basis CFO pre-W/C to debt and interest around 25%% and close to 5.5x, respectively, for an extended period of time.

What Could Change the Rating - Down

CEI's ratings could be negatively pressured if there is deterioration in the credit profile of its operating utilities, particularly CECONY, its largest subsidiary. The rating could also be reconsidered if future regulatory actions are less supportive than prior decisions, or if substantial debt-financed capital costs and/or extraordinary expenses arise from the well documented system outages. From a financial perspective, if CEI is unable to achieve CFO pre-W/C to debt and interest of at least 17% and 4x, respectively, over the next couple of years, then we might consider a downgrade for CEI's ratings.

Rating Factors

Consolidated Edison, Inc. (The)

Select Key Ratios for Global Regulated Electric Utilities

Rating	**Aa**	**Aa**	**A**	**A**	**Baa**	**Baa**	**Ba**	**Ba**
Level of Business Risk	**Medium**	**Low**	**Medium**	**Low**	**Medium**	**Low**	**Medium**	**Low**
CFO pre-W/C to Interest (x) [1]	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
CFO pre-W/C to Debt (%) [1]	>30	>22	22-30	12-22	13-25	5-13	<13	<5

CFO pre-W/C - Dividends to Debt (%) [1]	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Total Debt to Book Capitalization (%)	<40	<50	40-60	50-70	50-70	60-75	>60	>70

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items