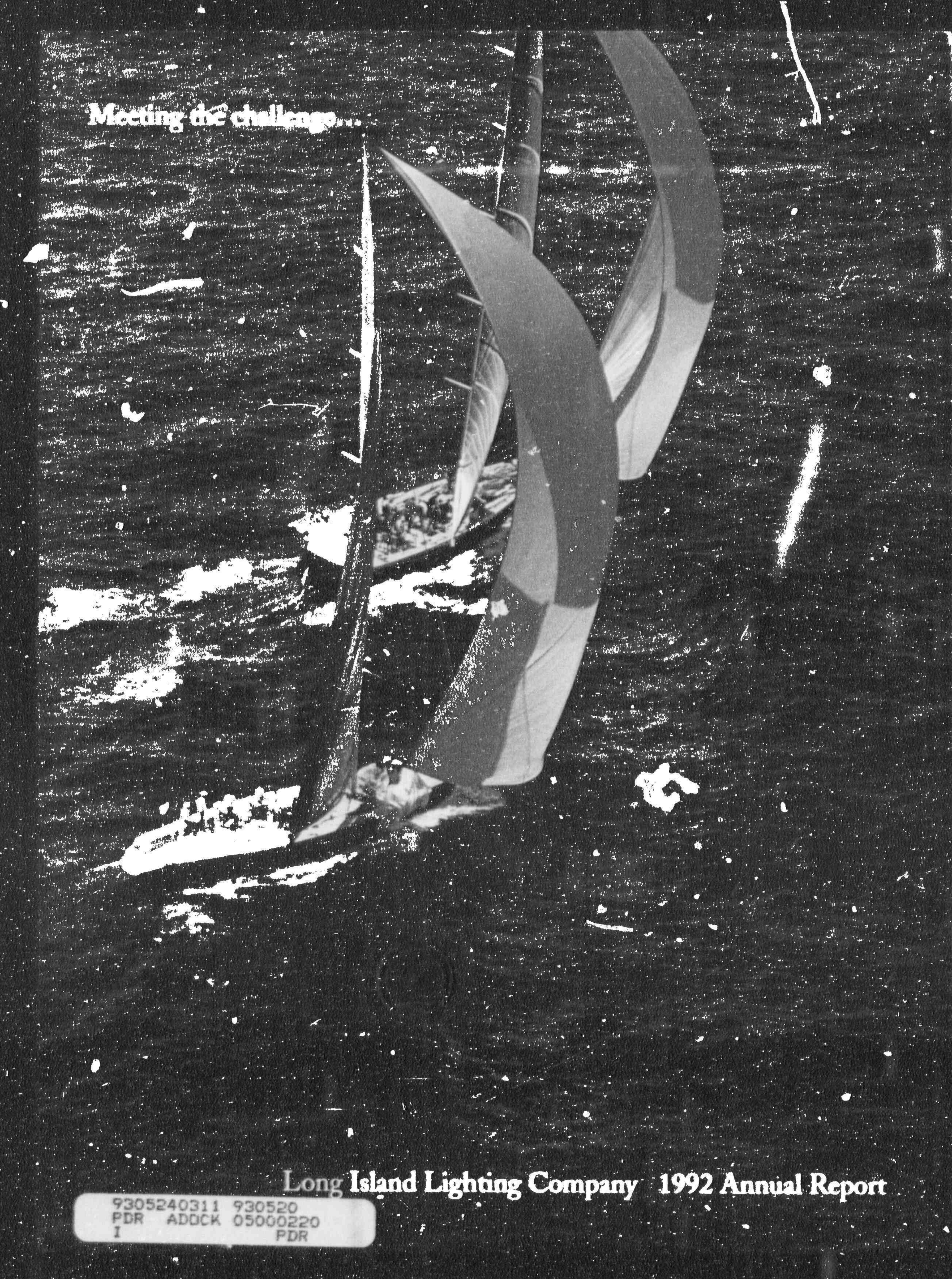


Meeting the challenge...

Long Island Lighting Company 1992 Annual Report


Meeting the challenge...
Long Island Lighting Company 1992 Annual Report

Territory served by Long Island Lighting Company

The Long Island Lighting Company's 6,500 employees provide electric and gas service to more than 1 million customers in Nassau and Suffolk Counties and the Rockaway Peninsula in Queens County.

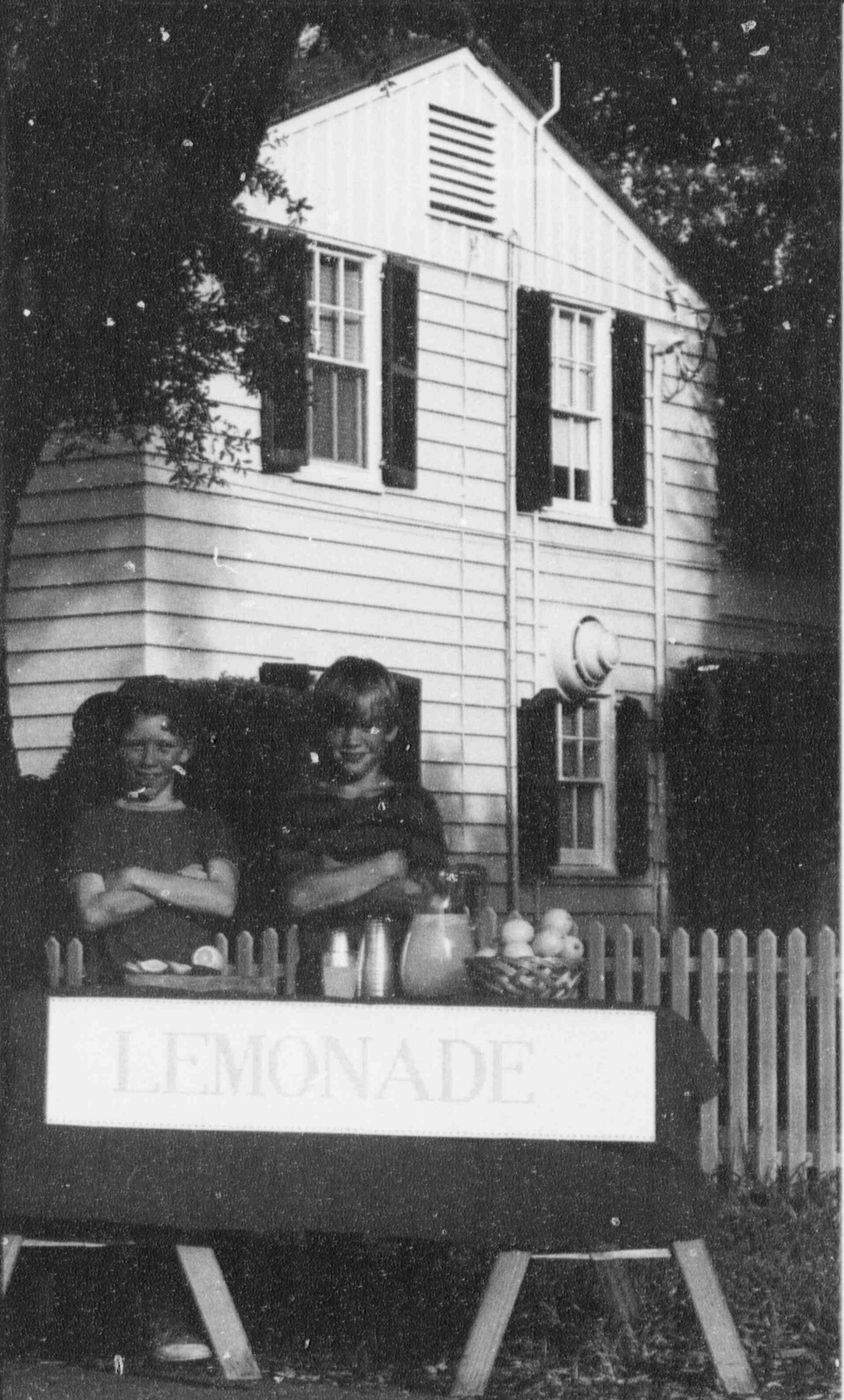
LILCO's service territory covers 1,230 square miles with a population of approximately 2.7 million people.

Meeting the challenge... to serve.

1992 Highlights

- Public Service Commission approved common stock dividend reinvestment plan
- First mortgage and general and refunding bonds upgraded one notch above investment grade
- Common stock trading at a 21-year high
- Common stock quarterly dividend increased to 43.5 cents

On the cover: Long Island's 1,180 miles of coastline offer some of the world's best recreation to swimmers, boaters and water sports enthusiasts.



LILCO's mission is to provide unparalleled service to our more than 1 million customers.

To Our Shareowners

In 1992, LILCO continued its trend of improving its financial performance. Earnings for the year were $238 million, or $2.14 per common share, with quarterly stock dividends increasing to 43.5 cents per share on October 1, 1992.

LILCO's improved financial position resulted in favorable actions by the rating agencies. In 1992, the Company's principal securities were upgraded for the third consecutive year, a show of confidence that allowed LILCO to refinance higher cost securities, saving the Company and our customers more than $17 million a year in interest expense.

In November, 1992, the Public Service Commission (PSC) approved a 4.1 percent increase in LILCO's electric rates, consistent with the 1989 Shoreham settlement. The Commission also approved a separate 7.1 percent increase in the Company's natural gas rates, that will allow us to expand natural gas service to more customers. Both increases became effective December 1, 1992.

Reshaping LILCO

For the past several years, LILCO has been examining its business to prepare the Company for success in the 1990s and beyond. A blueprint for the future was developed and, in 1992, LILCO moved forward with a three-year reorganization designed to position the Company to meet the challenges of the changing marketplace.

LILCO is committed to becoming a premier service organization, and has embarked on a

program to change its corporate culture. More than just moving boxes around on an organizational chart, we are seeking to fundamentally change the way we do business.

Business Units

The reorganization divides the Company's activities into three business units — Electric, Natural Gas and Energy Conservation — allowing each to concentrate on the energy service they are providing. In July, 1992, the Electric Business Unit was formed, with the Natural Gas and Conservation Units scheduled to be formed by the end of 1993.

Customer Service

In addition to dividing the Company into key competitive units, LILCO's reorganization incorporates two vital customer service elements. Later this year, we will be opening a "one-call center" in Melville, providing a single point of contact for customers conducting any type of business with LILCO. We will also be regionalizing the electric and gas businesses into four geographic locations to bring these services closer to the customer. Both steps are designed to improve LILCO's ability to respond to customer needs more efficiently and effectively.

Growing Long Island

In 1992, we not only developed a blueprint for LILCO's future, we helped map out Long Island's economic future. As the utility industry changes, so does the environment in which our Company does business. Decreases in defense spending and a nationwide recession have slowed local economic growth, but there are pockets of growth in Long Island's emerging technology industries. LILCO, along with Long Island's government and business communities, introduced an economic development campaign to help boost the region's economy.

In addition to targeting new and growing businesses, the campaign also promotes higher education and tourism on Long Island. These efforts have yielded significant results, with LILCO economic development specialists helping more than 175 businesses start up, expand or relocate to Long Island.

Meeting the Challenge

Facing both a changing industry and business environment, LILCO has worked throughout 1992 to position itself to meet the challenges of a more competitive marketplace. We seek a future in which LILCO becomes a model of service excellence and efficiency.

On behalf of LILCO's Board of Directors and Officers, I would like to thank you for your continued confidence in our leadership.

Sincerely,

W. J. Catacosinos

William J. Catacosinos
Chairman and Chief Executive Officer

Meeting the challenge... to change.

To meet new challenges, utilities nationwide are altering the way they do business. Rapidly changing technology, more sophisticated customer demands, non-utility generating facilities, and increasing environmental regulations all point to a new era in the utility industry.

In 1992, the Long Island Lighting Company examined and discarded old utility paradigms and began to implement new strategies for success. While still in its infancy, the framework goes beyond simple changes in business practice to a new ideology for each and every employee — an understanding of LILCO's role in providing services to Long Island and the importance of each employee in the Company's success. In short, a blueprint for the future.

Meeting the Competition

The driving force behind changes at LILCO, and at utilities nationwide, is competition. Despite lingering public perception of the monopolistic power company, non-utility generation has grown tremendously in the last decade.

A recent industry study indicated that non-utility generators are currently contributing 43,114 megawatts of installed capacity to the U.S. electric supply, which represents eight percent of current U.S. electric capacity. In addition, non-utility generators have 65,690 megawatts in the pipeline — and the numbers are

Almost 50 percent of New York's nursery crops, such as shade trees, are produced on Long Island.

increasing these new generating facilities are beginning to present some formidable competition. In 1992, 9.8 percent of the electricity delivered by LILCO was produced by non-utility generators.

LILCO's natural gas business is also functioning in an increasingly competitive market. With the northeast region the last national stronghold for home heating oil companies, natural gas' recent in-roads into this market have caused a multi-million dollar advertising campaign from a coalition of oil heat dealers.

How then can traditional utilities survive? The answer lies in looking at ourselves in a non-traditional way — as a competitive business.

Meeting the challenge...

to compete.

Through a reorganization into distinct business units — Electric, Natural Gas and Energy Conservation — LILCO has begun to restructure itself to meet the competitive challenge. More importantly, however, the Company is changing its attitudes and perceptions, recognizing that future success is dependent upon cost-conscious management and close attention to increasingly sophisticated customer demands.

Adapting and Evolving

Containing costs and providing unparalleled customer service are not mutually exclusive. In 1992, LILCO began to implement "cost-management" as opposed to simple cost-cutting. By taking an integrated approach to business planning, the Company is

Lacrosse is one of the many competitive sports that have a long history on Long Island.

eliminating costs that do not contribute to the value of services provided to our customers.

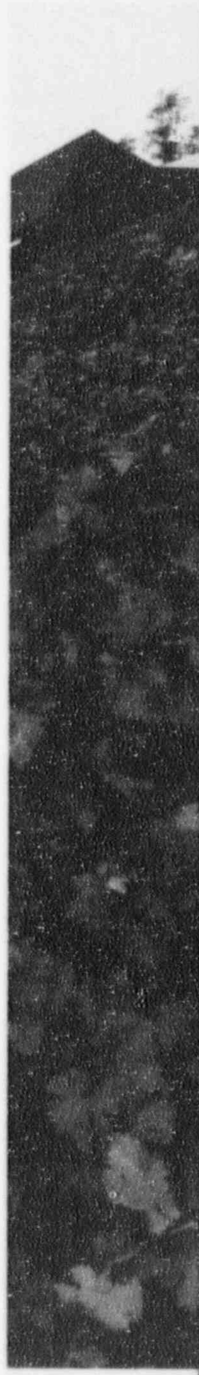
A key element of this new approach is integrated resource planning, which considers all available options to meet Long Island's long-term energy needs, including demand-side management, independent power producers and co-generation facilities, energy purchases from other utilities, and fuel substitution in our own plants. LILCO's plan combines these elements to provide cost-effective service in an environmentally acceptable manner.

Meeting the challenge...

to adapt.

Equally important in building the Company's competitive edge is an investment in our human resources. To enhance employee effectiveness, LILCO worked over the last year to bring each employee "on board" in terms of the Company's strategic plan.

Employees participated in empowerment workshops to prepare them to become part of the Company's future. Employee views were also sought on ways to improve service and increase productivity. With this change taking place in corporate culture, employees are adopting a service orientation that includes personal involvement and responsibility for achieving corporate objectives.



Looking Outside

While internal improvements were an important part of LILCO's growth in 1992, external forces

Long Island's agricultural heritage ranges from livestock and grain in colonial times to potatoes, sod and vineyards today.

played an equally vital role. The passage of the Clean Air Act Amendments and the National Energy Security Act have brought environmental concerns to the forefront of utility planning.

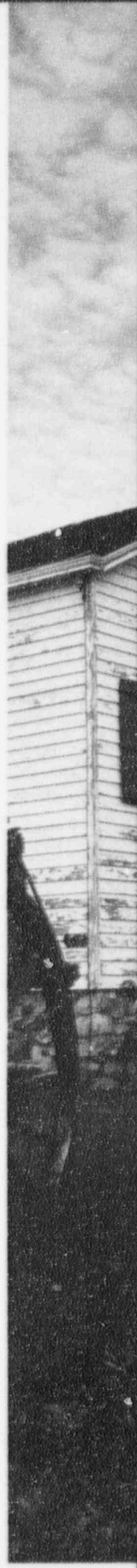
Air quality in particular was a key environmental concern in 1992, with motor vehicle emissions a primary focus of the new legislation. Since electricity and natural gas are currently the two leading alternative fuels for motor vehicles, LILCO is in a unique position to help Long Islanders respond to emissions concerns.

In 1992, LILCO was active in pursuing both alternative fuel options. With natural gas vehicles

Meeting the challenge… to preserve.

(NGVs) a more immediate clean air solution, the Company began adding NGVs to our own fleet, as well as providing information and assistance to other Long Island businesses. In December, 1992, we completed construction of the Island's first company-owned natural gas refueling station, commissioned by the Metropolitan Suburban Bus Authority.

LILCO is also supporting further developments in battery technology for electric vehicles, to make these zero-emission vehicles widely usable in the future. In October, 1992, we held a joint forum with representatives of major U.S. car manufacturers to discuss technology issues, production challenges, and local and national legislation.



Old Bethpage Village Restoration is a living museum of Long Island life in the 1800s.

LILCO's commitment to energy conservation expanded in 1992 as well, taking a more comprehensive approach to decreasing residential energy use through programs such as the New York State Energy-Star (NYSE-Star) program. As a NYSE-Star participant, LILCO provides incentives to residential developers who build homes that far exceed the state energy construction code.

Involvement and Innovation

In 1992, LILCO encouraged economic growth by spearheading an economic development campaign depicting Long Island's innovative business atmosphere,

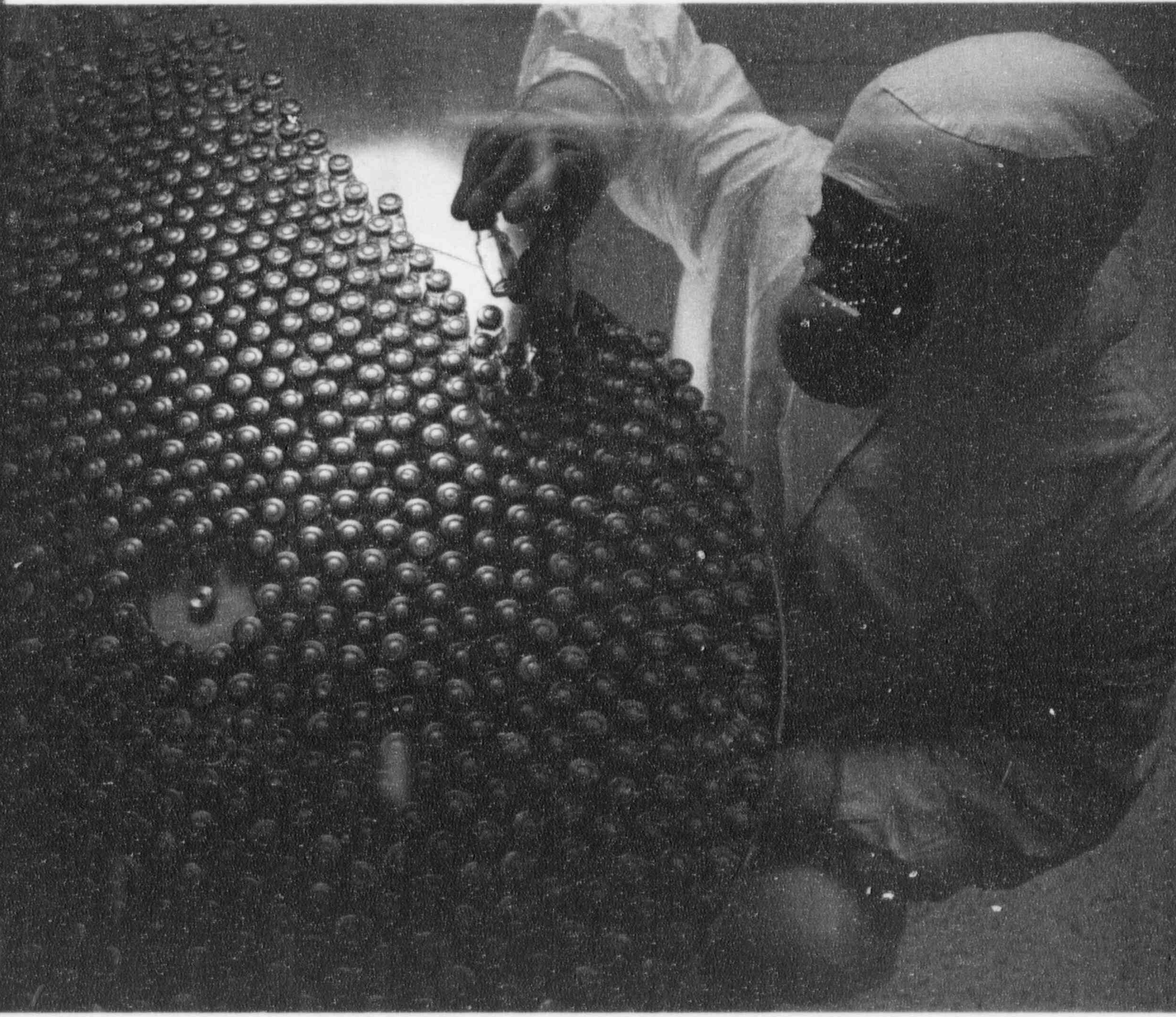
Meeting the challenge...

to grow.

excellent colleges and universities, and diverse cultural and tourism options. The Company's efforts were part of the New Long Island Partnership, a coalition of businesses and government agencies, working to attract, retain and expand businesses on the Island.

The effort has been successful. Since its inception, more than 70 companies have been involved with the economic development program, helping Long Island add or retain more than 7,000 jobs and $2 billion in annual sales.

Encouraging innovation is another method for generating economic growth. In the case of LILCO's Long Island Research and Development Initiative



More than 80 biotechnology companies comprise Long Island's newest, most rapidly growing industry.

there was an additional benefit — developing technologies that improve LILCO service.

In February, 1992, LILCO awarded more than $3.5 million in funding to Long Island institutions for 27 winning research and development projects, ranging from expert computer systems to gas leak detection devices to robotics. These projects, currently in various stages of development, represent approximately $5 million worth of work that will be performed locally.

Direction for the Future

Change, particularly change of ingrained beliefs and behaviors, takes time. The progress made in

Meeting the challenge…

to succeed.

altering both LILCO's organization and culture will continue in 1993 and beyond. But the groundwork has been laid for forging a new, competitive business from the old utility model.

LILCO will remain focused on providing unparalleled service to all Long Islanders. In 1993, that will include the completion of our "one-call center," a single point of contact for all LILCO customer transactions.

And we will continue to seek innovation and improvement in technology and service as we grow and evolve to meet the challenge of the future.

Long Island offers a wealth of educational opportunities with 19 colleges and universities.

Overview

The year 1992 represents the fourth consecutive year of continued improvement in the Company's financial health.

The financial viability of the Company had been jeopardized in the past by the controversy concerning the Shoreham Nuclear Power Station (Shoreham) and the federal Racketeer Influenced and Corrupt Organizations Act (RICO Act) litigation. The 1989 Settlement between the Company and the State of New York (State) was designed to eliminate the controversy over Shoreham by providing for, among other matters, the transfer of Shoreham to an agency of the State and reciting the intention to return the Company to investment grade financial condition by providing rate increases in each year from 1989 through 1998. The Company's financial recovery began in 1989 following the 1989 Settlement and a class action settlement (Class Settlement) entered into between the Company and its ratepayers to resolve the RICO Act litigation.

The improvement in the Company's financial condition is evidenced, in part, by the elevation of the Company's First Mortgage Bonds and General and Refunding Bonds (G&R Bonds) to one notch above "minimum investment grade" and the elevation of the Company's unsecured debt and preferred stock to "minimum investment grade."

Other significant events in 1992 included:

- The transfer of ownership of Shoreham to an agency of the State on February 29, 1992.
- Approval, by the New York State Public Service Commission (PSC), of the second annual electric rate increase of 4.1% effective December 1, 1992, under the three-year electric rate plan approved in 1991.

  This three-year rate plan follows the receipt of electric rate increases in each of the years 1989 through 1991.
- The reinstatement of the Company's Automatic Dividend Reinvestment Plan beginning with the October 1, 1992 common stock dividend payment.
- An increase in the Company's common stock quarterly dividend from 42½ cents per quarter to 43½ cents per quarter.

  Earnings for common stock in 1992 were $2.14 per common share compared to $2.15 per common share in 1991. The 1992 results reflect a significant improvement in the Company's gas business earnings. The Company's electric business earnings were lower in 1992 as a result of the lower allowed rate of return which is prescribed by the PSC.
- The common stock traded on average at a twenty-one year high.
- The refinancing of a significant amount of the Company's securities as a result of very favorable long-term interest rates.

  The refinancing of approximately $1.5 billion of higher-cost securities which significantly lowered the Company's cost of debt and preferred stock. These 1992 refinancings will result in more than $17 million in annual cash savings through lower interest and preferred stock dividend expenses.

  Since the 1989 Settlement became effective, the Company's aggressive refinancing program has resulted in annual cash savings of approximately $70 million through lower interest and preferred stock dividend expenses.

  The elimination of all of the Company's outstanding bank debt of approximately $446 million.

  The conversion of $400 million of variable rate tax-exempt securities to a 30-year fixed annual rate of 7.15%.
- The issuance of $200 million of low-cost tax-exempt securities resulting in substantial savings for the Company's ratepayers since these securities carry significantly lower interest rates than taxable bonds.
- The addition of approximately 10,000 new gas space heating customers for the third consecutive year.
- An increase in gas rates of 7.1% effective December 1, 1992.

Investment Rating

The Company's securities are rated by Moody's Investors Service, Inc. (Moody's), Standard and Poor's Corporation (S&P), Fitch Investors Service, Inc. (Fitch) and Duff and Phelps (D&P).

Since 1989, the rating agencies have significantly upgraded their ratings on the Company's First Mortgage Bonds and G&R Bonds to one level above "minimum investment grade" and the Company's debentures and preferred stock to "minimum investment grade."

The chart below indicates the current ratings for each of the Company's principal securities and the minimum investment grade ratings used by each agency.

	Moody's	S&P	Fitch	D&P
First Mortgage Bonds	Baa2	BBB	BBB	BBB
G&R Bonds	Baa2	BBB	BBB	BBB
Debentures	Baa3	BBB–	BBB–	BBB–
Preferred Stock	baa3	BBB–	BBB–	BB+
Minimum Investment Grade	Baa3	BBB–	BBB–	BBB–

Rate Matters

Electric Pursuant to the 1989 Settlement, the Company received electric rate increases contemplated by the Rate Moderation Agreement (RMA), a constituent document of the 1989 Settlement discussed below, for each of the three rate years in the period ended November 30, 1991. In response to the Company's rate filing in December 1990, the PSC approved the Long Island Lighting Company Ratemaking and Performance Plan (LRPP) in November 1991, which provides for annual electric rate increases of 4.15%, 4.1% and 4.0% effective December 1, 1991, 1992 and 1993, respectively. Effective December 1, 1992, the Company began receiving the second of the three annual electric rate increases provided for within the LRPP. The LRPP provides for an allowed return on common equity from electric operations of 11.6%.

One principal objective of the LRPP is to reassign risk so that the Company assumes the responsibility for risks within the control of management, whereas risks largely beyond the control of management would be assumed by the ratepayers. One of the major components of the LRPP provides for a revenue reconciliation mechanism that reduces the impact on earnings of experiencing electric sales that are above or below the LRPP forecast by providing a fixed annual net margin level (defined as sales revenues, net of fuel and gross receipts taxes) that the Company will receive over the three rate years under the LRPP. Another component of the LRPP allows the Company to earn for each rate year up to 60 additional basis points, or forfeit up to 38 basis points, of the allowed return on common equity as a result of its performance within certain incentive and/or penalty programs. The LRPP also contains a mechanism whereby earnings in excess of the allowed rate of return on common equity, excluding the impacts of the various incentive and/or penalty programs, are shared equally between ratepayers and shareowners.

In conjunction with the 1989 Settlement, the PSC authorized the recognition of a regulatory asset known as the Financial Resource Asset (FRA). The FRA consists of two components, the Base Financial Component (BFC) and the Rate Moderation Component (RMC). The RMA provides for the full recovery of the FRA. The RMA, by its terms, specifies that the FRA is being created to provide the Company adequate financial indicia for the period 1989 through 1999 and to restore the Company's debt securities to investment grade levels as determined by independent rating agencies.

The BFC, as initially established, represents the present value of the future net-after-tax cash flows which the RMA provided the Company for its financial recovery. The BFC was granted rate base treatment under the terms of the RMA and is included in the Company's revenue requirements through an amortization included in rates over forty years on a straight-line basis beginning July 1, 1989.

The RMC reflects the difference between the Company's revenue requirements under conventional ratemaking and the revenues resulting from the implementation of the rate moderation plan provided for in the RMA. The RMC has provided the Company with a substantial amount of non-cash earnings since the 1989 Settlement became effective.

The RMA was designed to provide rate increases sufficient to recover the RMC within a ten-year period. The RMC balance has increased as the difference between revenues resulting from the implementation of the rate moderation plan provided for in the RMA and revenue requirements under conventional ratemaking, together with a carrying charge equal to the allowed rate of return on rate base, has been deferred. The RMC balance will subsequently decrease and is expected to be fully amortized by November 30, 1999, as deferred revenue requirements are recovered.

The LRPP was designed to be consistent with the RMA's long-term goals including: (i) the recovery of the BFC; (ii) the recovery of the RMC in approximately ten years; (iii) the Company's return to investment grade financial condition and (iv) the Company's receipt of adequate and timely rate relief. Although the LRPP provides for slightly lower annual electric rate increases than originally anticipated in the 1989 Settlement, the Company believes that it will still fully recover the RMC within a ten-year period principally as a result of changes in the original assumptions. The revenues assumed by the LRPP are adequate to provide the Company with recovery of its revenue requirements under conventional ratemaking and recovery of the RMC balance over the remainder of the ten-year period. However, actual revenues may differ from those assumed for this period. The original assumptions underlying the RMA included projections of future revenues, operating expenses and required rates of return. Since then, the Company has experienced interest rates, operations and maintenance expenses, non-Shoreham property taxes and fuel expenses that are lower than those originally anticipated. As a result, amounts deferred in the RMC have been less than expected.

For a further discussion of the 1989 Settlement and Rate Matters, see Notes 2 and 3 of Notes to Financial Statements.

Gas In November 1992, the PSC approved a gas rate increase of 7.1%, or $35.7 million annually, effective December 1, 1992, with an allowed return on common equity from gas operations of 11.0%. In November 1991, the Company received a gas rate increase of 4.1% effective December 1, 1991.

On December 31, 1992, the Company filed an application with the PSC seeking gas rate relief for the three rate years beginning December 1, 1993. The Company has requested a gas rate increase of 6.7%, or $37.7 million in additional revenues to become effective for the first rate year under this filing. The Company's filing also includes a proposed methodology for determining rate increases, not to exceed approximately $30 million annually, for the subsequent second and third rate years. This filing reflects the Company's latest projections of capital expenditures, operations and maintenance expenses and the continued expansion of its gas business.

Results of Operations

Earnings Summary results of earnings for the years 1992, 1991 and 1990 were as follows:

(In millions of dollars and shares except earnings per share)

	1992	1991	1990*
Net Income	$ 302	$ 306	$ 319
Earnings for Common Stock	$ 238	$ 239	$ 251
Earnings per Common Share	$ 2.14	$ 2.15	$ 2.26
Average Shares Outstanding	111.4	111.3	111.3
AFC & RMC Included in Net Income	$ 60	$ 183	$ 214
AFC & RMC – % of Net Income	20%	60%	67%

*Excludes the effect of an accounting change for unbilled gas revenues.

For all periods, net income, earnings for common stock and earnings per common share include non-cash allowance for funds used during construction (AFC) and the RMC.

The earnings in the electric business were lower in 1992 when compared to 1991. This lower level of earnings in the electric business was offset by the significant increase in the gas business earnings in 1992.

The increase in the gas business earnings was the result of higher revenues and continued cost containment programs. The higher gas revenues were due to the 1992 gas rate increase and the Company's aggressive gas expansion program, which has resulted in an increase in the number of gas space heating customers.

The electric business earnings for 1992 were lower as a result of the lower allowed rate of return of 11.6% in 1992 when compared to the allowed rate of return of 12.75% in 1991. The allowed rate of return is prescribed by the PSC.

Incentives earned for electric operations provided 6 cents per share in 1992 and 12 cents per share in 1991. In addition, for the rate year ended November 30, 1992, the Company earned $16.2 million, net of tax effects, in excess of its allowed rate of return on common equity which, in accordance with the LRPP, was shared equally between ratepayers and shareowners. These excess earnings were generated as a result of a reduction in operations and maintenance expenses and the effect of a decrease in capital expenditures included in rate base.

The decrease in earnings for common stock for 1991 of approximately $12 million, or 11 cents per share, compared with 1990, was primarily attributable to increases in non-fuel operations and maintenance expenses, operating taxes and interest expense, partially offset by higher electric revenues. For the rate year ended November 30, 1991, the Company earned $10.1 million, net of tax effects, in excess of its allowed rate of return, which was applied as a reduction to the RMC.

Earnings for 1990 included 10 cents per common share attributable to a change in the Company's method of recognizing gas revenues. Effective January 1, 1990, the Company's revenues included estimated consumption of gas delivered to customers, but not yet billed at month end, resulting in the full accrual of all unbilled gas revenues. The cumulative effect of this accounting change increased 1990 earnings by nearly $12 million, net of tax effects. The Company did not earn in excess of its allowed rate of return for the rate year ended November 30, 1990.

Revenues Total revenues in 1992, including revenues from recovery of fuel costs, were $2.6 billion, which represents an increase of $74 million or 2.9% over 1991 revenues. Total revenues for the Company's electric and gas operations for the years 1992, 1991 and 1990 were as follows:

(In millions of dollars)

	1992	1991	1990
Electric	$ 2,195	$ 2,197	$ 2,096
Gas	427	351	361
Total Revenues	$ 2,622	$ 2,548	$ 2,457

Electric In 1992, electric revenues decreased $2 million when compared to 1991. Revenues in 1991 had increased $101 million or 4.8% over 1990. The changes in the level of revenues when compared to the prior year resulted from the following factors:

(In millions of dollars)

	'92/'91	'91/'90
Rate Increases	$ 85	$ 114
Sales Volumes	(74)	(7)
Fuel Cost Recoveries	(13)	(6)
Total	$ (2)	$ 101

Rate Increases The Company received electric rate increases of 4.1% effective December 1, 1992, and 4.15% effective December 1, 1991. These rate increases provided $85 million in additional revenues for 1992 when compared to 1991. A 5.0% rate increase effective December 1, 1990, provided $114 million in additional revenues for 1991 when compared to 1990.

Sales Volumes The decrease in revenue from sales volumes was primarily attributable to cooler weather experienced in the summer of 1992 when compared to the same period in 1991. The Company's current electric rate structure, discussed above under the heading "Rate Matters," provides for a revenue reconciliation mechanism which reduces the impact on earnings of experiencing electric sales that are above or below the levels reflected in rates. As a result of lower than adjudicated electric sales, the Company recorded non-cash income which is included in "Other Regulatory Amortizations" of $78.5 million and $0.4 million in 1992 and 1991, respectively.

Kilowatt Hour Sales Summary of electric kilowatt hour (kWh) sales for the years 1992, 1991 and 1990 were as follows:

			(In millions of kWh)
	1992	1991	1990
Residential	6,788	7,023	7,022
Commercial/Industrial	8,652	8,791	8,832
System Sales	15,440	15,814	15,854
Power Pool Sales	227	598	532
Total Sales	15,667	16,412	16,386

The decrease in residential and commercial/industrial sales in 1992 was largely due to the cooler weather experienced during the summer months. Residential sales, which comprised 44% of system sales, were down by 3.3% when compared with 1991, while commercial/industrial sales, which accounted for 53% of system sales, declined by 1.7%. Power pool sales fluctuate with relative costs and power pool system availabilities.

The average number of electric customers served in 1992 and 1991 was approximately 1,009,000 and 1,005,000, respectively. The 4,000 customer increase in 1992 is similar to the increase experienced in 1991 when compared to 1990.

Summary of average use per customer for the years 1992, 1991, and 1990 was as follows:

			(In kWh per customer)
	1992	1991	1990
Residential	7,518	7,812	7,844
Commercial/Industrial	80,346	81,797	82,304
System	15,297	15,731	15,832

Fuel Cost Recoveries Total electric fuel cost recoveries for 1992 were down $13 million compared with 1991, primarily as a result of lower sales volumes, partially offset by an increase in the average cost of fuel. In 1991, fuel cost recoveries decreased by $6 million compared with 1990, principally due to a lower average cost of fuel.

Gas In 1992, gas revenues increased by $76 million, or 21.7%, when compared to 1991. Revenues in 1991 decreased by $10 million, or 2.8%, when compared to 1990. The changes in the level of revenues when compared to the prior year resulted from the following factors:

		(In thousands of dollars)
	'92/'91	'91/'90
Rate Increases	$ 17	$ 2
Sales Volumes	50	(7)
Fuel Cost Recoveries	9	(5)
Total	$ 76	$ (10)

Rate Increases The Company received gas rate increases of 7.1% effective December 1, 1992, and 4.1% effective December 1, 1991. These rate increases provided $17 million in additional revenues in 1992 when compared to 1991. A gas increase of 1.3% in January 1990 provided $2 million in additional revenues for 1991 when compared to 1990.

Sales Volumes The increase in 1992 revenues due to sales volumes was primarily due to customer additions and conversions resulting from the Company's gas expansion program, aided by a colder heating season in 1992. The Company added approximately 10,000 new gas space heating customers to its system for the third consecutive year. Summary of gas decatherm (dth) sales for the years 1992, 1991 and 1990 were as follows:

			(In thousands of dth)
	1992	1991	1990
Space Heating	48,751	41,323	41,081
Non-Space Heating	7,541	7,366	7,800
Total Firm	56,292	48,689	48,881
Interruptible	5,090	4,538	6,347
Total System	61,382	53,227	55,228

Summary of average use per customer for the years 1992, 1991 and 1990 was as follows:

			(In dth per customer)
	1992	1991	1990
Space Heating	188	165	171
Non-Space Heating	42	40	41
Interruptible	9,568	9,614	15,480
System	140	123	129

Fuel Cost Recoveries Recoveries of fuel expenses in 1992 revenues increased by $9 million compared with 1991, primarily due to higher sales volumes. In 1991, fuel recovery revenues had decreased by $5 million, primarily due to lower sales volumes.

Fuel and Purchased Power Expenses for fuel and purchased power for electric operations and for gas delivered to customers decreased by $27 million in 1992 compared with 1991, and decreased by $18 million in 1991 compared with 1990. Summary of fuel and purchased power expenses for the years 1992, 1991, and 1990 were as follows:

			(In millions of dollars)
	1992	1991	1990
Electric Fuel	$ 279	$ 381	$ 441
Purchased Power	281	213	170
Gas	182	175	176
Total	$ 742	$ 769	$ 787

The Company has substantially reduced its dependence on foreign oil for electric generation, substituting gas and purchased power whenever economical. Summary of electric fuel and purchased power mix for the years 1992, 1991 and 1990 were as follows:

	(Percent of system energy requirements)		
	1992	*1991*	*1990*
Oil	37%	50%	56%
Gas	19	18	20
Purchased Power	38	25	20
Nuclear Fuel	6	7	4
Total	100%	100%	100%

Operations and Maintenance Expenses Total operations and maintenance expenses, excluding fuel and purchased power, for 1992, 1991 and 1990 were $498 million, $523 million and $476 million, respectively. The $25 million, or 4.8%, decrease in 1992 was primarily due to lower electric operations expenses which resulted from the Company's aggressive expense reduction and cost containment programs. The Company also instituted and has pursued more aggressive collection practices as evidenced by a lower provision for doubtful accounts in 1992. Partially offsetting these decreases were certain higher expenses, including expenses related to the Company's share in the Nine Mile Point Nuclear Power Station, Unit 2 (NMP2) and employee related benefits.

The $47 million, or 9.9%, increase in 1991 was primarily attributable to increases in employee wages and benefits, electric production and gas distribution costs, and provision for doubtful accounts.

Other Items In 1992, federal income taxes were approximately $161 million, compared with $182 million in 1991. In 1990, these taxes amounted to $183 million, excluding the effect of the accounting change for unbilled gas revenues.

Interest expenses for 1992, 1991 and 1990 were $512 million, $524 million and $508 million, respectively. The decrease in 1992 was the result of lower interest rates, primarily achieved through refinancings.

In 1992, the Company recorded non-cash charges to income of approximately $23 million which represents the increase in the present value of the Class Settlement liability. These charges amounted to $25 million and $23 million for 1991 and 1990, respectively. For a further discussion of the Class Settlement see Note 4 of Notes to Financial Statements.

For the years 1992, 1991 and 1990, the Company recorded non-cash credits to income of $73 million, $269 million and $313 million, respectively, reflecting the RMC and related carrying charges. For a further discussion of the RMC and RMA, see Notes 2 and 3 of Notes to Financial Statements.

For the years 1992, 1991 and 1990, the Company recorded non-cash charges to income of approximately $101 million, reflecting the continuing amortization of the BFC, which is afforded rate base treatment under the RMA. For a further discussion of the BFC and 1989 Settlement, see Notes 1 and 2 of Notes to Financial Statements.

Liquidity

Cash and Revolving Credit At December 31, 1992, the Company's cash and cash equivalents amounted to approximately $309 million, compared to $298 million at December 31, 1991.

In addition, the Company has approximately $251 million available under its revolving line of credit through October 1, 1993, provided by its 1989 Revolving Credit Agreement (1989 RCA). At December 31, 1992, no amounts were outstanding under the 1989 RCA. For a further discussion of the 1989 RCA, see Note 7 of Notes to Financial Statements.

Financing Programs During 1992, the Company issued $211 million aggregate principal amount of G&R Bonds, approximately $1.3 billion aggregate principal amount of debentures and $420 million of preferred stock. The net proceeds from the sale of these securities were used to eliminate all bank debt, redeem higher-cost debt and preferred stock and to pay any related redemption costs. The details respecting the Company's $2.3 billion of refinancing activities in 1992 were as follows:

Securities Issued	*Securities Redeemed*
$ 56 million G&R Bonds 7.85% Series Due 1999	$ 53 million G&R Bonds 9.75% Series Due 1999
$ 75 million G&R Bonds 8.50% Series Due 2006	$ 70 million G&R Bonds 9.625% Series Due 2006
$ 80 million G&R Bonds 7.90% Series Due 2008	$ 75 million G&R Bonds 9.20% Series Due 2008
$397 million Debentures 7.30% Series Due 1999	$319 million Debentures 10.875% Series Due 1999
$420 million Debentures 8.90% Series Due 2019	$346 million Debentures 11.375% Series Due 2019
	$ 25 million First Mortgage Bonds 9.125% Series Due 2000
$451 million Debentures 9% Series Due 2002	$446 million under the 1989 Term Loan Agreement
$363 million Preferred Stock 7.95% Series AA	$320 million Preferred Stock 10.60% Series Y
$ 57 million Preferred Stock 7.66% Series CC	$ 55 million Preferred Stock 9.80% Series S
$400 million tax-exempt securities, 7.15%, 30-year fixed annual rate	$400 million tax-exempt securities variable weekly rate

In addition to the above refinancings, the Company utilized $200 million of tax-exempt securities in 1992. The net proceeds from the sale of these tax-exempt securities were used to reimburse the Company's treasury for previously incurred capital expenditures.

In addition to the conversion of $400 million of tax-exempt securities in June 1992, the Company converted $100 million of tax-exempt securities in January 1993 from a variable weekly interest rate to a 30-year fixed annual rate of 6.90%.

In January 1993, the Company issued $36 million principal amount of Debentures, 7.30% Series Due 20C0, the net proceeds of which will be used in February 1993 to redeem, at the applicable redemption price, $35 million principal amount of First Mortgage Bonds, 8.20% Series R Due 1999.

In February 1993, the Company sold $142 million principal amount of Debentures, 7.50% Series Due 2007, the net proceeds of which will be used in March 1993 to redeem, at the applicable redemption prices, the following series of G&R Bonds: $50 million, 8⅝% Series Due 2006 and $85 million, 8⅝% Series Due 2007.

The Company has been able to utilize $100 million of tax-exempt securities in each of the years 1989 through 1992. In 1990, the Company was able to utilize an additional $100 million of tax-exempt securities (1991 Series A Electric Facilities Revenue Bonds) allocated for its benefit.

During the period January 1, 1993 to December 31, 1995, the Company has estimated that it will be required to seek external financing of approximately $1.4 billion, principally to refund maturing debt and secondarily to meet its operating and capital requirements. In addition, the Company intends to continue to access the capital markets to refund higher-cost bt and preferred stock, when market conditions permit.

ie Company currently has debt and equity securities registered with the Securities and Exchange Commission on shelf registration statements. The sale of $615 million of these securities will be used to refund the following securities maturing in 1993: $40 million of First Mortgage Bonds, 4.40% Series M Due April 1, 1993, $375 million of Debentures, 11 3/8% Series Due April 1, 1993 and $175 million of Debentures, 11.70% Series Due November 15, 1993. The Company may also sell an additional $146 million of previously registered securities, which will be used, when market conditions permit, to refund higher-cost debt or preferred stock.

For a further discussion on the Company's capital stock and long-term debt, see Notes 6 and 7 of Notes to Financial Statements.

Capitalization

The Company's capitalization (defined as the total of long-term debt, preferred stock and common shareowners' equity) at December 31, 1992, was approximately $8.2 billion, as compared to $7.8 billion at December 31, 1991. This increase in capitalization of approximately $420 million principally reflects an increase in long-term debt and preferred stock associated with the Company's financing activities in 1992 and an increase in common shareowners' equity comprising 1992 net income of approximately $302 million reduced by common and preferred stock dividends of $254 million.

At December 31, 1991, capitalization increased by approximately $492 million from the December 31, 1990, balance of $7.3 billion. This increase in capitalization primarily reflects an increase in long-term debt associated with the Company's financing activities in 1991 and an increase in common shareowners' equity comprising 1991 net income of $306 million reduced by common and preferred stock dividends of $245 million.

At December 31, 1992 and 1991, the components of the Company's capitalization ratios were as follows:

	1992	1991
Long-Term Debt	64.7%	63.9%
Preferred Stock	8.8	8.8
Common Shareowners' Equity	26.5	27.3
Total	100.0%	100.0%

Capital Requirements and Capital Provided

Capital requirements and capital provided for 1992 and 1991 were as follows:

(In millions of dollars)	1992	1991
Capital Requirements		
Construction		
Electric	$ 137	$ 127
Gas	104	90
Common	27	18
Total Construction	268	235
Refundings and Dividends		
Long-term debt	1,344	1,129
Preferred stock	389	71
Preferred stock dividends	70	66
Common stock dividends	191	173
Redemption costs	159	68
Total Refundings and Dividends	2,153	1,507
Shoreham post settlement costs	228	158
Total Capital Requirements	$ 2,649	$ 1,900
Capital Provided		
(Increase) in cash	$ (11)	$ (195)
Long-term debt	1,660	1,532
Preferred stock	411	63
Financing costs	(7)	(20)
Other financing activities	6	—
Internal cash generation from operations	590	520
Total Capital Provided	$ 2,649	$ 1,900

For further information, see the Statement of Cash Flows.

For 1993, total capital requirements (excluding common stock dividends) are estimated at $1.2 billion, of which construction requirements are estimated to be $320 million, mandatory redemptions are $590 million, preferred stock sinking fund requirements are $8 million, preferred stock dividends are $57 million, and Shoreham post settlement costs are estimated at approximately $189 million. The Company intends to satisfy these capital requirements through external financing, as discussed above, and internal cash generation from operations.

Other Matters

Electric Competition, Conservation and Supply The Company is experiencing competition from cogenerators and other independent power producers located within the Company's service territory. These facilities supply electric energy to existing or new industrial and commercial customers and excess electricity is sold to the Company pursuant to the purchase requirements of the Public Utility Regulatory Policy Act of 1978 (PURPA). The Company has contracts with owners of these facilities which will provide for a total of approximately 340 megawatts (MW) of capacity by 1994, which includes the New York Power Authority's 136 MW Holtsville facility. The Company has also entered into contracts for approximately 450 MW of power from various projects on an energy-only basis.

The Company has implemented conservation and load management programs to meet Long Island's energy needs in the future. In 1992, the Company met its targeted reductions in its revised 1992 Electric Conservation and Load Management Plan, which called for a 235 MW reduction in coincident peak demand by December 31, 1992, and annualized energy savings of 454 gigawatt hours, at a budgeted cost of approximately $45.3 million. The Company anticipates that the Conservation and Load Management Plan will continue in future years to gain further reductions in system peak and energy usage.

The Company's current electric load forecasts indicate that, with continued implementation of its aggressive conservation and load management programs and with electricity provided by independent power producers and cogenerators, the Company's existing generating facilities, the Company's portion of nuclear energy generated at NMP2 and contracts for purchased power are adequate to meet the energy demands on Long Island beyond the end of the century.

Gas Competition In 1987, the Federal Energy Regulatory Commission (FERC) issued an order allowing gas pipeline companies and producers access to certain of the Company's customers for the purpose of supplying competing gas service. As of December 31, 1992, approximately 104 of the Company's former large gas customers were purchasing gas directly from gas pipeline companies and producers and arranging for its transportation through the Company's gas mains. The Company receives a fee for this transportation service which accounted for approximately $6.7 million, or 1.6%, of total gas revenues for 1992.

Clean Air Act In late 1990, significant amendments to the federal Clean Air Act were adopted. A number of electric utilities anticipate substantial increases in operating costs and capital expenditures as a result of the amendments. The Company does not expect to incur any costs to satisfy these amendments with respect to the reduction of sulfur dioxide emissions, since the Company already uses fuel with acceptably low levels of sulfur. However, the Company expects that it will incur costs to comply with additional continuous emission monitoring (CEM) requirements and for future nitrogen oxide reduction requirements that may be imposed under federal or state regulations. The Company estimates that the cost of installing CEM and nitrogen oxide control equipment, which the Company will seek to recover through rates, will be approximately $15 million and $100 million, respectively.

Accounting Pronouncements The Company will adopt the provisions of Statement of Financial Accounting Standards (SFAS) No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, during the first quarter of 1993. SFAS No. 106 requires the Company to recognize the expected cost of providing postretirement benefits when employee services are rendered rather than on a pay-as-you-go method. The Company will record an accumulated postretirement benefit obligation and corresponding regulatory asset of approximately $376 million which represents the transition obligation at December 31, 1992. Additionally, as a result of adopting SFAS No. 106, the Company's annual postretirement benefit expense will increase by approximately $44 million above the amount previously recorded under the pay-as-you-go method. This additional $44 million of non-cash postretirement benefit expense will also be accounted for as a regulatory asset. The Company believes that the PSC will permit recovery of these regulatory assets through rates. For a further discussion of SFAS No. 106, including the recoverability of these regulatory assets, see Note 8 of Notes to Financial Statements.

The Company will adopt SFAS No. 109, Accounting for Income Taxes, during the first quarter of 1993. SFAS No. 109 prohibits net of tax accounting and reporting and requires recognition of a deferred tax liability for the tax benefits which are flowed through to its customers and the equity component of AFC. A regulatory asset or liability will be recognized relating to such items if it is probable that the future increase or decrease in taxes payable thereon shall be recovered from or returned to customers through future rates. The Company estimates that had it adopted SFAS No. 109 at December 31, 1992, the Company would have recorded an accumulated deferred tax liability and a corresponding regulatory asset of approximately $1.2 billion. The impact of SFAS No. 109 on the Statement of Income is not expected to be material. For a further discussion of SFAS No. 109, see Note 1 of Notes to Financial Statements.

Selected Financial Data

Additional financial information for the last five years is provided in Tables 1 through 11 of Selected Financial Data. Information with regard to the Company's business segments for the last three years is provided in Note 11 of Notes to Financial Statements.

Statement of Income

For year ended December 31	1992	1991	1990
	(In thousands of dollars except per share amounts)		
Revenues			
Electric	$ 2,194,632	$ 2,196,568	$ 2,095,660
Gas	427,207	351,161	361,242
Total Revenues	2,621,839	2,547,729	2,456,902
Expenses			
Operations — fuel and purchased power	741,784	768,702	786,999
Operations — other	372,209	375,267	340,518
Maintenance	125,736	147,492	135,291
Depreciation and amortization	119,137	118,955	110,884
Base financial component amortization	100,971	100,971	100,971
Regulatory liability component amortization	(88,573)	(88,573)	(88,573)
Other regulatory amortizations	(22,072)	8,666	14,427
Rate moderation component	(30,444)	(228,572)	(297,214)
Operating taxes	388,988	388,380	370,317
Federal income tax — current	530	515	3,638
Federal income tax — deferred and other	172,468	168,937	177,014
Total Expenses	1,880,734	1,760,740	1,654,272
Operating Income	741,105	786,989	802,630
Other Income and (Deductions)			
Allowance for other funds used during construction	4,725	2,202	2,940
Rate moderation component carrying charges	42,837	40,456	15,683
Other income and deductions, net	28,832	33,783	27,218
Class Settlement	(22,541)	(25,467)	(22,574)
Federal income tax (charge) — deferred and other	12,036	(12,201)	(2,629)
Total Other Income and (Deductions)	65,889	38,773	20,638
Income Before Interest Charges and Cumulative Effect of Accounting Change	806,994	825,762	823,268
Interest Charges and (Credits)			
Interest on long-term debt	450,621	472,974	467,700
Other interest	61,785	50,842	40,559
Allowance for borrowed funds used during construction	(7,386)	(3,592)	(4,628)
Total Interest Charges and (Credits)	505,020	520,224	503,631
Income Before Cumulative Effect of Accounting Change	301,974	305,538	319,637
Cumulative Effect of Accounting Change for Unbilled Gas Revenues (net of applicable taxes of $6,017)	—	—	11,680
Net Income	301,974	305,538	331,317
Preferred stock dividend requirements	63,954	66,394	68,161
Earnings for Common Stock	$ 238,020	$ 239,144	$ 263,156
Average Common Shares Outstanding (000)	111,439	111,348	111,290
Earnings per Common Share			
Before cumulative effect of accounting change	$ 2.14	$ 2.15	$ 2.26
Cumulative effect of accounting change	—	—	.10
Earnings per Common Share	$ 2.14	$ 2.15	$ 2.36
Dividends Declared per Common Share	$ 1.72	$ 1.60	$ 1.25

See Notes to Financial Statements

Balance Sheet

Assets		(In thousands of dollars)
At December 31	*1992*	*1991*
Utility Plant		
Electric	$ 3,429,803	$ 3,323,008
Gas	760,635	666,904
Common	172,703	157,495
Construction work in progress	161,663	157,511
Nuclear fuel in process and in reactor	19,216	29,818
	4,544,020	4,334,736
Less — Accumulated depreciation and amortization	1,382,872	1,332,003
Total Net Utility Plant	3,161,148	3,002,733
Regulatory Asset		
Base financial component (less accumulated amortization of $353,398 and $252,427)	3,685,432	3,786,403
Nonutility Property and Other Investments	20,730	9,788
Current Assets		
Cash and cash equivalents	309,485	298,098
Special deposits	23,683	23,207
Customer accounts receivable (less allowance for doubtful accounts of $24,375 and $26,935)	208,049	210,525
Other accounts receivable	6,937	6,515
Accrued unbilled revenues	143,172	136,565
Materials and supplies at average cost	86,482	86,863
Fuel oil at average cost	51,702	44,002
Gas in storage at average cost	47,002	43,388
Prepayments and other current assets	40,402	34,854
Total Current Assets	916,914	884,017
Deferred Charges		
Rate moderation component	651,657	602,053
Shoreham post settlement costs	586,045	378,386
Unamortized cost of issuing securities	380,267	227,713
Shoreham nuclear fuel	77,629	79,760
Accumulated deferred income taxes	511,898	439,235
Other	256,904	133,213
Total Deferred Charges	2,464,400	1,860,360
Total Assets	$ 10,248,624	$ 9,543,301

See Notes to Financial Statements.

Capitalization and Liabilities

At December 31	1992	1991
		(In thousands of dollars)
Capitalization		
Long-term debt	$ 4,755,733	$ 5,001,016
Unamortized premium and (discount) on debt	(14,731)	(14,850)
	4,741,002	4,986,166
Preferred stock — redemption required	557,900	524,912
Preferred stock — no redemption required	154,276	154,371
Total Preferred Stock	712,176	679,283
Common stock	558,002	556,825
Premium on capital stock	998,089	993,509
Capital stock expense	(39,304)	(40,216)
Retained earnings	667,988	620,373
Total Common Shareowners' Equity	2,184,775	2,130,491
Total Capitalization	7,637,953	7,795,940
Current Liabilities		
Current maturities of long-term debt	590,000	10,000
Current redemption requirements of preferred stock	8,200	10,616
Accounts payable and accrued expenses	286,102	223,589
Accrued taxes (including federal income taxes of $27,100 and $27,693)	67,525	60,174
Accrued interest	131,179	85,565
Dividends payable	53,966	60,287
Class Settlement	30,000	20,000
Customer deposits	24,815	22,664
Total Current Liabilities	1,191,787	492,895
Deferred Credits		
1989 Settlement credits	164,294	173,507
Class Settlement	167,066	173,564
Accumulated deferred income taxes	970,373	816,053
Other	110,341	84,035
Total Deferred Credits	1,412,074	1,247,159
Reserves for Claims, Damages, Pensions and Benefits	6,810	7,307
Commitments and Contingencies	—	—
Total Capitalization and Liabilities	$ 10,248,624	$ 9,543,301

See Notes to Financial Statements.

Shareowners' Equity

Statement of Retained Earnings

	1992	1991	1990
			(In thousands of dollars)
Balance at January 1	$ 620,373	$ 560,405	$ 436,690
Net income for the year	301,974	305,538	331,317
	922,347	865,943	768,007
Deductions			
Cash dividends declared on preferred stock	62,387	67,261	68,218
Cash dividends declared on common stock	191,693	178,169	139,128
Capital stock expense	279	140	256
Balance at December 31	$ 667,988	$ 620,373	$ 560,405

Preferred Stock

At December 31	Call Price Per Share December 31, 1992	Call Price Per Share Final	1992	1991	1990
					(In thousands of dollars)
Par Value $100 per Share, Cumulative					
Shares authorized			7,000,000	7,000,000	7,000,000
Shares issued and outstanding			2,353,757	2,438,993	2,528,400
5.00% Series B	$101.00	$101.00	$ 10,000	$ 10,000	$ 10,000
4.25% Series D	102.00	102.00	7,000	7,000	7,000
4.35% Series E	102.00	102.00	20,000	20,000	20,000
4.35% Series F	102.00	102.00	5,000	5,000	5,000
5 1/8%Series H	102.00	102.00	20,000	20,000	20,000
5 3/4%Series I Convertible	100.00	100.00	2,276	2,371	2,674
8.12% Series J	101.00	101.00	25,000	25,000	25,000
8.30% Series K	103.29	103.29	30,000	30,000	30,000
7.40% Series L*	103.22	100.00	20,300	21,350	22,400
8.40% Series M*	103.36	100.00	23,800	25,200	26,600
8.50% Series R*	101.00	100.00	15,000	22,500	26,250
9.80% Series S*	—	—	—	55,478	57,916
7.66% Series CC*	**	100.00	57,000	—	—
Total Par Value $100			$ 235,376	$ 243,899	$ 252,840
Par Value $25 per Share, Cumulative					
Shares authorized			30,000,000	30,000,000	30,000,000
Shares issued and outstanding			19,400,000	17,840,000	17,720,000
$2.47 Series O*	$ 25.25	$ 25.25	$ 22,000	$ 26,000	$ 28,000
$2.43 Series P	27.75	27.75	35,000	35,000	35,000
$3.31 Series T*	—	—	—	—	60,000
$2.65 Series Y*	—	—	—	320,000	320,000
$2.35 Series Z*	27.35	25.00	65,000	65,000	—
7.95% Series AA*	**	25.00	363,000	—	—
Total Par Value $25			$ 485,000	$ 446,000	$ 443,000
Less — Sinking fund requirements			$ 8,200	$ 10,616	$ 13,616
Total Preferred Stock			$ 712,176	$ 679,283	$ 682,224

Common Stock

At December 31	1992	1991	1990
			(In thousands of dollars)
Par Value $5 per Share			
Shares authorized	150,000,000	150,000,000	150,000,000
Shares issued and outstanding	111,600,376	111,365,056	111,324,081
Increase in shares outstanding	235,320	40,975	74,613
Increase in $5 par value	$ 1,177	$ 205	$ 373
Increase in premium on capital stock	$ 4,493	$ 614	$ 924
Decrease in capital stock expense	$ 912	$ 2,460	$ 240

*Redemption required, see Note 6. **Not callable at December 31, 1992.

The aggregate fair value of redeemable preferred stock at December 31, 1992 amounted to $581,984 compared to its carrying amount of $566,100.

See Notes to Financial Statements.

Statement of Cash Flows

(In thousands of dollars)

For year ended December 31	1992	1991	1990
Operating Activities			
Net Income	$ 301,974	$ 305,538	$ 331,317
Adjustments to reconcile net income to net cash provided by operating activities			
Cumulative effect of accounting change for unbilled gas revenues	—	—	(11,680)
Depreciation and amortization	119,137	118,955	110,884
Fuel moderation component	—	34,025	3,804
Provision for doubtful accounts	16,329	35,431	30,097
Base financial component amortization	100,971	100,971	100,971
Regulatory liability component amortization	(88,573)	(88,573)	(88,573)
Other regulatory amortizations	(22,072)	8,666	14,427
Rate moderation component	(30,444)	(228,572)	(297,214)
Rate moderation component carrying charges	(42,837)	(40,456)	(15,683)
Class Settlement	22,541	25,467	22,574
Amortization of cost of issuing and redeeming securities	41,204	27,456	23,648
Federal income taxes — deferred and other	160,432	181,138	179,643
Allowance for other funds used during construction	(4,725)	(2,202)	(2,940)
Other	699	38,068	15,234
Changes in operating assets and liabilities			
Accounts receivable	(14,275)	(26,045)	(22,463)
Accrued unbilled revenues	(6,607)	2,352	30,748
Materials and supplies, fuel oil and gas in storage	(10,933)	28,217	(48,040)
Prepayments and other current assets	(5,548)	(1,035)	23,752
Accounts payable and accrued expenses	62,513	34,560	2,345
Class Settlement	—	—	(20,129)
Accrued taxes	7,351	3,926	(42,187)
Other	(17,073)	(37,459)	(19,477)
Net Cash Provided by Operating Activities	590,064	520,428	321,058
Investing Activities			
Construction and nuclear fuel expenditures	(268,179)	(235,349)	(229,525)
Shoreham post settlement costs	(227,658)	(158,432)	(152,675)
Other	(1,484)	(3,923)	81
Net Cash Used in Investing Activities	(497,321)	(397,704)	(382,119)
Financing Activities			
Proceeds from issuance of long-term debt	1,659,928	1,532,247	112,319
Redemption of long-term debt	(1,344,283)	(1,129,000)	(82,000)
Proceeds from sale of preferred stock	411,373	63,130	—
Redemption of preferred stock	(389,428)	(70,638)	(13,659)
Preferred stock dividends paid	(69,923)	(65,838)	(68,046)
Common stock dividends paid	(190,477)	(172,584)	(125,192)
Cost of issuing and redeeming securities	(166,066)	(88,586)	(1,327)
Other	7,520	3,707	1,598
Net Cash (Used in) Provided by Financing Activities	(81,356)	72,438	(176,307)
Net Increase (Decrease) in Cash and Cash Equivalents	$ 11,387	$ 195,162	$ (237,368)
Cash and cash equivalents at beginning of year	$ 298,098	$ 102,936	$ 340,304
Net increase (decrease) in cash and cash equivalents	11,387	195,162	(237,368)
Cash and Cash Equivalents at End of Year	$ 309,485	$ 298,098	$ 102,936
Interest paid, before reduction for the allowance for borrowed funds used during construction	$ 424,842	$ 477,240	$ 479,278
Federal income taxes paid	$ 2,100	$ 1,650	$ 900
Federal income taxes refunded	$ 1,566	$ 642	$ 23,588

See Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Regulation The Company's accounting policies conform to generally accepted accounting principles (GAAP) as they apply to a regulated enterprise. Its accounting records are maintained in accordance with the Uniform Systems of Accounts prescribed by the Public Service Commission of the State of New York (PSC) and the Federal Energy Regulatory Commission (FERC).

Utility Plant Additions to and replacements of utility plant are capitalized at original cost, which includes material, labor, overhead and an allowance for the cost of funds used during construction. The cost of renewals and betterments relating to units of property is added to utility plant. The cost of property replaced, retired or otherwise disposed of is deducted from utility plant and, generally, together with dismantling costs less any salvage, is charged to accumulated depreciation. The cost of repairs and minor renewals is charged to maintenance expense. Mass properties (such as poles, wire and meters) are accounted for on an average unit cost basis by year of installation.

Allowance for Funds Used During Construction The Uniform Systems of Accounts defines the allowance for funds used during construction (AFC) as the net cost of borrowed funds for construction purposes and a reasonable rate of return upon the utility's equity when so used. AFC is not an item of current cash income. AFC is computed monthly using a rate permitted by FERC on that portion of construction work in progress which is not included in the Company's rate base. The average annual AFC rate, without giving effect to compounding, was 9.98%, 10.74% and 11.03% for the years 1992, 1991 and 1990, respectively.

Depreciation The provisions for depreciation result from the application of straight-line rates to the original cost, by groups, of depreciable properties in service. The rates are determined by age-life studies performed annually on depreciable properties. Depreciation for electric properties was equivalent to approximately 3.2%, 3.3% and 3.2% of respective average depreciable plant costs for the years 1992, 1991 and 1990. Depreciation for gas properties was equivalent to approximately 2.6%, 2.9% and 2.8% of respective average depreciable plant costs for the years 1992, 1991 and 1990.

Financial Resource Asset GAAP authorizes recognition of the existence of a regulatory asset when it is probable that a regulator will permit full recovery of a previously incurred cost. Pursuant to the 1989 Settlement, the Company recorded a regulatory asset known as the Financial Resource Asset (FRA), to provide the Company with sufficient cash flows to assure its financial recovery. The FRA has two components, the Base Financial Component (BFC) and the Rate Moderation Component (RMC). The Rate Moderation Agreement (RMA), one of the constituent documents of the 1989 Settlement, provides for the full recovery of the FRA. For a further discussion of the 1989 Settlement and the FRA, see Note 2.

Cash and Cash Equivalents Cash equivalents are highly liquid investments with maturities of three months or less when purchased. The carrying amount approximates fair value because of the short maturity of these investments.

Unbilled Revenues The Company accrues electric revenues for services rendered to customers but not billed at month-end.

Effective January 1, 1990, the Company adopted the full accrual method for unbilled gas revenues. Previously, unbilled gas revenues were recognized only for customers billed on a bi-monthly cycle basis for the month in which they were normally not billed. This change better matches revenues and expenses and provides consistency with the Company's revenue recognition method for electric revenues. The cumulative effect of this change at January 1, 1990 was $11.7 million, net of tax effects, or $.10 per share and had been included in net income for the year ended December 31, 1990. The effect of this change on income before the cumulative effect of accounting change and on earnings for common stock for the year ended December 31, 1990 was not material.

Fuel Cost Adjustments The Company's electric and gas tariffs include fuel cost adjustment (FCA) clauses which provide for the difference between actual fuel costs and the fuel costs allowed in the Company's base tariff rates (base fuel costs). The Company defers these adjustments, net of tax effects, to future periods in which they will be billed or credited to customers, except for base electric fuel costs in excess of actual electric fuel costs, which are currently credited to the RMC as incurred. The Company collects the higher of actual electric fuel costs or base electric fuel costs, pursuant to the RMA.

Effective December 1, 1991, the electric rate order discussed in Note 3 authorized the adoption of a partial pass-through fuel cost incentive plan which includes a mechanism that compares, on a monthly basis, the Company's actual cost to produce electric energy against a targeted fuel value. The incentive measures the Company's ability to purchase fuel at the lowest possible cost, to purchase energy economically from other power suppliers and to operate its generating plants at optimum efficiency. The shareowners are allocated 40% of the impact between actual fuel costs and targeted fuel values up to a maximum benefit or penalty of 20 basis points of the allowed return on common equity. The shareowners' portion of these impacts are being deferred on a monthly basis. The accumulated net deferral will be recovered or returned, through the FCA, over a twelve-month period in the following rate year. For a further discussion of the partial pass-through fuel cost incentive, see Note 3.

Fair Values of Financial Instruments The fair values for the Company's long-term debt and redeemable preferred stock are based on quoted market prices, where available. The fair values for all other long-term debt and redeemable preferred stock are estimated using a discounted cash flow analyses which is based upon the Company's current incremental borrowing rate for similar types of securities.

Capitalization-Premiums, Discounts and Expenses Premiums or discounts and expenses related to the issuance of long-term debt are amortized over the life of each issue. Unamortized premiums or discounts and expenses related to issues of long-term debt that are refinanced are amortized and recovered through rates over the shorter life of the redeemed or new issues. Capital stock expense related to that portion of preferred stock that is required to be redeemed is written-off as an adjustment to retained earnings upon redemption unless the preferred stock is redeemed below par value. In that case, any resulting gain, net of the related capital stock expense, is recorded as additional premium on capital stock. Capital stock expense and redemption costs related to certain issues of preferred stock that have been refinanced as well as the cost of issuance of the preferred stock issued are recorded as deferred charges. These amounts are being amortized and recovered through rates over the shorter life of the redeemed or new issues.

Federal Income Taxes The Company provides deferred federal income taxes with respect to certain differences between net income before income taxes and taxable income in certain instances when approved by the PSC, as disclosed in Note 10. The Company defers the benefit of 60% of pre-1982 gas and pre-1983 electric and 100% of all other investment tax credits, with respect to regulated properties, when realized on its tax returns.

For ratemaking purposes, certain accumulated deferred federal income taxes are deducted from rate base and amortized or otherwise applied as a reduction (increase) in federal income tax expense in future years. Accumulated deferred investment tax credits are amortized ratably over the lives of the related properties.

The tax effects of other differences between income for financial statement purposes and for federal income tax purposes are accounted for as current adjustments in federal income tax provisions.

The Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes requires, among other matters, recognition of the amount of current and deferred taxes payable or refundable at the date of the financial statements as a result of all events that have been recognized in the financial statements and adjustment of deferred income taxes for an enacted change in tax laws. For regulated enterprises, SFAS No. 109 prohibits net of tax accounting and reporting and requires recognition of a deferred tax liability for the tax benefits which are flowed through to its customers and the equity component of AFC. A regulatory asset or liability will be recognized relating to such items if it is probable that the future increase or decrease in taxes payable thereon shall be recovered from or returned to customers through future rates. The Company estimates that had it adopted SFAS No. 109 at December 31, 1992, the Company would have recorded an accumulated deferred tax liability and a corresponding regulatory asset of approximately $1.2 billion. The Company will adopt SFAS No. 109 during the first quarter of 1993 and does not expect a material impact on the Statement of Income.

Reserves for Claims, Damages, Pensions and Benefits Losses arising from claims against the Company are partially self-insured. Extraordinary storm losses are partially self-insured up to $5 million until March 1, 1993, at which time the Company will bear a greater portion of these costs. Amounts provided are credited to the reserves based upon experience, risk of loss, actuarial estimates and/or specific orders of the PSC.

Reclassifications Certain prior year amounts have been reclassified in the financial statements to be consistent with the current year's presentation.

Note 2. The 1989 Settlement

On February 28, 1989, the Company and the State of New York (by its Governor) entered into the 1989 Settlement resolving certain issues relating to the Company and providing, among other matters, for the transfer of the Shoreham Nuclear Power Station (Shoreham) and its subsequent decommissioning. On February 29, 1992, the Company transferred ownership of Shoreham to the Long Island Power Authority (LIPA), an agency of the State of New York. Pursuant to the 1989 Settlement, LIPA is responsible for the decommissioning of Shoreham and has estimated that the decommissioning, in which Company employees are participating, will be completed in 1994.

The 1989 Settlement recites the intention of the parties that the Company shall be returned to investment grade financial condition and that the Company and the State of New York anticipate that the PSC shall ensure that the future impacts on rates are to be minimized to the maximum extent practicable. It is the Company's position that these objectives will continue to be achieved, in part, through the continued receipt of adequate and timely rate relief.

Upon the effectiveness of the 1989 Settlement, the Company simultaneously recorded on its Balance Sheet the retirement of its investment of approximately $4.2 billion in Shoreham and Bokum Resources Corporation (Bokum) and the establishment of the FRA.

The BFC, a component of the FRA, as initially established, represents the present value of the future net-after-tax cash flows which the RMA provided the Company for its financial recovery. The BFC was granted rate base treatment under the terms of the RMA and is included in the Company's revenue requirements through an amortization included in rates over forty years on a straight-line basis beginning July 1, 1989. At December 31, 1992 and 1991, the unamortized balance of the BFC was approximately $3.7 billion and $3.8 billion, respectively.

The RMC, a component of the FRA, reflects the difference between the Company's revenue requirements under conventional ratemaking and the revenues resulting from the implementation of the rate moderation plan provided for in the RMA. The RMC, which has provided the Company with a substantial amount of non-cash earnings over the last several years, is based upon forecasted data filed in connection with the RMA. The RMA was designed to provide rate increases sufficient to recover the RMC within a ten-year period. The RMC is currently adjusted, on a monthly basis, for the Company's share of certain Nine Mile Point Nuclear Power Station, Unit 2 (NMP2) operations and maintenance expenses, fuel credits resulting from the Company's electric fuel cost adjustment clause discussed in Note 1 and state gross receipts tax adjustments related to the FRA. Prior to December 1, 1991, the RMC was adjusted to reflect actual property taxes, cost of asbestos removal, interest expense, energy conservation and load management program costs, costs to provide added electric system reliability and inflation.

The RMC balance, which was $652 million and $602 million at December 31, 1992 and 1991, respectively, has increased as the difference between revenues resulting from the implementation of the rate moderation plan provided for in the RMA and revenue requirements under conventional ratemaking, together with a carrying charge equal to the allowed rate of return on rate base, has been deferred. The RMC balance will subsequently decrease and is expected to be fully amortized by November 30, 1999, as deferred revenue requirements are recovered.

The PSC approved the Long Island Lighting Company Ratemaking and Performance Plan (LRPP), discussed in Note 3, effective for each of the three rate years in the period beginning December 1, 1991. Although the LRPP provides for slightly lower annual electric rate increases than originally anticipated in the 1989 Settlement, the Company believes that it will still fully recover the RMC over the ten-year period principally as a result of changes in the original assumptions. The revenues assumed by the LRPP are adequate to provide the Company with recovery of its revenue requirements under conventional ratemaking and recovery of the RMC balance over the remainder of the ten-year period. However, actual revenues may differ from those assumed for this period. The original assumptions underlying the RMA included projections of future revenues, operating expenses and required rates of return. Since then, the Company has experienced interest rates, non-Shoreham property taxes and fuel expenses that are lower than those originally anticipated. As a result, amounts deferred in the RMC have been less than expected. In addition, as a result of the Company's improved credit ratings and an overall decline in the cost of money in the financial marketplace, the PSC provided the Company in the LRPP with a lower rate of return on common equity than that initially provided for in the RMA. This lower rate of return, which will be in effect for the three years associated with the LRPP, results in a lower RMC balance than had been anticipated in the 1989 Settlement.

Under the 1989 Settlement, certain tax benefits attributable to the Shoreham abandonment are to be shared between ratepayers and shareowners. A regulatory liability of approximately $794 million was recorded in June 1989 to preserve an amount equivalent to the ratepayer tax benefits attributable to the Shoreham abandonment. This amount is being amortized over a ten-year period on a straight-line basis from the effective date of the 1989 Settlement. The tax benefit arising from the abandonment loss deduction has been offset against the corresponding regulatory liability in the Company's Balance Sheet. This tax benefit could not have been fully recognized under GAAP were it not for the fact that its recovery is assured under the 1989 Settlement through the regulatory liability offset.

Shoreham post settlement costs (decommissioning, payments in lieu of property taxes and other costs as incurred) are being capitalized and amortized and recovered through rates over a forty-year period on a straight-line remaining life basis.

Upon the effectiveness of the 1989 Settlement, Shoreham nuclear fuel was reclassified to deferred charges and is being amortized and recovered through rates over a forty-year period on a straight-line remaining life basis.

The 1989 Settlement credits on the Balance Sheet of approximately $164 million, net of amortization, reflect an adjustment of the book write-off to the negotiated 1989 Settlement amount. A portion of this amount is being amortized over a ten-year period. The remaining portion is not currently being recognized for ratemaking purposes under the 1989 Settlement.

Note 3. Rate Matters

Electric Pursuant to the 1989 Settlement, discussed in Note 2, the Company received electric rate increases contemplated by the RMA for each of the three rate years in the period ended November 30, 1991. The RMA contemplates that the Company will apply to the PSC for targeted annual rate increases of 4.5% to 5.0% in each year for an eight-year period beginning December 1, 1991. In response to the Company's rate filing, the PSC approved the LRPP in November 1991, which provides that the Company receive, for each of the three rate years in the period beginning December 1, 1991, annual electric rate increases of 4.15%, 4.1% and 4.0%, respectively, with an allowed return on common equity from electric operations of 11.6% for each of the three rate years. After giving effect to the reductions required by the Class Settlement discussed in Note 4, the Company's annual electric rate increases are approximately 4.15%, 3.9% and 3.9%, with an allowed return on common equity from electric operations of 10.92%, 10.72% and 10.58%, for the rate years beginning December 1, 1991, 1992 and 1993, respectively.

The LRPP was designed to be consistent with the RMA's long-term goals including: (a) the recovery of the BFC; (b) the recovery of the RMC in approximately ten years; (c) the Company's return to investment grade financial condition; and (d) the Company's receipt of adequate and timely rate relief. One principal objective of the LRPP is to reassign risk so that the Company assumes the responsibility for risks within the control of management, whereas risks largely beyond the control of management would be assumed by the ratepayers. The LRPP reflects an update of the long-range forecast of the Company's revenue requirements, which was the basis of the RMA's initial three rate increases. The LRPP contains three major components—revenue reconciliation, expense attrition and reconciliation, and performance incentives.

Revenue reconciliation is provided through a mechanism that reduces the impact of experiencing electric sales that are above or below the LRPP forecast by providing a fixed annual net margin level (defined as sales revenues, net of fuel and gross receipts taxes) that the Company will receive over the three rate years under the LRPP. The differences between the actual electric net revenues and the annual net margin level are deferred on a monthly basis during the rate year.

The expense attrition and reconciliation component permits the Company to make adjustments for certain expenses recognizing that certain cost increases are unavoidable due to inflation and changes in the business. The LRPP includes the annual reconciliation of certain expenses for wage rates, property taxes, interest charges and demand side management (DSM) costs, the deferral and amortization of certain costs for enhanced reliability and operations and maintenance expenses, and the application of an inflation index to other expenses for the rate years beginning December 1, 1992 and 1993.

The deferred balances resulting from the net margin, property taxes, interest expense and wage rates will be netted at the end of each rate year. The LRPP established a band whereby the first $15 million of the total net deferrals will be used to increase or decrease the RMC balance. The LRPP provides for the disposition of the total net deferrals in excess of the $15 million band. The total net deferrals in excess of $15 million will be refunded to or recovered from the ratepayers in the following twelve-month period beginning in the second quarter of each year. For the rate year ended November 30, 1992, the total net deferrals in excess of $15 million, to be recovered from the ratepayers, amounted to approximately $29.5 million.

Under the performance incentive component of the LRPP, the Company is allowed to earn for each rate year up to 60 additional basis points, or forfeit up to 38 basis points, of the allowed return on common equity as a result of its performance within certain incentive and/or penalty programs. These programs consist of a customer service performance plan, a DSM program, a time-of-use program and a partial pass-through fuel cost incentive plan, discussed in Note 1. The incentives and/or penalties related to the customer service performance plan and the time-of-use program are determined on a monthly basis during the rate year. The total amounts deferred at the end of each rate year will be refunded to or recovered from the ratepayers through the FCA in the following twelve-month period beginning in the second quarter of each year. The incentives earned from the DSM program are collected in rates, on a monthly basis, through the FCA. For the rate year ended November 30, 1992, the Company earned a total of approximately 23 basis points, or $4.3 million, net of tax effects, based upon its performance within these programs.

For the rate year ended November 30, 1992, the Company earned $16.2 million, net of tax effects, in excess of its allowed rate of return on common equity which, in accordance with the LRPP, was shared equally between ratepayers (by a reduction to the RMC) and shareowners. These excess earnings were generated as a result of a reduction in operating expenses and the effect of a decrease in capital expenditures included in rate base. Prior to December 1, 1991, the RMA provided that earned returns on common equity in excess of targeted allowed rates of return, as adjusted, were to be applied to reduce the RMC or mitigate rates, as determined by the PSC, at the end of each rate year. For the rate year ended November 30, 1991, the Company earned $10.1 million, net of tax effects, in excess of its allowed rate of return, which was applied as a reduction to the RMC. The Company did not earn in excess of its allowed rate of return for the rate year ended November 30, 1990.

To assist in recovering the RMC within a ten-year period under the rates provided by the LRPP, the Company, in accordance with the LRPP, has credited the RMC with several deferred ratepayer benefits. In December 1992, the Company applied a total of approximately $22.5 million of various deferred ratepayer benefits to the RMC including the ratepayers portion of the excess earnings for the rate year ended November 30, 1992. In December 1991, the Company applied approximately $57.6 million of previously deferred credits and related carrying charges for amounts collected in excess of actual fuel costs and other miscellaneous deferred credits as a reduction to the RMC.

Gas In November 1992, the PSC approved a gas rate increase of 7.1%, or $35.7 million annually, which became effective on December 1, 1992. The gas rate decision provides for an 11.0% allowed return on common equity for the rate year beginning December 1, 1992.

On December 31, 1992, the Company filed an application with the PSC seeking gas rate relief for the three rate years in the period beginning December 1, 1993. The Company has requested a gas rate increase of 6.7%, or $37.7 million in additional revenues to become effective for the first rate year under this filing. The Company's filing also includes a proposed methodology for determining rate increases, not to exceed approximately $30 million annually, for the subsequent second and third rate years. This filing reflects the Company's latest projections of capital expenditures, operations and maintenance expenses and the continued expansion of its gas business.

Note 4. The Class Settlement

The Class Settlement, which became effective on June 28, 1989, resolved a civil lawsuit against the Company brought under the federal Racketeer Influenced and Corrupt Organizations Act (RICO Act). The lawsuit which the Class Settlement resolved had alleged that the Company made inadequate disclosures before the PSC concerning the construction and completion of nuclear generating facilities. The Class Settlement provides the Company's ratepayers with reductions, aggregating $390 million, that are to be reflected as adjustments to their monthly electric bills over a ten-year period beginning June 1, 1990. The reductions required for the first three years have already been reflected in rates. The reductions in each subsequent twelve-month period are as follows:

June 1993	$30 million
June 1994	$30 million
June 1995	$40 million
June 1996	$50 million
June 1997	$60 million
June 1998	$60 million
June 1999	$60 million

Upon its effectiveness, the Company recorded its liability for the Class Settlement on a present value basis at $170 million and simultaneously recorded a charge to income (net of tax effects of $57 million) of approximately $113 million. Each month the Company records the changes in the present value of such liability that result from the passage of time and from monthly reductions. Because the reductions of the liability are greater in the later years, the current present value calculations result in an increase in total liability despite the reductions in the total amount due. Beginning sometime in 1993, the amount of the total remaining Class Settlement liability will begin to decrease as the monthly reductions of the liability exceed the incremental increases in the present value. The Company expects the Class Settlement liability will be fully satisfied by May 31, 2000.

As a result of the Class Settlement, the Company's electric rate increases on average will be approximately .2% to .3% per year lower than they would otherwise have been during the balance of the Class Settlement period. The amounts recorded on the Statement of Income for 1992, 1991 and 1990 of approximately $23 million, $25 million and $23 million, respectively, represent the increase in present value of the Class Settlement liability.

Note 5. Nine Mile Point Nuclear Power Station, Unit 2

The Company has an 18% undivided interest in NMP2 which is operated by Niagara Mohawk Power Corporation (NMPC) near Oswego, New York. Ownership of NMP2 is shared by five cotenants: the Company (18%), NMPC (41%), New York State Electric & Gas Corporation (18%), Rochester Gas and Electric Corporation (14%) and Central Hudson Gas & Electric Corporation (9%). At December 31, 1992, the Company's net utility plant investment in NMP2 was $776 million, net of accumulated depreciation of $97 million, which is included in the Company's rate base. Output of NMP2, which had an operating capability of 1,080 megawatts in 1992, is shared in the same proportions as the cotenants' respective ownership interests. NMPC has determined that the operating capability of NMP2, effective January 1, 1993, is 1,047 megawatts. The operating expenses of NMP2 are also allocated to the cotenants in the same proportions as their respective ownership interests. The Company's share of these expenses is included in the appropriate operating expenses on the Statement of Income. The Company is required to provide its respective share of financing for any capital additions to NMP2. Nuclear fuel costs associated with NMP2 are being amortized on the basis of the quantity of heat produced for the generation of electricity.

NMPC has contracted with the United States Department of Energy for the disposal of nuclear fuel. The Company reimburses NMPC for its 18% share of the cost under the contract at a rate of $1.00 per megawatt hour of net generation less a factor to account for transmission line losses.

Based upon a study performed by NMPC, the Company's share of the decommissioning costs for NMP2 is estimated to be $37 million (in 1989 dollars) assuming that decommissioning will commence in 2027 or $237 million (in 2027 dollars). The Company's share of estimated decommissioning costs are being provided for in electric rates and are being charged to operations as depreciation expense. The amount of accumulated decommissioning costs collected from the Company's ratepayers through December 31, 1992 was $5.4 million. Amounts collected by the Company for the decommissioning of the contaminated portion of the NMP2 plant, which approximate 84% of total decommissioning costs, are held in an independent decommissioning trust fund. This fund complies with regulations issued by the Nuclear Regulatory Commission (NRC) governing the funding of nuclear plant decommissioning costs. The Company's funding plan for its share of decommissioning costs will provide reasonable assurance that, at the time of termination of operation, adequate funds for the decommissioning of the Company's share of the contaminated portion of NMP2 plant will be available. The Internal Revenue Service (IRS) has ruled that the Company's decommissioning trust meets the requirements of a qualified fund under applicable provisions of the federal income tax law. This IRS ruling allows the Company's contributions to the decommissioning trust to be deductible for income tax purposes for the tax year in which they are made.

Note 6. Capital Stock

Preferred Stock Redemption of certain series of preferred stock is effected through the operation of various sinking fund provisions. The aggregate par value of preferred stock required to be redeemed in each of the years 1993 through 1996 is $8.2 million and in 1997 is $4.5 million. Dividends on preferred stock are paid in preference to dividends on common stock or any other stock ranking junior to preferred stock.

Preference Stock None of the authorized 7,500,000 shares of nonparticipating preference stock, par value $1 per share, which ranks junior to preferred stock, are outstanding.

Common Stock Of the 150,000,000 shares of authorized common stock at December 31, 1992, 1,834,289 shares were reserved for sale through the Company's Employee Stock Purchase Plan, 6,620,755 shares were committed to the Automatic Dividend Reinvestment Plan (ADRP) and 132,694 shares were reserved for conversion of the Series I Convertible Preferred Stock at a rate of $17.15 per share. In June 1992, the Company reinstated the ADRP which had been suspended since February 1984. Common and preferred stock dividend limitations in the mortgage securing the Company's First Mortgage Bonds are not material. There are no dividend limitations contained in the Company's other debt instruments.

Note 7. Long-Term Debt

Each of the Company's outstanding mortgages is a lien on substantially all of the Company's properties.

First Mortgage All of the bonds issued under the First Mortgage, including those issued after June 1, 1975 and pledged with the Trustee of the G&R Mortgage (G&R Trustee) as additional security for General and Refunding Bonds (G&R Bonds), are secured by the lien of the First Mortgage. First Mortgage Bonds pledged with the G&R Trustee do not represent outstanding indebtedness of the Company. Amounts of such pledged bonds outstanding were $1.03 billion and $957 million at December 31, 1992 and 1991, respectively. The annual First Mortgage depreciation fund and sinking fund requirements for 1992, due not later than June 30, 1993, are estimated at $194 million and $18 million, respectively. The Company expects to meet these requirements with property additions and retired First Mortgage Bonds.

G&R Mortgage The lien of the G&R Mortgage is subordinate to the lien of the First Mortgage. The annual G&R Mortgage sinking fund requirement for 1992, due not later than June 30, 1993, is estimated at $27 million. The Company expects to satisfy this requirement with retired G&R Bonds.

Third Mortgage/1989 Term Loan Agreement In November 1992, the Company used the net proceeds from the issuance of $451 million principal amount of debentures to repay the then outstanding 1989 Term Loan Agreement which had been secured by the Third Mortgage. The Third Mortgage has been discharged as a result of the repayment of the 1989 Term Loan Agreement.

Fourth Mortgage In December 1992, the Company satisfied the Fourth Mortgage which had secured $85 million of the Company's obligations under the letters of credit then supporting the 1985 Pollution Control Revenue Bonds (1985 PCRBs). The 1985 PCRBs are presently supported by unsecured letters of credit discussed below under the heading Authority Financing Notes.

1989 Revolving Credit Agreement The Company has an estimated $251 million available to it through October 1, 1993, under its $300 million 1989 Revolving Credit Agreement (1989 RCA). This line of credit is secured by a first lien upon the Company's accounts receivable and fuel oil inventories.

The Company has, with the approval of the NRC, dedicated $49 million of the 1989 RCA sufficient to cover estimated, not yet incurred, costs attributable to the decommissioning of Shoreham. As of December 31, 1992, LIPA was projecting, based on current information, that the Shoreham decommissioning costs would total $160 million. The Company has provided LIPA with funds aggregating approximately $111 million for decommissioning costs incurred to date and for decommissioning costs expected to be incurred during the first quarter of 1993. Actual decommissioning costs may differ from LIPA's current estimate. The amount of credit available to the Company under the 1989 RCA will increase as decommissioning costs are funded by the Company.

At December 31, 1[illegible] amounts were outstanding under the 1989 RCA. T[illegible]ny has the option, when amounts are outstanding, [illegible]mmit to one of three interest rates including: (a) the Adjusted Certificate of Deposit Rate which is a rate based on the certificate of deposit rates of certain of the lending banks, (b) the Base Rate which is generally a rate based on Citibank, N.A.'s prime rate and (c) the Eurodollar Rate which is a rate based on the London Interbank Offering Rate (LIBOR). The Company has agreed to pay a fee of one quarter of one percent per annum on the unused portion. The termination date of the 1989 RCA may be extended for one-year periods upon the acceptance by the lending banks of the Company's request delivered to the lending banks prior to April 1 in each year.

Debentures On January 19, 1993, the Company issued $36 million principal amount of Debentures, 7.30% Series Due 2000. The net proceeds from the issuance of these debentures will be used in February 1993 to redeem, at the applicable redemption price, $35 million principal amount of First Mortgage Bonds, 8.20% Series R Due 1999.

Authority Financing Notes Authority Financing Notes are issued by the Company to the New York State Energy Research and Development Authority (NYSERDA) to secure certain tax-exempt Pollution Control Revenue Bonds, Electric Facilities Revenue Bonds (EFRBs) and Industrial Development Revenue Bonds issued by NYSERDA. Certain of these bonds are subject to periodic tender at which time their interest rates are subject to redetermination.

The Company has $400 million of EFRBs that were converted in June 1992 from a variable weekly interest rate to a fixed annual rate of 7.15% and $100 million of EFRBs that were converted in January 1993 from a variable weekly interest rate to a fixed annual rate of 6.90%. Letters of credit supporting these EFRBs, by their terms, were terminated upon the conversion to a fixed interest rate.

The 1985 PCRBs are supported by letters of credit pursuant to which the letter of credit bank has agreed to pay the principal, interest and premium on the tendered 1985 PCRBs, in the aggregate, up to approximately $163 million in the event of default. The obligation of the Company to reimburse the letter of credit bank is unsecured. These letters of credit expire on March 16, 1996, at which time the Company is required to obtain either an extension of the letters of credit or substitute credit backup. If neither can be obtained, the 1985 PCRBs must be redeemed unless the Company purchases the 1985 PCRBs in lieu of redemption and subsequently remarkets them. Prior to December 16, 1992, the letters of credit supporting the 1985 PCRBs were partially secured by the Fourth Mortgage in the amount of $85 million.

Fair Values of Long-Term Debt The carrying amounts and fair values of the Company's long-term debt consisted of the following at December 31, 1992:

(In thousands of dollars)

	Fair Value	Carrying Amount
First Mortgage Bonds	$ 397,971	$ 400,000
General and Refunding Bonds	1,891,842	1,801,000
Debentures	2,523,721	2,428,058
Authority Financing Notes	729,610	716,675
Total Long-Term Debt	$5,543,144	$5,345,733

(In thousands of dollars)

Long-Term Debt *at December 31*

Maturity	Interest Rate	Series	1992	1991
First Mortgage Bonds *(excludes Pledged Bonds)*				
April 1, 1993	4.40%	M	$ 40,000	$ 40,000
June 1, 1994	4 5/8%	N	25,000	25,000
June 1, 1995	4.55%	O	25,000	25,000
March 1, 1996	5 1/4%	P	40,000	40,000
April 1, 1997	5 1/2%	Q	35,000	35,000
September 1, 1999	8.20%	R	35,000	35,000
September 1, 2000	9 1/8%	S	—	25,000
April 1, 2001	7 1/4%	U	40,000	40,000
December 1, 2001	7 1/2%	V	50,000	50,000
September 1, 2002	7 5/8%	W	50,000	50,000
December 1, 2003	8 1/8%	X	60,000	60,000
Total First Mortgage Bonds			400,000	425,000
General and Refunding Bonds				
May 1, 1996	8 3/4%		415,000	415,000
February 15, 1997	8 3/4%		250,000	250,000
March 1, 1999	9.75%		—	63,000
May 15, 1999	7.85%		56,000	—
May 15, 2006	8.50%		75,000	—
June 1, 2006	9 5/8%		—	70,000
December 1, 2006	8 5/8%		50,000	50,000
May 1, 2007	8 5/8%		85,000	85,000
April 1, 2008	9.20%		—	75,000
July 15, 2008	7.90%		80,000	—
May 1, 2021	9 3/4%		415,000	415,000
July 1, 2024	9 5/8%		375,000	375,000
Total General and Refunding Bonds			1,801,000	1,798,000
Third Mortgage/1989 Term Loan Agreement			—	446,341
Debentures				
April 1, 1993	11 3/8%		375,000	375,000
November 15, 1993	11.70%		175,000	175,000
June 15, 1994	10.25%		400,000	400,000
November 15, 1994	11.75%		175,000	175,000
June 15, 1999	10.875%		30,545	350,000
July 15, 1999	7.30%		397,000	—
June 15, 2019	11.375%		4,513	350,000
July 15, 2019	8.90%		420,000	—
November 1, 2022	9%		451,000	—
Total Debentures			2,428,058	1,825,000
Authority Financing Notes				
Pollution Control Revenue Bonds				
December 1, 2006	7.5%	1976A	28,375	28,375
December 1, 2009	7.8%	1979B	19,100	19,100
October 1, 2012	8 1/4%*	1982	17,200	17,200
March 1, 2016	4%**	1985A,B	150,000	150,000
Electric Facilities Revenue Bonds				
September 1, 2019	7.15%	1989A,B	100,000	100,000
June 1, 2020	7.15%	1990A	100,000	100,000
December 1, 2020	7.15%	1991A	100,000	100,000
February 1, 2022	7.15%	1992A,B	100,000	—
August 1, 2022	3.95%***	1992C	50,000	—
August 1, 2022	4%***	1992D	50,000	—
Industrial Development Revenue Bonds				
December 1, 2006	7.5%	1976A,B	2,000	2,000
Total Authority Financing Notes			716,675	516,675
Total Long-Term Debt			5,345,733	5,011,016
Less — Current maturities			590,000	10,000
Total Long-Term Debt Less Current Maturities			$4,755,733	$5,001,016

*Tendered every three years, next tender October 1994. **Tendered annually on March 1.
***Converted to a fixed annual rate of 6.90% from a variable weekly rate on January 21, 1993.

Long-term debt due in the next five years is $590,000 (1993), $600,000 (1994), $25,000 (1995), $455,000 (1996) and $286,000 (1997).

Note 8. Retirement Benefit Plans

Pension Plans The Company maintains a primary defined benefit pension plan (Primary Plan) which covers substantially all employees, a supplemental plan (Supplemental Plan) which covers officers and certain key executives and a retirement plan which covers the Board of Directors (Directors' Plan).

Primary Plan The Company's funding policy is to contribute annually to the Primary Plan a minimum amount consistent with the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) plus such additional amounts, if any, as the Company may determine to be appropriate from time to time.

For service before January 1, 1992, pension benefits are determined based on the greater of an accrued benefit as of December 31, 1991, or applying a moving five-year average to a certain percentage per year of service. For service after January 1, 1992, pension benefits are established by crediting the employee with an amount determined using the base salary for each year the employee is a participant in the plan. This change in the pension benefits calculation resulted in an increase of approximately $70 million in the actuarial present value of projected benefit obligation. Employees are vested in the pension plan after five years of service with the Company.

The Primary Plan's funded status and amounts recognized on the Balance Sheet at December 31, 1992 and 1991 were as follows:

(In thousands of dollars)	1992	1991
Actuarial present value of benefit obligation		
Vested benefits	$ 453,201	$ 375,326
Nonvested benefits	4,326	5,315
Accumulated benefit obligation	$ 457,527	$ 380,641
Plan assets at fair value	$ 556,399	$ 519,816
Actuarial present value of projected benefit obligation	536,818	446,718
Projected benefit obligation less than plan assets	19,581	73,098
Unrecognized January 1, net obligations	98,147	33,113
Unrecognized net gain	(128,218)	(114,389)
Net accrued pension cost	$ (10,490)	$ (8,178)

Periodic pension cost for 1992, 1991 and 1990 for the Primary Plan included the following components:

(In thousands of dollars)	1992	1991	1990
Service cost—benefits earned during the period	$ 13,661	$ 14,323	$ 12,720
Interest cost on projected benefit obligation and service cost	39,574	33,698	32,264
Actual return on plan assets	(47,156)	(63,875)	(23,121)
Net amortization and deferral	12,849	33,569	(5,449)
Net periodic pension cost	$ 18,928	$ 17,715	$ 16,414

Assumptions used in accounting for the Primary Plan were:

	1992	1991	1990
Discount rate	7.75%	7.75%	7.25%
Rate of future compensation increases	5.5%	5.5%	6.0%
Long-term rate of return on assets	7.5%	7.0%	7.0%

The Primary Plan assets at fair value primarily include cash, cash equivalents, group annuity contracts, bonds and listed equity securities.

Supplemental Plan The Supplemental Plan, the cost of which is borne by the Company's shareowners, provides supplemental death and retirement benefits for officers and other key executives without contribution from such employees. The Supplemental Plan is a non-qualified plan under the Internal Revenue Code. Death benefits are currently provided by insurance. The provision for retirement benefits, which is unfunded, totaled approximately $685,000, $675,000 and $561,000 and was recognized as an expense in 1992, 1991 and 1990, respectively.

Directors' Plan The Directors' Plan, adopted in February 1990, provides benefits to directors who are not officers of the Company. Directors who have served in that capacity for more than five years qualify as participants under the plan. The Directors' Plan is a non-qualified plan under the Internal Revenue Code. The provision for retirement benefits, which is unfunded, totaled approximately $133,000, $101,000 and $99,000 and was recognized as an expense in 1992, 1991 and 1990, respectively.

Postretirement Benefits Other Than Pensions In addition to providing pension benefits, the Company provides certain medical and life insurance benefits for retired employees. Substantially all of the Company's employees may become eligible for these benefits if they reach retirement age after working for the Company for a minimum of five years. These and similar benefits for active employees are provided by the Company or by insurance companies whose premiums are based on the benefits paid during the year. The cost of providing these benefits on a pay-as-you-go method was \$38,044,000, \$37,312,000 and \$29,410,000 for 1992, 1991 and 1990, respectively, and were recognized as an expense as benefits and premiums were paid. The cost of providing these benefits for approximately 2,200 retirees is not separable from the cost of providing benefits for approximately 6,200 active employees for the years 1990 through 1992.

In December 1990, the FASB issued SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions which requires the Company to recognize the expected cost of providing postretirement benefits when employee services are rendered rather than on a pay-as-you-go method.

The Company will adopt the provisions of SFAS No. 106 during the first quarter of 1993 and record an accumulated postretirement benefit obligation and a corresponding regulatory asset of approximately \$376 million. This regulatory asset will be amortized and recovered in rates over a twenty-year period. Additionally, as a result of adopting SFAS No. 106, the Company's annual postretirement benefit expense will increase approximately \$44 million above the amount previously recorded under the pay-as-you-go method.

In 1992, the PSC staff issued a proposed generic accounting order which proposes that the effects of implementing SFAS No. 106 be phased into rates. The PSC proposes that the difference between the postretirement benefit expense recorded for accounting purposes in accordance with SFAS No. 106 and the postretirement benefit expense reflected in rates will be deferred and accumulated as a regulatory asset. The ongoing annual postretirement benefit expense will be phased into and fully reflected in rates within a five-year period with the accumulated postretirement obligation being recovered in rates over a twenty-year period.

In November 1992, the FASB issued SFAS No. 112, Employer's Accounting for Postemployment Benefits. SFAS No. 112 establishes accounting standards for employers who provide benefits to former or inactive employees after employment but before retirement. SFAS No. 112 requires employers to recognize the obligation to provide postemployment benefits if the following conditions are met: the obligation is attributable to employees services already rendered, employee rights to those benefits are accumulated or vested, payment is probable and the amount of the benefit is reasonably estimated. The Company has not yet evaluated the effect of implementing SFAS No. 112 on its financial condition and results of operations. The Company believes it will be permitted to recover these costs through rates. The Company must adopt SFAS No. 112 by January 1, 1994, and does not expect to do so prior to that date.

Note 9. Commitments and Contingencies

Litigation On February 11, 1988, the Company began a lawsuit in Suffolk County Supreme Court against Suffolk County, seeking the recovery of approximately \$54 million in damages for Suffolk County's breach of a contract to prepare an offsite emergency response plan for Shoreham (*Long Island Lighting Company v. County of Suffolk*). In addition, the complaint alleges that, because of the delays that have resulted, the Company has been damaged in an additional amount of \$706 million. On October 30, 1992, the court granted in part and denied in part Suffolk County's motion to amend its answer to assert additional defenses and counterclaims. Two proposed counterclaims were allowed seeking approximately \$16 million in damages as well as \$700 million in alleged punitive damages. The outcome of these counterclaims, if adverse, could have a material effect on the financial condition of the Company. The Company has argued that there is no basis for punitive damages and intends to vigorously prosecute its claim against Suffolk County and to defend against these counterclaims.

Commitments The Company has entered into substantial commitments for fossil fuel, gas supply, purchased power and transmission facilities. The costs associated with these commitments are normally recovered from ratepayers through provisions in the Company's rate schedules.

Nuclear Plant Insurance The Company has property damage insurance and third-party bodily injury and property liability insurance for its 18% share in NMP2 and for Shoreham. The premiums for this coverage are not material. The policies for this coverage provide for retroactive premium assessments under certain circumstances. Maximum retroactive premium assessments could be as much as approximately \$4.7 million. For property damage at each nuclear generating site, the NRC requires a minimum of \$1.06 billion of coverage. The NRC has provided Shoreham with a partial exemption from these requirements for Shoreham.

Under certain circumstances, the Company may be assessed additional amounts in the event of a nuclear incident. Under agreements established pursuant to the Price Anderson Act, the Company could be assessed up to approximately \$74 million per nuclear incident in any one year at any nuclear unit, but not in excess of approximately \$12 million in payments per year for each incident. The Price Anderson Act also limits liability for third-party bodily injury and third-party property damage arising out of a nuclear occurrence at each unit to \$7.4 billion.

Note 10. Federal Income Taxes

On April 17, 1989, the Company received a private letter ruling from the IRS which stated that the Company would be entitled, for federal income tax purposes, to an abandonment loss deduction in connection with Shoreham, upon effectiveness of the 1989 Settlement. The Company claimed an abandonment loss deduction on its 1989 federal income tax return of approximately $1.8 billion. The Company's net operating loss carryforward is estimated to be approximately $2.3 billion at December 31, 1992.

On January 8, 1990 and October 10, 1992, the Company received Revenue Agents' Reports disallowing certain deductions claimed by the Company on its tax returns for the audit cycle years 1984-1987 and 1988-1989, respectively. The Revenue Agents' Reports reflects proposed adjustments to the Company's federal income tax returns for 1984 through 1989 which, if sustained, would give rise to tax deficiencies totaling approximately $220 million. The Company is protesting some of the adjustments and seeks an administrative and, if necessary, a judicial review of the conclusions reached in the Revenue Agents' Reports. The Company cannot predict either the timing or the manner in which this matter will be resolved. If, however, the ultimate disposition of any or all matters raised in the Revenue Agents' Reports are adverse to the Company, the Company expects that any deficiencies that may arise will be substantially offset by the net operating loss carrybacks associated with the Shoreham abandonment loss deduction and thus any impact would not have a material effect on the Company's financial condition or cash flows.

The amount of investment tax credit (ITC) carryforward for financial statement purposes after 1992 is approximately $206 million. The Revenue Agents have proposed ITC adjustments which, if sustained, would reduce the Company's carryforward by approximately $96 million. These credits expire by the year 2002. In accordance with the Tax Reform Act of 1986 (TRA 86), ITC allowable as credits to tax returns for years after 1987 must be reduced by 35%. The amount of the reduction will not be allowed as a credit for any other taxable year.

The Company has not provided deferred taxes on approximately $500 million of various other deductions and depreciation method differences for property placed in service prior to 1981 which, in conformity with the ratemaking practices of the PSC, have been flowed through. These various other flow-through tax deductions, which were deductible currently for tax purposes but capitalized for accounting and ratemaking purposes, include certain taxes, a portion of AFC, pensions and certain other employee benefits. See Note 1 with respect to a change in the method of accounting for income taxes which the Company will adopt during the first quarter of 1993.

The federal income tax amounts included in the Statement of Income differ from the amounts which result from applying the statutory federal income tax rate to net income before income taxes. The table below sets forth the reasons for such differences.

(In thousands of dollars)

	1992		1991		1990	
	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income	Amount	% of Pre-tax Income
Federal income tax, per Statement of Income						
Current	$ 530		$ 515		$ 3,638	
Deferred and other (see Note 1)						
1989 Settlement						
Shoreham property	3,806		10,677		3,239	
Bokum Resources Corporation	—		20,400		—	
Rate moderation component	10,351		77,715		101,053	
Other 1989 Settlement items	(5,499)		(13,638)		(13,577)	
Shoreham post settlement costs	60,125		50,375		61,475	
Contractor litigation settlement	—		(18,758)		—	
Class Settlement	(1,190)		(2,038)		(534)	
Interest capitalized	(2,100)		(2,562)		(3,220)	
Mortgage recording tax	(222)		4,653		(589)	
Accelerated tax depreciation	35,951		30,447		33,342	
Call premiums	35,441		18,496		(3,111)	
Fuel cost adjustments	8,747		(3,289)		4,879	
Capitalized overheads	—		180		2,287	
Retired debt costs	2,645		9,185		—	
Ratemaking and performance plan	17,680		(371)		—	
Lien date property taxes	(6,161)		—		—	
Other items, net	858		(334)		(5,601)	
Total Deferred and Other	160,432		181,138		179,643	
Total federal income tax expense	160,962		181,653		183,281	
Income before cumulative effect of accounting change	301,974		305,538		319,637	
Income Before Cumulative Effect of Accounting Change and Income Taxes	$ 462,936		$ 487,191		$ 502,918	
Statutory federal income tax	$ 157,398	34.0%	$ 165,645	34.0%	$ 170,992	34.0%
Additions (reductions) in federal income tax resulting from:						
1989 Settlement						
Shoreham property	4,003	0.9	4,003	0.8	4,035	0.8
Allowance for funds used during construction	(4,118)	(0.9)	(1,310)	(0.3)	(2,573)	(0.5)
Lien date property taxes	—	—	277	0.1	(8,757)	(1.8)
Tax credits	(6,586)	(1.4)	(2,980)	(0.6)	1,537	0.3
Excess of book depreciation over tax depreciation	12,193	2.6	13,108	2.7	11,987	2.4
Interest capitalized	2,947	0.6	4,232	0.9	6,031	1.2
Other items, net	(4,875)	(1.0)	(1,322)	(0.3)	29	0.0
Total Federal Income Tax Expense	$ 160,962	34.8%	$ 181,653	37.3%	$ 183,281	36.4%

Note 11. Segments of Business

The Company is a public utility operating company engaged in the generation, distribution and sale of electric energy and the purchase, distribution and sale of natural gas to residential and commercial customers in Nassau and Suffolk Counties and the Rockaway Peninsula in Queens County, all on Long Island, New York. Identifiable assets by segment include net utility plant, financial resource asset, materials and supplies (excluding common), accrued unbilled revenues, gas in storage, fuel and deferred charges (excluding common). Assets utilized for overall Company operations consist of other property and investments, cash, temporary cash investments, special deposits, accounts receivable, prepayments and other current assets, unamortized debt expense and other deferred charges.

(In thousands of dollars)

For year ended December 31	*1992*	*1991*	*1990*
Operating revenues			
Electric	$ 2,194,632	$ 2,196,568	$ 2,095,660
Gas	427,207	351,161	361,242
Total	$ 2,621,839	$ 2,547,729	$ 2,456,902
Operating expenses *(excludes federal income taxes)*			
Electric	$ 1,354,959	$ 1,252,993	$ 1,151,105
Gas	352,777	338,295	322,515
Total	$ 1,707,736	$ 1,591,288	$ 1,473,620
Operating income *(before federal income taxes)*			
Electric	$ 839,673	$ 943,575	$ 944,555
Gas	74,430	12,866	38,727
Total	914,103	956,441	983,282
AFC	(12,111)	(5,794)	(7,568)
Other income and deductions	(49,128)	(48,772)	(20,327)
Interest charges	512,406	523,816	508,259
Federal income taxes—operating	172,998	169,452	180,652
Federal income taxes—non operating	(12,036)	12,201	2,629
Income before cumulative effect of accounting change	301,974	305,538	319,637
Cumulative effect of accounting change (net of applicable taxes)	—	—	11,680
Net Income	$ 301,974	$ 305,538	$ 331,317
Depreciation and amortization			
Electric	$ 104,034	$ 104,172	$ 98,022
Gas	15,103	14,783	12,862
Total	$ 119,137	$ 118,955	$ 110,884
Construction and nuclear fuel expenditures*			
Electric	$ 163,609	$ 144,356	$ 151,425
Gas	109,295	93,195	81,040
Total	$ 272,904	$ 237,551	$ 232,465

**Includes non-cash allowance for other funds used during construction and excludes Shoreham post settlement costs.*

(In thousands of dollars)

At December 31	*1992*	*1991*	*1990*
Identifiable assets			
Electric	$ 8,351,370	$ 7,986,887	$ 7,643,963
Gas	767,444	621,570	540,355
Total	9,118,814	8,608,457	8,184,318
Assets utilized for overall Company operations	1,129,810	934,844	658,366
Total Assets	$ 10,248,624	$ 9,543,301	$ 8,842,684

Note 12. Quarterly Financial Information

(Unaudited)

		(In thousands of dollars except earnings per common share) 1992	1991
Operating revenues			
For the quarter ended	March 31	$ 697,761	$ 657,921
	June 30	580,498	543,250
	September 30	747,729	773,706
	December 31	595,851	572,852
Operating income			
For the quarter ended	March 31	$ 179,741	$ 207,830
	June 30	166,954	166,830
	September 30	256,800	268,041
	December 31	137,610	144,288
Net income			
For the quarter ended	March 31	$ 66,706	$ 86,404
	June 30	59,285	50,089
	September 30	141,388	144,449
	December 31	34,595	24,596
Earnings for common stock			
For the quarter ended	March 31	$ 50,553	$ 69,567
	June 30	41,040	33,013
	September 30	126,295	128,175
	December 31	20,132	8,389
Earnings per common share			
For the quarter ended	March 31	$ .45	$ .62
	June 30	.37	.30
	September 30	1.14	1.15
	December 31	.18	.08

Report of Ernst & Young, Independent Auditors

To the Shareowners and Board of Directors of Long Island Lighting Company

We have audited the accompanying balance sheet of Long Island Lighting Company as of December 31, 1992 and 1991 and the related statements of income, shareowners' equity and cash flows for each of the three years in the period ended December 31, 1992. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Long Island Lighting Company at December 31, 1992 and 1991, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1992 in conformity with generally accepted accounting principles.

Ernst + Young

Melville, New York
February 5, 1993

Selected Financial Data

Summary of Operations *(See Notes to Financial Statements)* — *Table 1*

	1992	1991	1990	1989	1988
Total revenues (000)	$ 2,621,839	$ 2,547,729	$ 2,456,902	$ 2,347,614	$ 2,137,834
Total operating income (loss) (000)					
Before federal income taxes	$ 914,103	$ 956,441	$ 983,282	$ (93,997)	$ 701,049
After federal income taxes	$ 741,105	$ 786,989	$ 802,630	$ 620,423	$ 500,938
Income (loss) before cumulative effect of accounting changes (000)	$ 301,974	$ 305,538	$ 319,637	$ (95,803)	$ 298,490
Cumulative effect of accounting change for unbilled gas revenues (net of taxes) (000)	—	—	$ 11,680	—	—
Cumulative effect of accounting change for disallowed costs (net of taxes) (000)	—	—	—	—	$(1,345,110)
Earnings (loss) for common stock (000)	$ 238,020	$ 239,144	$ 263,156	$ (175,035)	$(1,121,128)
Average common shares outstanding (000)	111,439	111,348	111,290	111,215	111,177
Earnings (loss) per common share					
Before cumulative effect of accounting changes	$ 2.14	$ 2.15	$ 2.26	$ (1.57)	$ 2.02
Cumulative effect of accounting changes	—	—	.10	—	(12.10)
Earnings (loss) per common share	$ 2.14	$ 2.15	$ 2.36	$ (1.57)	$ (10.08)
Pro forma earnings — with accounting changes for unbilled gas revenues and disallowed project costs applied retroactively					
Earnings (loss) for common stock (000)			$ 251,476	$ (173,251)	$ 223,712
Earnings (loss) per common share			$ 2.26	$ (1.56)	$ 2.01
Common stock dividends declared per share	$ 1.72	$ 1.60	$ 1.25	$ .50	—
Common stock dividends paid per share	$ 1.71	$ 1.55	$ 1.125	$ .25	—
Book value per common share at year end	$ 19.58	$ 19.13	$ 18.57	$ 17.45	$ 19.61
Common shareowners at year end	86,111	90,435	82,903	85,142	93,267
Ratio of earnings to fixed charges	1.90	1.93	1.98	*	1.95
Ratio of earnings to combined fixed charges and preferred stock dividends	1.59	1.60	1.64	*	1.58
Ratio of earnings to fixed charges (excluding AFC and RMC)	1.73	1.40	1.36	*	1.60
Ratio of earnings to combined fixed charges and preferred stock dividends (excluding AFC and RMC)	1.46	1.17	1.12	*	1.30

**The Company had no earnings to cover fixed charges.*

(In thousands of dollars)

Operations and Maintenance Expense Details — *Table 2*

	1992	1991	1990	1989	1988
Total payroll and employee benefits	$ 413,817	$ 398,000	$ 357,689	$ 329,694	$ 314,341
Less — Charged to construction and other	124,076	123,838	97,650	117,761	129,990
Payroll and employee benefits charged to operations	289,741	274,162	260,039	211,933	184,351
Fuels — electric operations	282,138	354,859	444,458	461,576	410,174
Fuels — gas operations	182,201	175,046	175,877	188,139	172,431
Purchased power costs	280,914	197,154	168,749	128,368	88,465
Fuel cost adjustments deferred	(3,469)	41,643	(2,085)	(5,631)	3,359
Total Fuel and Purchased Power	741,784	768,702	786,999	772,452	674,429
All other	208,204	248,597	215,770	215,373	173,545
Total Operations and Maintenance Expense	$ 1,239,729	$ 1,291,461	$ 1,262,808	$ 1,199,758	$ 1,032,325
Employees at December 31	6,502	6,605	6,630	6,239	6,281

					(In thousands of dollars)
	1992	*1991*	*1990*	*1989*	*1988*
Electric Operating Income					*Table 3*
Revenues					
Residential	$ 1,045,799	$ 1,047,490	$ 997,868	$ 915,644	$ 835,584
Commercial and industrial	1,076,302	1,070,098	1,017,387	981,740	883,267
Other system revenues	49,395	47,838	46,673	42,232	40,518
Total system revenues	2,171,496	2,165,426	2,061,928	1,939,616	1,759,369
Sales to other utilities	9,997	23,040	24,140	42,880	24,152
Other revenues	13,139	8,102	9,592	792	3,412
Total Revenues	2,194,632	2,196,568	2,095,660	1,983,288	1,786,933
Expenses					
Operations — fuel and purchased power	559,583	593,656	611,122	584,313	501,998
Operations — other	294,909	296,798	271,608	237,931	195,283
Maintenance	105,341	127,446	118,545	115,502	96,599
Depreciation and amortization	104,034	104,172	98,022	91,759	82,811
Base financial component amortization	100,971	100,971	100,971	50,485	—
Regulatory liability component amortization	(88,573)	(88,573)	(88,573)	(44,286)	—
Other regulatory amortizations	(21,984)	8,666	14,427	1,248	—
Rate moderation component	(30,444)	(228,572)	(297,214)	(131,167)	—
Regulatory liability component	—	—	—	793,592	—
Jamesport amortization	—	—	—	104,160	—
Operating taxes	331,122	338,429	322,197	312,456	262,644
Federal income tax — current	530	515	3,138	14,612	18,394
Federal income tax — deferred and other	158,908	173,259	169,274	(738,500)	166,557
Total Expenses	1,514,397	1,426,767	1,323,517	1,392,105	1,324,286
Electric Operating Income	$ 680,235	$ 769,801	$ 772,143	$ 591,183	$ 462,647

					(In thousands of dollars)
Gas Operating Income					*Table 4*
Revenues					
Residential — space heating	$ 243,950	$ 190,976	$ 198,734	$ 209,192	$ 201,312
— other	33,035	29,383	30,854	31,692	31,803
Non-residential — space heating	90,363	70,938	68,441	72,351	68,114
— other	29,094	25,515	26,501	28,674	28,078
Total firm revenues	396,442	316,812	324,530	341,909	329,307
Interruptible revenues	19,658	21,686	30,515	19,226	18,821
Total system revenues	416,100	338,498	355,045	361,135	348,128
Other revenues	11,107	12,663	6,197	3,191	2,773
Total Revenues	427,207	351,161	361,242	364,326	350,901
Expenses					
Operations — fuel	182,201	175,046	175,877	188,139	172,431
Operations — other	77,300	78,469	68,910	59,587	53,415
Maintenance	20,395	20,046	16,746	14,286	12,599
Depreciation and amortization	15,103	14,783	12,862	11,671	10,785
Regulatory amortizations	(88)	—	—	—	—
Operating taxes	57,866	49,951	48,120	51,935	48,220
Federal income tax — current	—	—	500	—	—
Federal income tax — deferred and other	13,560	(4,322)	7,740	9,468	15,160
Total Expenses	366,337	333,973	330,755	335,086	312,610
Gas Operating Income	$ 60,870	$ 17,188	$ 30,487	$ 29,240	$ 38,291

	1992	1991	1990	1989	1988
Electric Sales and Customers					*Table 5*
Sales — millions of kWh					
Residential	6,788	7,022	7,022	7,063	6,979
Commercial and industrial	8,181	8,322	8,359	8,636	8,566
Other	471	469	472	470	483
System sales	15,440	15,813	15,853	16,169	16,028
Sales to other utilities	227	598	532	633	445
Total Sales	15,667	16,411	16,385	16,802	16,473
Customers — monthly average					
Residential	902,885	898,974	895,294	890,406	882,962
Commercial and industrial	101,838	101,740	101,362	100,481	98,450
Other	4,593	4,540	4,504	4,452	4,436
Customers — total monthly average	1,009,316	1,005,254	1,001,360	995,339	985,848
Customers — total at year end	1,009,028	1,005,363	1,001,441	996,488	989,097
Residential					
kWh per customer	7,518	7,812	7,844	7,932	7,905
Revenue per kWh	15.41¢	14.92¢	14.21¢	12.96¢	11.97¢
Commercial and Industrial					
kWh per customer	80,346	81,797	82,304	85,943	87,005
Revenue per kWh	13.16¢	12.86¢	12.17¢	11.37¢	10.31¢
System					
kWh per customer	15,297	15,731	15,832	16,245	16,258
Revenue per kWh	14.06¢	13.69¢	13.01¢	12.00¢	10.97¢

Gas Sales and Customers					*Table 6*
Sales — thousands of dth					
Residential — space heating	35,089	29,687	29,810	32,024	31,276
— other	3,203	3,195	3,448	3,491	3,589
Non-residential — space heating	13,662	11,636	11,271	11,548	11,054
— other	4,338	4,171	4,352	4,539	4,580
Total firm sales	56,292	48,689	48,881	51,602	50,499
Interruptible sales	5,090	4,538	6,347	5,300	5,078
Total Sales	61,382	53,227	55,228	56,902	55,577
Customers — monthly average					
Residential — space heating	227,834	220,562	211,400	204,982	198,949
— other	169,189	171,581	176,000	179,415	181,926
Non-residential — space heating	31,666	30,453	29,072	27,733	25,979
— other	10,777	11,003	11,310	11,517	11,725
Total firm customers	439,466	433,599	427,782	423,647	418,579
Interruptible customers	531	472	410	359	325
Customers — total monthly average	439,997	434,071	428,192	424,006	418,904
Customers — total at year end	442,117	436,853	430,571	426,060	421,429
Residential					
dth per customer	96.4	83.9	85.8	92.4	91.5
Revenue per dth	$ 7.23	$ 6.70	$ 6.90	$ 6.78	$ 6.69
Non-residential					
dth per customer	424.1	381.3	386.9	409.9	414.6
Revenue per dth	$ 6.64	$ 6.10	$ 6.08	$ 6.28	$ 6.15
System					
dth per customer	139.5	122.6	128.9	134.2	132.7
Revenue per dth	$ 6.78	$ 6.36	$ 6.43	$ 6.35	$ 6.26

	1992	1991	1990	1989	1988
Electric Operations					*Table 7*
Energy — millions of kWh					
Net generation	10,592	13,570	13,981	15,220	15,228
Power purchased — net	6,211	3,638	2,989	2,087	1,940
Total system requirements	16,803	17,208	16,970	17,307	17,168
Company use and unaccounted for	(1,363)	(1,395)	(1,117)	(1,138)	(1,128)
System sales	15,440	15,813	15,853	16,169	16,040
Sales to other utilities	227	598	532	633	433
Total Energy Available	15,667	16,411	16,385	16,802	16,473
Peak Demand — mW					
Station coincident demand	2,975	3,085	3,260	3,178	3,347
Power purchased — net	636	819	426	510	475
System Peak Demand	3,611	3,904	3,686	3,688	3,822
System Capability — mW					
LILCO stations	4,091	4,078	4,077	4,066	3,834
Nine Mile Point 2 (LILCO's 18% share)	188	194	194	194	194
Firm purchases — net	170	244	300	400	482
Total Capability	4,449	4,516	4,571	4,660	4,510
Fuel Consumed for Electric Operations					
Oil — thousands of barrels	10,656	15,314	16,401	20,480	19,927
Gas — thousands of dth	34,475	32,924	36,477	26,490	29,126
Nuclear — thousands of mW days	124	154	108	105	87
Total — billions of Btu	102,126	129,937	139,874	154,669	153,828
Dollars per million Btu	$ 2.62	$ 2.61	$ 3.07	$ 2.86	$ 2.53
Cents per kWh of net generation	2.76¢	2.73¢	3.24¢	3.06¢	2.67¢
Heat rate — Btu per net kWh	10,558	10,484	10,564	10,704	10,545
Fuel Mix *(Percentage of system requirements)*					
Oil	37%	50%	56%	67%	68%
Gas	19	18	20	13	15
Purchased Power	38	25	20	16	13
Nuclear Fuel	6	7	4	4	4
Total	100%	100%	100%	100%	100%

Gas Operations					*Table 8*
Energy — thousands of dth					
Natural gas	64,911	55,579	55,407	60,359	58,743
Manufactured gas and change in storage	48	60	(15)	53	(18)
Total Natural and Manufactured Gas	64,959	55,639	55,392	60,412	58,725
Total system requirements	64,959	55,639	55,392	60,412	58,725
Company use and unaccounted for	(3,577)	(2,412)	(164)	(3,510)	(3,148)
Total Energy Available	61,382	53,227	55,228	56,902	55,577
Maximum Day Sendout — dth	448,726	435,050	406,177	462,610	431,940
System Capability — dth per day					
Natural gas	561,584	507,344	507,344	461,788	411,596
LNG manufactured or LP gas	120,700	128,200	128,200	145,600	145,600
Total Capability	682,284	635,544	635,544	607,388	557,196
Calendar Degree Days					
(66-year average 5,028)	5,066	4,378	4,139	5,169	5,162

(In thousands of dollars)

	1992	1991	1990	1989	1988
Construction Expenditures*					Table 9
Electric					
Production	$ 46,217	$ 32,541	$ 36,400	$ 59,880	$ 419,028
Transmission	15,535	12,452	23,418	9,022	13,379
Distribution	74,951	74,770	82,975	66,679	64,653
General *(includes nuclear fuel)*	5,049	9,880	(1,765)	3,615	17,227
Electric Total	141,752	129,643	141,028	139,196	514,287
Gas Total	104,028	89,950	78,766	49,847	37,518
Common Total	27,124	17,958	12,671	11,007	9,352
Total Construction Expenditures	$ 272,904	$ 237,551	$ 232,465	$ 200,050	$ 561,157

Includes non-cash allowance for other funds used during construction and excludes Shoreham post settlement costs.

(In thousands of dollars)

	1992	1991	1990	1989	1988
Balance Sheet					Table 10
Assets					
Utility plant	$ 4,544,020	$ 4,334,736	$ 4,150,822	$ 3,939,410	$ 8,017,047
Less — Accumulated depreciation and amortization	1,382,872	1,332,003	1,262,743	1,158,253	1,071,923
Total Net Utility Plant	3,161,148	3,002,733	2,888,079	2,781,157	6,945,124
Regulatory asset	3,685,432	3,786,403	3,887,373	3,988,344	—
Nonutility property and other investments	20,730	9,788	6,381	6,050	69,271
Current assets	916,914	884,017	726,060	982,032	571,934
Deferred charges					
Rate moderation component	651,657	602,053	411,443	102,971	-
Shoreham post settlement costs	586,045	378,386	225,818	75,044	—
Unamortized cost of issuing securities	380,267	227,713	132,875	150,610	52,689
Shoreham nuclear fuel	77,629	79,760	92,069	97,925	—
Accumulated deferred income taxes	511,898	439,235	359,768	262,298	525,029
Other	256,904	133,213	112,818	73,607	162,290
Total Deferred Charges	2,464,400	1,860,360	1,334,791	762,455	740,008
Total Assets	$ 10,248,624	$ 9,543,301	$ 8,842,684	$ 8,520,038	$ 8,326,337
Capitalization and Liabilities					
Capitalization					
Long-term debt	$ 4,755,733	$ 5,001,016	$ 4,556,016	$ 4,560,016	$ 3,449,821
Unamortized premium and (discount) on debt	(14,731)	(14,850)	(23,125)	(28,587)	(25,011)
Preferred stock — redemption required	557,900	524,912	527,550	541,187	513,924
Preferred stock — no redemption required	154,276	154,371	154,674	155,592	221,050
Treasury stock, at cost	—	—	—	—	(58,430)
Retained earnings restricted for preferred stock dividend requirements	—	—	—	—	341,008
Common stock and premium	1,556,091	1,550,334	1,549,505	1,547,971	1,557,293
Capital stock expense	(39,304)	(40,216)	(42,676)	(42,916)	(56,151)
Retained earnings	667,988	620,373	560,405	436,690	679,579
Total Capitalization	7,637,953	7,795,940	7,282,349	7,169,953	6,623,083
Current Liabilities	1,191,787	492,895	449,830	470,885	583,017
Deferred Credits					
1989 Settlement credits	164,294	173,507	182,720	191,933	—
Class Settlement	167,066	173,564	167,569	164,040	—
Accumulated deferred income taxes	970,373	816,053	634,704	430,933	963,975
Other	110,341	84,035	117,172	81,443	144,015
Total Deferred Credits	1,412,074	1,247,159	1,102,165	868,349	1,107,990
Reserves for Claims, Damages, Pensions and Benefits	6,810	7,307	8,340	10,851	12,247
Total Capitalization and Liabilities	$ 10,248,624	$ 9,543,301	$ 8,842,684	$ 8,520,038	$ 8,326,337

	1992	1991	1990	1989	1988
Capitalization Ratios*					Table 11
Long-term debt	65%	64%	62%	63%	53%
Preferred stock	9	9	10	10	15
Common equity	26	27	28	27	32
Total Capitalization	100%	100%	100%	100%	100%

*Includes current maturities of long-term debt and current redemption requirements of preferred stock.

Common and Preferred Stock Prices

Table 12

The common stock of the Company is traded on the New York Stock Exchange and the Pacific Stock Exchange. The Preferred Stock $100 par value, Series B, E, I, J, K and CC and the Preferred Stock $25 par value, Series O, P, Z and AA of the Company are, and Series S, T and Y were traded on the New York Stock Exchange. The table below indicates the high and low prices on the New York Stock Exchange listing of composite transactions for the years 1992 and 1991.

			1992 Quarter				1991 Quarter			
			First	Second	Third	Fourth	First	Second	Third	Fourth
Common Stock		High	24⅝	24¼	25⅝	25⅞	23¼	23⅝	24½	25
		Low	22⅛	22⅜	23⅜	23⅝	19	21½	22⅛	23⅛
Preferred Stock										
Series B	5.00%	High	61	66	70	67	53½	54	56¾	58
		Low	56½	57	65	62	48	51½	53	52
Series E	4.35%	High	52¾	59½	62	60	47	46¼	49	52
		Low	49	49½	55	54	43½	44½	45	47½
Series I	5¾%	High	*	138	146½	*	136	131	136	141⅜
		Low	*	133	143⅛	*	125	131	134	139
Series J	8.12%	High	96½	96¼	100¾	101	85½	86	91	94
		Low	92	92½	94½	96	78	82¾	83	88⅞
Series K	8.30%	High	98½	98	102	101	85	88	91	97
		Low	94½	94	96¼	97½	78	83½	85	91
Series O	$2.47	High	28	28	29⅛	27½	25¾	26½	27	27⅝
		Low	26⅛	26	26	25½	24¼	24¾	25	26
Series P	$2.43	High	27⅞	28½	29⅜	28½	25¾	27½	27⅜	28
		Low	26⅜	27¼	27⅝	27⅝	24½	24⅜	25½	26⅝
Series S	9.80%	High	105¾	105	*	—	99⅝	101	102½	105
		Low	102	102½	*	—	96½	100	101	102
Series T	$3.31	High	—	—	—	—	27¾	27¼	—	—
		Low	—	—	—	—	26	26⅛	—	—
Series Y	$2.65	High	29	28⅜	—	—	27	27¼	28	28½
		Low	27⅝	27¼	—	—	25	25⅞	26⅜	26⅛
Series Z	$2.35	High	28¾	28	29	29	—	25½	26⅝	28⅜
		Low	27	26½	27	27⅛	—	25⅛	24⅞	26
Series AA	7.95%	High	—	—	26¾	27	—	—	—	—
		Low	—	—	25¼	25½	—	—	—	—
Series CC	7.66%	High	—	—	102	103	—	—	—	—
		Low	—	—	100⅝	100	—	—	—	—

The Preferred Stock $100 par value, Series D 4.25% is traded in the over-the-counter market and no price data is available. The Preferred Stock $100 par value, Series F, H, L, M and R are held privately.

**No trades reported during this period.*

Corporate Information

Executive Offices
175 East Old Country Road
Hicksville, New York 11801

Common Stock Listed
New York Stock Exchange
Pacific Stock Exchange

Ticker Symbol: LIL

Transfer Agent and Registrar
Common Stock and Preferred Stock
The Bank of New York
Shareholder Services Department
11th Floor
101 Barclay Street
New York, NY 10286-1258
1-800-524-4458

Shareowners' Agent for Automatic Dividend Reinvestment Plan
The Bank of New York
Dividend Reinvestment Department
11th Floor
101 Barclay Street
New York, NY 10286-1258
1-800-524-4458

Annual Meeting
The Annual Meeting of Shareowners will be held on Tuesday, April 20, 1993 at 3:00 p.m. In connection with this meeting, proxies will be solicited by the Company.

Form 10-K Annual Report
The Company will furnish, without charge, a copy of the Company's Annual Report, Form 10-K, as filed with the Securities and Exchange Commission, upon written request to: Investor Relations, Long Island Lighting Company, 175 East Old Country Road, Hicksville, New York 11801.

Directors

William J. Catacosinos
Chairman of the Board and
Chief Executive Officer
Long Island Lighting Company

A. James Barnes
Dean
School of Public and
Environmental Affairs
Indiana University

George Bugliarello
President
Polytechnic University

Renso L. Caporali
Chairman of the Board
and Chief Executive Officer
Grumman Corporation

Peter O. Crisp
President
Venrock, Inc.
Venture Capital Investments

Anthony F. Earley, Jr.
President and
Chief Operating Officer
Long Island Lighting Company

Winfield E. Fromm
Retired Vice President
Eaton Corporation
Electrical Engineering

Basil A. Paterson
Partner
Meyer, Suozzi, English
& Klein, PC
Law

Eben W. Pyne
Corporate Director
and Consultant
W.R. Grace and Company
Retired Senior Vice President
Citibank, N.A.

Richard L. Schmalensee
Director
Center for Energy and
Environmental Policy Research
Massachusetts Institute of Technology

George J. Sideris
Retired Senior Vice President Finance
Long Island Lighting Company

John H. Talmage
Partner
H.R. Talmage & Son
Agriculture

Phyllis S. Vineyard
Director
Long Island Community
Foundation

Officers

William J. Catacosinos
Chairman of the Board and
Chief Executive Officer

Anthony F. Earley, Jr.
President and
Chief Operating Officer

James T. Flynn
Executive Vice President

Edward C. Dietz
Senior Vice President
Electric Business Unit

Ralph T. Brandifino
Vice President
Finance and
Chief Financial Officer

William N. Dimoulas
Vice President
Information Systems
and Technology

Robert X. Kelleher
Vice President
Human Resources

John D. Leonard, Jr.
Vice President
Corporate Services and
Nuclear Operations

Adam M. Madsen
Vice President
Corporate Planning

Arthur C. Marquardt
Vice President
Gas Operations

Brian R. McCaffrey
Vice President
Administration

Joseph W. McDonnell
Vice President
External Affairs

William G. Schiffmacher
Vice President
Electric Operations

Robert B. Steger
Vice President
Fossil Production

William E. Steiger, Jr.
Vice President
Engineering and Construction

Christian G. Wilding
Vice President
Conservation and
Load Management

Walter F. Wilm, Jr.
Vice President

Edward J. Youngling
Vice President
Customer Relations

Robert J. Grey
General Counsel

Kathleen A. Marion
Corporate Secretary and
Assistant to the Chairman

Anthony Nozzolillo
Treasurer

Thomas J. Vallely, III
Controller

Herbert M. Leiman
Assistant General Counsel
and Assistant Corporate
Secretary


Long Island Lighting Company
175 East Old Country Road
Hicksville, New York 11801