

Augsbury Won Battle For Adequate Supplies

BY DONALD Y. MCCOY
President, Chief Executive Officer

We find ourselves placed in the midst of challenging times, not only as we look into the next decade and what we hope will happen within The Augsbury Corporation, but also as we wonder what new directions our country and the world will take during the 1980s.

As President and Chief Executive Officer (CEO) of The Augsbury Corporation, I am pleased to share with you my feelings on the past year and my insights as to what the future holds for our corporation and that of our customers.

Our most immediate concern throughout most of 1979 was the acquisition of adequate supplies of home heating products to meet the human needs of our nearly 20,000 customers throughout Northern New York and Vermont. These efforts, which were always a paramount concern, were spearheaded by Richard C. Murdock, Senior Vice President, Western Region.

Discussions, designed to obtain adequate supplies of home heating fuel for this winter, began in the early summer of 1979. In the face of then increasing gasoline prices, it became quickly apparent that adequate supplies of fuel oil were not going to be readily attainable.

As the summer passed, it became apparent to the management of The Augsbury Corporation that radical action has to be undertaken in order to insure that adequate supplies were in our terminals before the onset of the winter shutdown of the St. Lawrence Seaway and canals.

The Augsbury Corporation immediately began an intense lobbying effort with the Department of Energy, local elected officials, and members of the White House Staff encouraging them to allow the release of some of the fuel oil buildup which was taking place at the major oil company refineries. While these efforts were going on, we concurrently were discussing the potential plight of the indigent and the elderly in the face of rising fuel prices.

I am happy to report that our corporation considers itself to be one of the first petroleum companies to recognize the significant impact rising costs would have, not only on their quality of life, but others as well. Since the summer, we have worked closely with various social agencies trying to insure that the sick, poor and elderly would not be left without fuel and that to the greatest degree possible, the financial burden could be eased.

Adequate Supplies
As a result of these efforts, The Augsbury Corporation does have adequate supplies of home heating fuel in its storage terminals to meet the anticipated demand this winter. Additionally, we feel that we have adequately prepared our customers, as well as the general public, in anticipating the impact of higher fuel prices.

This does not mean to indicate, of course, that we are completely happy with the situation as it presently exists.

Subaru Eyes Expansion

On Sept. 1, 1979, George Robillard Auto Sales became the corporation now known as Seaway Subaru, Inc., operated jointly by Barry Wells and Virginia Robillard.

Wells reports that 1979 saw a bigger demand than ever before for the compact Subaru's.

While he thinks in 1980 there may not be such a rush for small cars, he still feels Seaway Subaru will sell more cars in 1980, simply because of the experience the company has had in 1979.

At this time, Wells also commented, there is a great demand for used cars. Seaway Subaru sells not only used Subarus, but other makes of used vehicles.

By March 1 of this year, the expansion project at the dealership is expected to be completed. That project includes a new four-car showroom, and the expansion of the parts room to meet Subaru standards.

Wells also reported that the Subaru staff has been attending technical classes related to the company, and will continue to do so.

Woods Expands Product Line


Woods Bag and Canvas Co., Ltd., in Ogdensburg expanded its operations in 1979 as it signed loans with the Oneida National Bank and state Job Development Authority on a project of more than \$135,000.

The company used the financial package, including a \$54,000 IDA loan, to renovate the former McConville building purchased in the fall of 1977, a move designed to enable the plant to double its production. A walkway was constructed between the buildings which will be used as a shipping area.

At least seven new jobs were created by this expansion and Ogdensburg manager George Hill said the new production included sleeping robes, through use of modern, automated machinery.

1979 began as an expansion year for Woods Bag and Canvas Co., Ltd. and prospects for 1980 are good.

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in the petroleum industry. Very often, we can no better answer the many apparent contradictions which presently exist than can you. Obviously, with the tremendous amount of publicity relating to the Iranian crisis, product shortages, product surpluses, "gluts" and scarcities, we all end up, to a degree, confused and bewildered as to what the future holds. For our part, however, we will continue to provide you with the best possible answers that we can with the information we have available to us.

On this note, I would like to share with you my opinions as to what we may expect as we enter the 1980s in the petroleum field:

—I feel that the decade of the 1980s will continue to hold out very tight supplies and continuing higher prices. It is my feeling, however, that the increase in petroleum products will begin to moderate and not skyrocket as they have in the past year.

—We are presently experiencing a shortage of gasoline supplies, and I feel that spot shortages will continue throughout the spring and summer; yes, there will be some lines and inconvenience to the motorist.

—Throughout the next decade, there will be a tremendous emphasis on the development of synthetic fuels. We already, of course, hear a great deal about gasohol, which is an attempt to reduce fuel consumption by 10 percent. Other alternatives will be looked at, but I do not feel that a major breakthrough, and the ability to mass-produce synthetic fuels, is imminent.

Government Action
Based upon my experience in the industry, and what I feel the decade holds for us in the way of supplies and prices, I am even more firmly convinced that the government must take a critical look at its regulatory powers as they apply to our industry.

In many instances, this government intervention is counterproductive and frustrates what free enterprise is capable of delivering. The gasoline allocation program, in some instances, allows for surpluses of product where there is less demand and shortages of product where the demand is high.

Additionally, the government must look toward the relaxation of federal regulations and the release of federal properties to encourage exploration of domestic sources of crude oil.

Although we can look to the government for a portion of the blame, we, as consumers of energy, must also look to ourselves to shoulder some of the responsibility. We must continue to encourage and adopt certain changes in our lifestyle which will reduce our dependency on, and consumption of,

energy. We must do more than provide lip service to conservation measures. To a large degree, our most effective and most immediate method of reducing our energy consumption is through common sense and conservation. If we are not willing to continue our dependence upon foreign sources of energy, then we must be willing to modify our present rate of consumption.

Corporate Plans
Changing my focus more from the national and global problems to happenings within our corporation over the past year, I am pleased to report that our Executive Office in Glens Falls provided an excellent atmosphere for myself and other key management personnel during 1979.

In this environment, we were able to concentrate on our long-range plans and the development of our marketing areas within the North Country. We undertook the development of a three-year Strategic Plan, which we hope to conclude in early spring, which will help us become an even stronger member of the North Country economic community. All of our various locations are flow

tied into a sophisticated and comprehensive communications system, including interlocation telephone and telecopier capabilities. In all our locations, we embarked upon a program of office modernization and rehabilitation to provide an attractive, comfortable place of work for our employees and cordial surroundings for our customers and business associates. Many of our wholesale, retail and administrative offices were substantially upgraded throughout the course of the year, and we continue to maintain and upgrade our terminal facilities in order to protect the environment which we share with others.

During 1979, a number of very competent and promising individuals began careers with our corporation. These new people will augment our marketing and staff functions in all facets of the corporation.

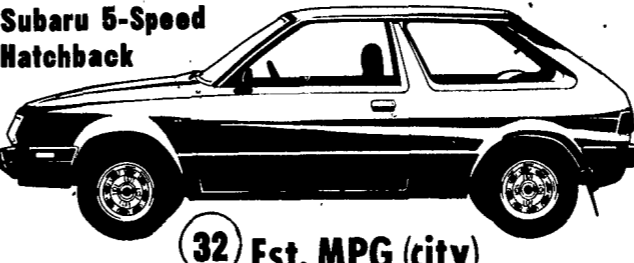
Unfortunately, during 1979, we accepted the resignation of Frank A. Augsbury III, both as Assistant to the President and a member of our board; but, we remain confident that his departure to pursue higher education

will be to his ultimate benefit, and we look to the day when may return to the corporation.

The year 1979 brought us traumatic events which impacted our corporation. The continuing troubles of the Middle East situation, product shortages, high prices and lines at the gas pumps are all events which make it difficult for us to conduct business as usual. Unfortunately, these events will continue to cloud the business environment in which we operate, but we remain dedicated to provide an adequate supply of petroleum products to the residents of the North Country at a competitive price. We have made every effort, and should rightfully be considered a leader because of these efforts, to obtain adequate supplies and to ease the burden, in any way we can, of the heavy

cost of home heating fuels and gasoline. We continue to strive for excellence in service and have instituted new programs and offered new products to the public while attempting to maintain and increase the profitability of our corporation.

As we begin the 1980s, we are dedicated to the concept of developing ourselves as an efficient petroleum distributor, while exploring other avenues open to us in our industry which will allow us to be profitable on a year-round basis and which will create an atmosphere of controlled growth. I, and members of the management team, are dedicated in developing our business so that our owners, our Board of Directors, our employees and the community at large can enjoy the benefits of a stable, progressive corporation.



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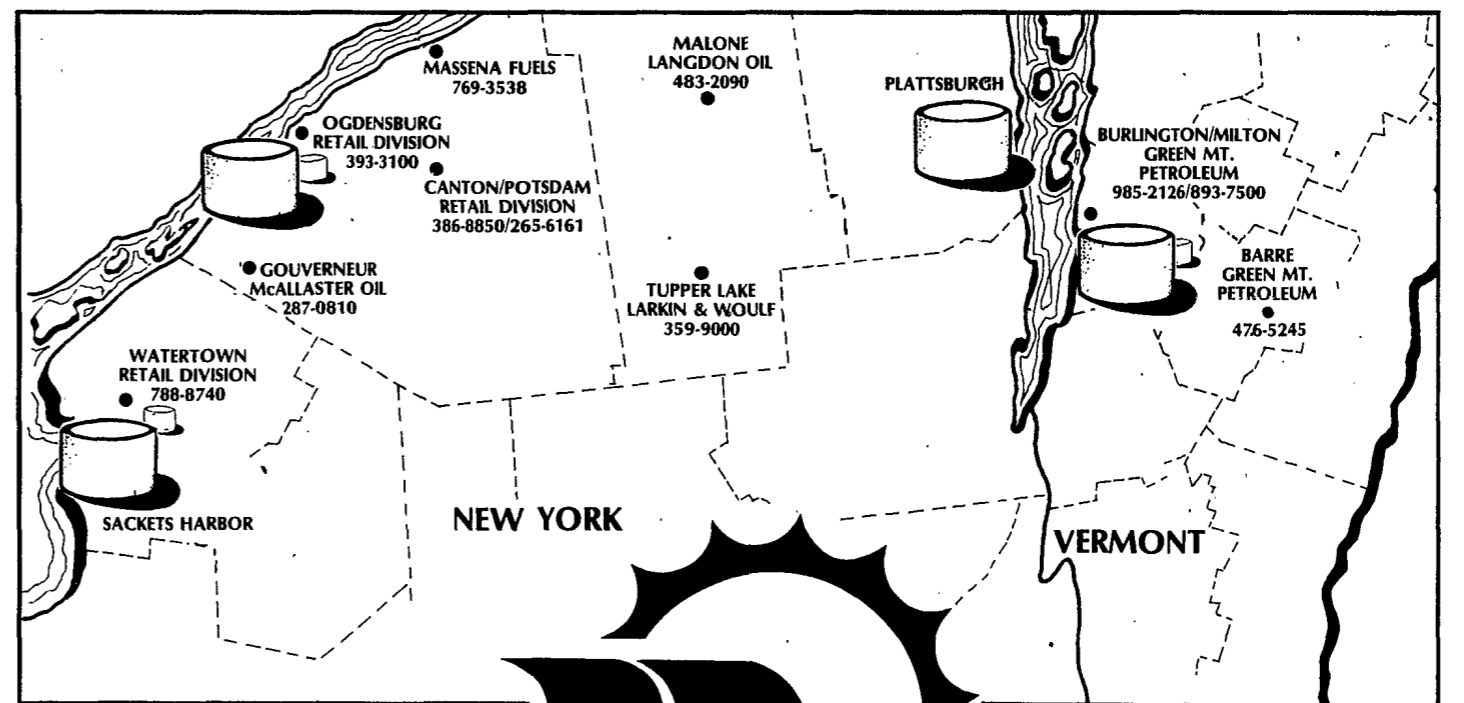
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