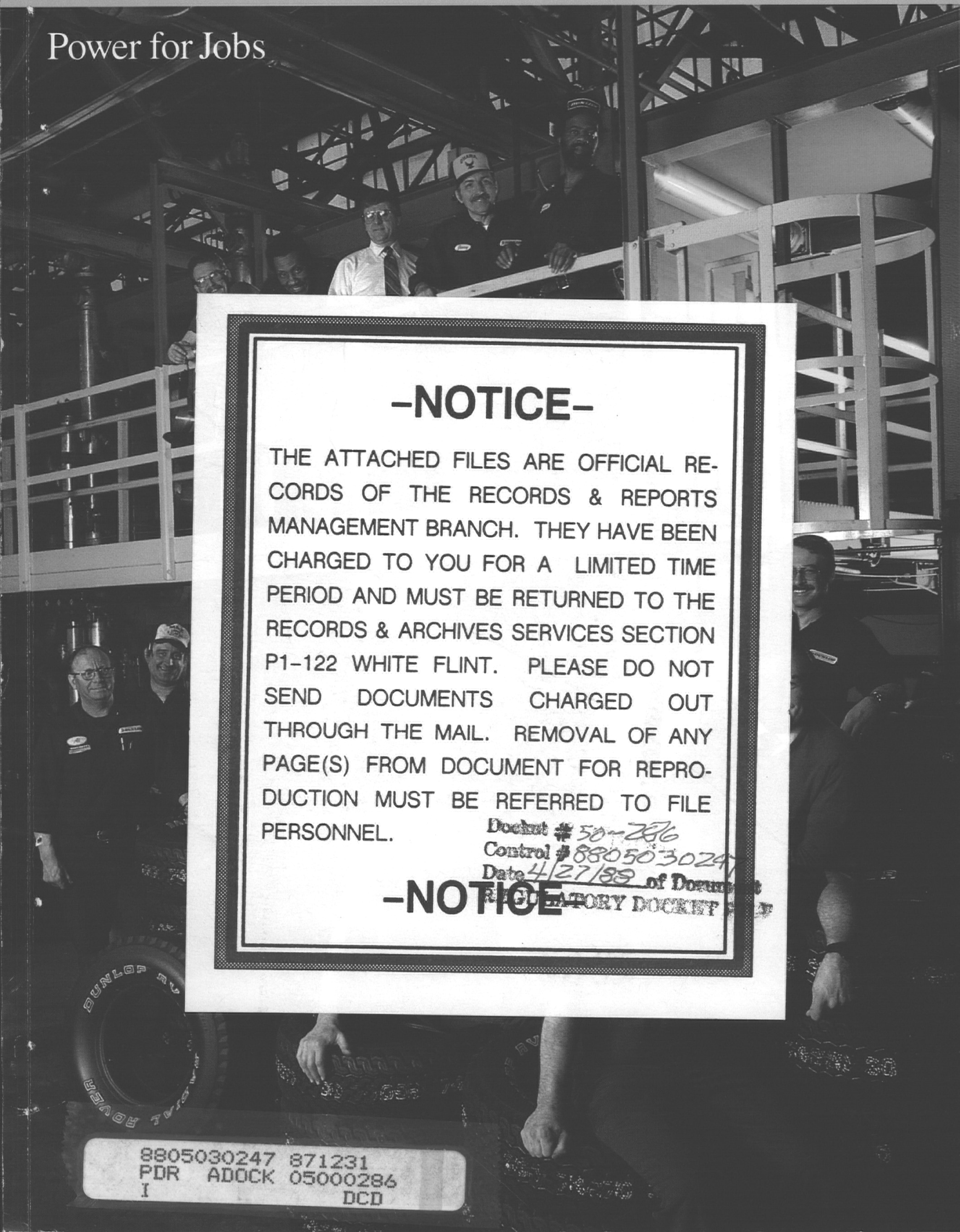
New York Power Authority

Annual Report for 1987

Power for Jobs



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Our Mission

The New York Power Authority's primary business is to provide lower cost energy for the benefit of the people of New York State. We do so by constructing, owning and safely operating electric generation and transmission facilities, purchasing lower cost out-of-state energy and promoting conservation of scarce energy resources. Our facilities are financed independent of tax revenues, state funds or credit. As a state-owned energy corporation, we sell energy to industries, to utilities for resale to their customers, and to authorized public bodies.

We will develop and operate our facilities and set our rates using prudent business judgment and practices to sustain our financial position and to protect our bondholders and customers.

We will work to foster a positive business climate by targeting the allocation and pricing of energy and the development of new energy sources to stimulate the creation and retention of jobs.

Each of our employees contributes to achieving our mission. We seek to attract, retain and promote high-quality employees in order to ensure maximum productivity and efficiency by rewarding performance through competitive compensation and benefit programs, comprehensive management skills training and opportunities for career development.

We are committed to being a good neighbor in the communities in which we operate and to construct and operate our facilities in an environmentally sound manner.

We will strive to communicate effectively with our employees and the public, including public officials, customers and the financial community, to fulfill our stated mission.

Cover: These Dunlop Tire workers are among the many employees at some 400 firms that benefit from the Power Authority's low-cost electricity. Like the Power Authority itself, this report is dedicated to the economic development of New York State.

Message From the Chairman

When I began my career in the early 1950s, the United States supplied 40 percent of the world's exports. Today, we supply just 20 percent.

In the 1960s, only 20 percent of American goods had competitors abroad. Today, 70 percent have foreign competitors.

In this increasingly competitive global market, the decline of the dollar has helped some American companies prosper. But, overall, the effect has been disappointing as evidenced by our still sizable trade deficit.

Obviously, the nation's economic problems are too complicated to be solved by simply cheapening the currency. If cheap currencies were key to economic development, then Mexico and Argentina would be economic giants.

Many economists believe that a key element in America's strategy to become competitive again is to lower the cost of our factors of production. One of these factors is electricity.

Economists have long noted the relationship between economic growth and electricity demand. In the fickle world of economic relationships, this one is remarkably stable.

Of special interest is the role electricity plays in sparking economic growth. Theorists of economic development often cite electricity as a critical determinant.

During the 1930s, when the nation was mired in the Great Depression, President Franklin D. Roosevelt used electricity as a fiscal tool. Rural electrification and the Tennessee Valley Authority helped turn pockets of poverty into showplaces of economic growth.

Our Electric Utility Industry

Today, America is the most electrified nation on the planet. We consume more electricity than Japan, West Germany, South Korea, Taiwan, France, Singapore and Great Britain combined.

Our electrical industry is the model for the world. It helped fuel the most spectacular era of growth in economic history: the postwar boom of 1946 to 1969.

During the boom, the real price of electricity fell 64 percent. In the period afterward–1970 to the present–the real price of electricity rose from 4 cents to 6.2 cents per kilowatt-hour, a 55 percent real increase.

To combat this trend, electric utilities are now examining a new strategy that promises to lower production costs. The strategy calls for the separation of electricity generation from both electricity transmission and distribution to users. It should help improve the competitiveness of companies dependent on low-cost electricity.

Public Power

Another way to improve America's competitiveness is through public power. Public power has always been concerned with lowering electricity costs; that's why it came into being. In their book, *Rebuilding America,* economists Gar Alperovitz and Jeffrey Faux note that after excluding advantages such as hydropower and tax exemptions, public power is still more efficient than private power. These economists make their comparisons in the only area comparisons may be directly made: the cost of administration and management per kilowatt-hour. In these areas, the authors contend that public power is 68 percent to 75 percent more efficient. Therefore, even if they are only

Chairman
Richard M. Flynn

half right, any national policy to foster American competitiveness should include proposals to broaden the role of public power in supplying the nation's electricity.

The New York Power Authority is a unique public power company. We've been a competitive generator since our inception. All the utilities in New York buy power from us because we're the low-cost option.

But apart from lowering electricity costs, the Power Authority does other things to hone the state's competitive edge and produce jobs.

Power for Jobs

Since I became chairman, we've sought to link industrial power contracts to jobs. That is, if a company in New York State is to get a significant allotment of low-cost electricity, then it must commit to a certain level of employment.

In 1987 we renegotiated our expansion power contracts with 17 companies, including Bethlehem Steel, Du Pont, General Mills, General Motors and Union Carbide. These companies are the backbone of New York's western frontier—major employers responsible for the economic well-being of tens of thousands of residents.

Our electricity was so important to their continued operations in New York that these firms committed to maintaining 16,000 jobs for the terms of the contracts. If they don't keep the jobs, they won't keep the power.

In April Governor Mario M. Cuomo signed legislation (validating these and other contracts) that will preserve 28,000 jobs in western New York into the next century. The legislation also fosters job creation in other parts of the state, particularly downstate, by removing outdated guidelines that previously restricted the use of power from our FitzPatrick nuclear plant to a few industries.

Now, this power can flow to businesses statewide, provided jobs are created or protected.

In the spirit of this legislation, Governor Cuomo created the New York State Economic Development Power Allocation Board and named me its chairman. Using computer research techniques, the board identified the kinds of companies that could benefit from the low-cost power and, as a result, create jobs.

We are already creating jobs downstate. Grumman, Shearson Lehman Hutton and General Motors committed to a total of 7,500 jobs for 36 megawatts of our FitzPatrick power; that's better than 100 jobs per megawatt.

Conditions in North Country

In Massena and other parts of northern New York, the economic picture remains bleak. Companies are cutting payrolls to meet the challenges of foreign competitors. But we're trying our best to help turn things around. In addition to our allocations of low-cost power to industry, we have started a million-dollar economic development fund to attract jobs and industries to the area, the site of our first power project.

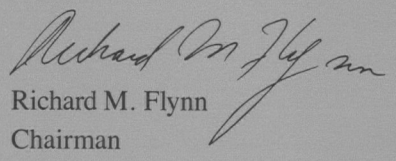
To administer the fund, we established the Greater Massena Economic Development Board. This board brings together the major state economic development authorities as well as local industrial development agencies.

Our efforts are beginning to pay off. An audiocassette manufacturer with plans to create 21 jobs at a new Massena plant was the program's first beneficiary. The manufacturer, Michele Audio Corp., will receive a $150,000 loan to expand its operations. The loan will cover part of the cost of building a new facility at the Massena Industrial Park for production of plastic containers for cassettes.

More Power for More Jobs

The most powerful economic medicine is yet to come. We have announced our intention to allocate 2,700 megawatts of low-cost hydropower, including 1,000 megawatts of Canadian "juice." Governor Cuomo called it the "energy equivalent of another Niagara Falls." And, indeed, it's the largest power package we have ever put together. We'll distribute this power throughout the entire state, putting it to work to maximum economic advantage and saving New York ratepayers about $3 billion.

I believe New York can meet the challenges from abroad. But we should never do so at the expense of the American worker. Instead of advocating lower wages or a cheaper dollar, the New York Power Authority is fueling the state's economic growth with low-cost electricity. It works.



Richard M. Flynn
Chairman

New York Power Authority: On the Job for Jobs

Kenneth Hamilton, a liquefaction operator, has punched in at the Du Pont and Niachlor chlorine plants in Niagara Falls for six years. He has also pitched in for his community, serving on the local Human Rights Commission to upgrade neighborhood schools. Helping keep Niachlor—and Mr. Hamilton—in business are 77,160 kilowatts of low-cost electricity produced by the New York Power Authority.

Mr. Hamilton and the others on the next eight pages are among almost 100,000 employees at some 400 companies benefiting from our inexpensive power.

As a state-owned energy corporation, we help bolster the standard of living for all New Yorkers through the sale of affordable power. That standard rises or falls on jobs, among other factors.

We allot 1,500 megawatts of hydro and nuclear electricity to about 70 facilities, safeguarding about 60,000 jobs.

In addition, we deliver more megawatts through municipal electric systems and rural cooperatives to about 330 locations with close to 40,000 jobs.

All told, our power backs almost 100,000 jobs. These positions carry a payroll of some $2 billion, trigger retail sales of $1.9 billion and mint another 100,000 jobs. Our electricity trims overhead costs and spurs productivity. It helps companies compete in world markets and keeps these businesses in New York State.

When we began allocating power to industry in the 1950s, we served mainly firms with high load-factors; that is, they used more than 70 percent of the kilowatt-hours available to them.

New Work Calls for New Program

We continue to honor the long-standing contracts. However, in New York as in the nation, work is shifting from heavy to light industry and service businesses. Manufacturing jobs in the state, for example, have dwindled to 1.2 million, the lowest figure since the government began keeping records in 1939. To help stop this drain and champion broader economic development, we have put job growth on the power line.

Three goals guide our power-for-jobs program: (1) jobs for megawatts, (2) retention of jobs in exchange for megawatts and (3) wider use of our industrial electricity.

New contracts require a company to guarantee about 100 positions for each megawatt (1,000 kilowatts) that we grant. These pacts also call for power reduction if a firm should cancel jobs.

Jobs Forge New Jobs

Electricity grows jobs. And jobs grow more jobs. Like magnets, companies pull in suppliers such as equipment makers and repair firms. Employees with paychecks beckon service businesses such as restaurants and gas stations.

Employment also delivers in other ways. The average manufacturing job, paying $27,000, throws off about $4,800

in state taxes. As a result, 100,000 jobs may pump $480 million into state government operations.

Working people enrich towns beyond cash, too. Their job-honed skills and pride brim into home improvement, civic action and New York neighborliness. Employees convert a town into a community. Anchored by jobs, they have time for hometown democracy. They don fire fighter helmets, strive for intergroup harmony and run for local office.

On the other hand, a community that loses its jobs may lose its future. Many of the best and brightest, some of them young, may head elsewhere for the main chance. Often left behind: the unemployed, the unskilled, the retired, all needing services once supported by the taxes of the decamped workers.

A community without skills also has trouble luring business. The downward slide compounds itself.

With this program, though, our power is a multiplier. It keeps companies at home, helps them grow and attracts new enterprises. We give New York the energy to keep working.

Selling Power for Jobs

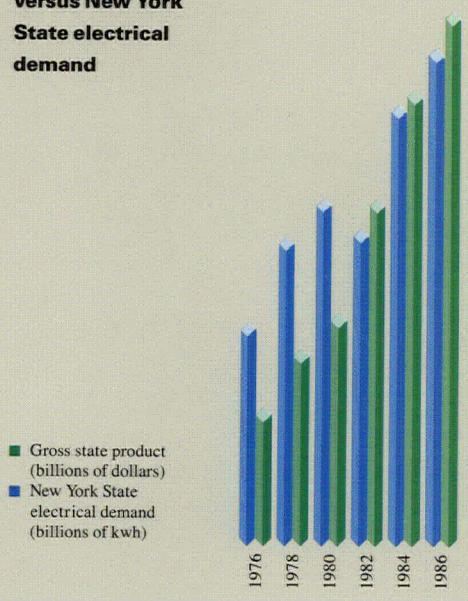
To advance power for jobs, we have estimated that more than 6,000 companies might qualify for our electricity. We are contacting these prospects, which turn out products such as pharmaceuticals, semiconductors and frozen foods.

Our electricity is one part of a multimillion-dollar incentive package being offered by state, county and local economic development agencies. We connect companies with these organizations, which provide tax abatement, job training and low-cost loans, for example. And they refer candidates for affordable power to us.

New York is helping manage business's transition to light industry and service roles. The state has 900,000 new jobs, 1987 over 1982. Its unemployment rate dipped to 5 percent in 1987, the lowest in 16 years and below the national average of 6.3 percent. In addition, the state's per capita personal income, $17,111 in 1986, stands above the national average of $14,641.

With our economic development program, we are doing all in our power–with our power–to make sure that every New Yorker like Kenneth Hamilton who wants a job can have one. That's our standard for good living.

Gross state product versus New York State electrical demand



Allocations to Industry

Economic development has been a component of the Power Authority's marketing plan from the very beginning of its operations. Here are the types of allocations that have helped to advance this plan.

Hydroelectric Power

Alcoa, General Motors and Reynolds Metals have been using St. Lawrence-FDR hydropower since the facility opened in 1958.

Replacement Power

The Niagara Redevelopment Act (1957) required the Power Authority to replace 445 megawatts of Niagara Mohawk Power Corp. generating capacity. Replacement power is allocated to companies located in the Niagara area.

Expansion Power

The Power Authority reserved a block of 250 megawatts of Niagara hydropower for firms that expand on the Niagara frontier.

FitzPatrick Power

Half of the power generated at the FitzPatrick nuclear plant is available to industry. In the past, this electricity was restricted to companies with a high load-factor.

As manufacturing changed in New York State, however, few new high load-factor industries sought this electricity.

In April 1987, the Legislature passed a bill enabling the Power Authority to sell FitzPatrick power to less-energy-intensive businesses. These customers must commit to creating or retaining jobs.

Municipal Customers

Municipal and Cooperative Electric Systems

The Power Authority supplies electricity to 51 municipal and cooperative systems statewide. A substantial portion of this power is resold to industry.

Municipal Distribution Agencies (MDAs)

The Power Authority allocates power to MDAs in New York State. Some of this power is being used for economic development.

"A long-term contract for Power Authority hydro was the key to building our Niachlor plant. It's the biggest grass-roots facility in the U.S. using a new membrane-cell technology. Niachlor supports 170 jobs and has created another 240 on the outside."

John Halberstadt, Niachlor manager, the Du Pont Company

For Ken Hamilton, Niachlor Is 'Factory of Factories'

Kenneth Hamilton, 34, works as a liquefaction operator at Niachlor, a joint venture of Du Pont and Olin, on the south side of Niagara Falls. He feels as if he almost owns the place.

"We have 'intrapreneurship' here," he explains, looking the visitor square in the eye. "Operators order their own tools, take care of 200 pieces of equipment, handle hour-to-hour problems. We think of Niachlor as our plant."

Variety keeps his shift bowling along. Using refrigeration, Mr. Hamilton condenses green chlorine gas to a clear amber liquid for shipping. He transfers this liquid to one of three gleaming-white 14-foot-high storage cylinders or to tank cars waiting on a Conrail spur.

"Why, we can be keying data into a computer one minute and picking up a 36-inch pipe wrench the next," he says.

The Power Authority's low-cost juice helps run the works, from electrolyzing salt brine into chlorine and caustic soda to pumping liquids and driving machines.

Niachlor Is 'the Place to Be'

Ken Hamilton is proud of the new $150 million Niachlor facility.

"If you want to work in a factory, this is the place to be," he declares, balancing his white hard hat–with his initials in red–and safety glasses on his knee. "It's the factory of factories. The plant is so efficient that sometimes it wows me. And I'm certain I can retire from here with 10 fingers, 10 toes and both eyes. Our management will always shut down a system if safety is a question. They give me $200 worth of protective equipment, by the way."

The job also frees him to help people. He cites psychologist Abraham Maslow's hierarchy of needs to explain the link between work and civic activity. Maslow maintained that humans must satisfy the basics–food, clothing and shelter–before they can move on to aid others.

In his six years at Du Pont, a Niachlor partner, Mr. Hamilton has served as president of the Niagara Falls chapter of the National Association for the Advancement of Colored People, as vice president of the Area One Community Preservation Corporation and as a Naval reservist.

"I believe in service to my country," he avows. "We have the Bill of Rights and a land of plenty. Others in the world are starving, but look at us. Diet books are best sellers."

Community Is a Place to Serve

Partly because he married Jacelyn, a packing and shipping operator for Du Pont, last September, he has pruned his outside agenda to serving on the Niagara Falls Human Rights Commission ("I'm working for quality neighborhood schools") and producing "Good News Telecast," a weekly 30-minute show sponsored by the Bethlehem Revival Temple for local cable television.

"We bring on people from a lot of churches, black and white, to further community understanding," he says. "There's no way you can brush up against others and not get polished yourself."

Talking about work again, Mr. Hamilton brings up job loss along the western frontier in the last decade.

"Grandfathers, fathers and sons have worked for the same industrial com panies up here," he says. "They've been faithful. Nothing wrong in that. But they've taken their identities from their pay envelopes. When they got laid off, they felt worthless. You could never measure the suffering."

Ken Hamilton sees Power Authority electricity as a major player in industrial economic development.

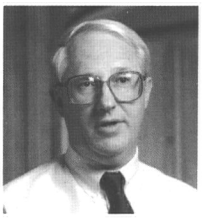
"Let's face it," he declares, "low-cost power is to western New York what the Hudson River and the New York harbor are to New York City. Take that away, and you've knocked out our economic base."

Kenneth Hamilton produces "Good News Telecast," a religious program presented on Niagara Falls cable television every Friday night at 6:30. In addition, he campaigns for human rights, draws, and writes essays and poetry. At one time, Mr. Hamilton worked as a groundskeeper at the Power Authority's Robert Moses power plant. He describes this hydro facility admiringly as a "pyramid built in four years." Mr. Hamilton started at Du Pont in 1981. Job stability and satisfaction, he says, "free Du Pont people like me to go out and accomplish things for the community."

Niachlor Profile

- Location–Niagara Falls
- Business–Electrolyzing salt brine into chlorine and caustic soda
- Owners–Partnership of E.I. du Pont de Nemours and Company and Olin Corporation; Niachlor facility started up December 1987.
- Jobs–170
- Power allocation–77,160 kilowatts of Niagara replacement power
- Niachlor's annual economic impact on area–$15 million
- Western New York jobs operating on Power Authority electricity–49,840

"Oneida is one of the state's oldest companies. The Power Authority has played a major part in keeping our costs down, our prices competitive and 1,900 jobs safe. Frankly, I can't say enough about the Power Authority."



William Matthews, chairman and chief executive officer, Oneida Ltd.

Tom and Sue White Believe in 'Dignity of Work'

For Tom White, 41, and his wife, Sue, 34, working at Oneida Silversmiths almost runs in the family. Tom's father and brother once held posts at this 107-year-old flatware company based in Oneida, the geographic bull's-eye of the state. Sue's grandfather and father retired from the firm. Four of her sisters (she is one of 17 siblings) earn their living there now. The Whites' jobs are steady in an industry unsteadied by imports.

"Oneida Silversmiths is the last major U.S. producer of stainless-steel forks, knives and spoons," Mr. White says. He is a class A tool and die maker. He percolates with good humor but shifts to a somber tone when talking about his firm.

"Flatware is Oneida's bread and butter," he says. "Now it's us against 200 U.S. firms that import from the Far East. However, our company may save a million dollars a year because our electric 'muni' buys from the Power Authority. That's helped Oneida to turn around. Our firm's making money again. It's also the only major industrial employer here."

Families Depend on Oneida

And if Oneida Ltd. ever closed? "Most of the employees and their families would have to leave town," Mr. White says. "Just as bad, a lot of our tax base and city services would disappear with them."

Mr. White is doubly concerned. Besides being a 24-year veteran of Oneida Ltd., he is a city commissioner of Sherrill, Oneida's neighbor and home of one of the firm's manufacturing plants. With a population of 2,500, Sherrill is the state's smallest city.

"Our commission makes up Sherrill's $3 million annual budget and passes the ordinances," Mr. White says. "Power Authority electricity keeps Sherrill's utility bills down, too."

Many home owners, including the Whites, are shaving even these moderate charges. Watt Busters, energy conservation experts engaged by the Power Authority, have given them free attic-to-basement energy audits–and conservation advice.

Die Maker As Artist

At Oneida Ltd., Mr. White forms the dies that stamp the flatware outlines from stainless-steel sheeting. He cuts these dies to within 1/1,000th of an inch of their blueprint specs. Sometimes he drills holes; sometimes he runs the milling machine. Every job is different.

"The die makers are the creators, you might say," he suggests with pride. "If it weren't for us, there wouldn't be any flatware."

As a miscellaneous operator in the knife plant, Tom's wife, Sue, fills in for employees out sick or on vacation. Her work is a salad of diversity, too.

"When I come in at 7 a.m., I often don't know what I'll be doing that day," she says quietly. "I may run a trim press. Or I might put the knife handles through the furnace or insert the blades into the handles. No routine. That's important. I've been here 14 years."

In the spirit of the Perfectionists, the 300 people who started the utopian Oneida Community and this tableware business in the 1800s, the Whites bestow time and talent on their own community–Tom as a Sherrill commissioner and Sue as a volunteer fire fighter.

John Humphrey Noyes founded the old Oneida Community as a religious and social society in 1848. Among other practices, his followers rotated tasks. Women took their turn weeding the cornfields; the men took theirs washing clothes and peeling apples. They regarded all work as ennobling. The Whites hold to that tenet, too.

Leaning forward, both hands flat on the table, Tom White declares: "We've worked hard for what we have. We believe in accomplishment–and the dignity of work."

Oneida Silversmiths Profile

- Locations–Cities of Sherrill and Oneida, near Syracuse
- Business–World's leading maker of tableware for consumers and food service
- Jobs–1,900
- Power allocation for the City of Sherrill–11,976 kilowatts from Niagara, St. Lawrence-FDR, Blenheim-Gilboa and FitzPatrick plants
- Oneida Ltd.'s annual economic impact on area–$70 million
- Central New York and Mohawk Valley jobs operating on Power Authority electricity–3,410

As a volunteer fire fighter in Sherrill, Sue White directs traffic. Her husband, Tom, is one of Sherrill's four city commissioners. Formerly, he was fire chief and an emergency medical technician. Mr. White was just as energetic about landing a job at Oneida Ltd. After graduating from high school in 1964, he showed up at the firm's employment office every morning. After one week, Oneida hired him. Mr. White enjoys his work and the machines that surround him: the surface grinders, the drill presses, the electronic dischargers. They all run on Power Authority electricity.

"Technology is the seed corn for economic development. And the source of technology is basic research, our business. By saving us almost $37 million on electricity since 1981, the Power Authority has helped keep our big machines running."

E. Parke Rohrer, associate director, management and physical plant, Brookhaven National Laboratory

Joanna Fowler Studies the Living Brain

Joanna Fowler, 45, arrives at Brookhaven National Laboratory about 6:30 each morning. At this federal research center on Long Island, she develops radiotracers to probe the biochemistry of major medical puzzles.

The tracers are radioactive molecules. They help diagnose disorders such as schizophrenia and Alzheimer's disease. They also spotlight where therapeutic drugs moor in the brain.

This tenured organic chemist and her colleagues work in the Chemistry Department's Cyclotron PETT Research Group. (PETT is the acronym for positron emission transaxial tomograph, which scans internal organs.)

Dr. Fowler and fellow investigators obtain radioisotopes, small radioactive molecules, from a cyclotron, a particle accelerator about the size of a garage. They convert these radioisotopes to radiotracers, larger molecules. Injected into a patient whose head rests in PETT's doughnut-shaped array of 288 crystal detectors, the tracers ride the blood to the brain. There they signal a "here I am" to the detectors. From these signals, a computer constructs color portraits of the tracers' location and concentration.

"PETT is the only machine that looks at biochemical transformations in the living brain," says Dr. Fowler. "Other techniques, such as CAT scans, only record anatomy. Because disease often changes biochemistry before anatomy, our PETT pictures can give us early warning."

The PETT scanners and cyclotrons are among some 3,000 Brookhaven machines, from the small–personal computers–to the colossal–the alternating gradient synchrotron in an underground tunnel half a mile around. They all rely on Power Authority juice as they tackle science's riddles, biochemistry to the solar system's Big Bang.

Power Aids Breakthroughs

"Lower cost electricity is critical here," Dr. Fowler says. "We depend on machines for most of our research–and discoveries."

Collaborating with two New York universities, Dr. Fowler and her associates are enlisting tracers and scans to study the brain metabolism of schizophrenic and Alzheimer's patients. They are finding diagnostic clues: a metabolic dip in the frontal lobes of schizophrenics and an average overall metabolic drop of 30 percent in Alzheimer's victims. Dr. Fowler views Alzheimer's as "a problem most of us will face either in ourselves, our parents or our friends."

With her colleagues, she is also about to employ PETT to study the street drug crack, a form of cocaine. Users smoke it in pipes. The Brookhaven investigators want to see if a chemical shift in the smoke is the addictive villain.

Putting In Long Hours

Dr. Fowler works 12-hour days at the lab and much of the weekend at home. She lives in Bellport with her husband, Frank, a chemistry professor at the State University of New York at Stony Brook.

Because of career demands, Dr. Fowler limits life's extras to raising 100 orchids and maintaining close contacts with family and friends.

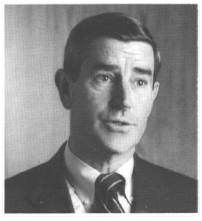
However, chemistry is Dr. Fowler's "identity." Her achievements in 19 years at Brookhaven include winning–with her group leader, Dr. Alfred Wolf–the American Chemical Society's 1988 Esselen Award for Chemistry in the Public Interest. She has also helped develop new ways to attach the radioisotope fluorine-18 to sugars and psychoactive drugs, a major breakthrough. In addition, she helped develop a tracer to map an enzyme that degrades dopamine in the brain. Scientists suspect this enzyme may somehow bring on Parkinson's.

"I guess," she says, "I would rather come to work than do almost anything else."

Joanna Fowler, an organic chemist at Brookhaven National Laboratory, raises about 100 orchids as a diversion from her work. These and other plants soak up the sun in a greenhouse attached to the south side of her home. At Brookhaven, Dr. Fowler helps develop radiotracers that establish the biochemical status and location of brain tumors, among other disorders. Hers is a world of basic research—and achievement. Five scientists have won Nobel Prizes in physics for work done at this lab. And Brookhaven scientists developed L-dopa for treating Parkinson's disease, and found that salt in baby food may later induce high blood pressure.

Brookhaven Profile

- Location–Upton, near center of Long Island
- Business–National laboratory, performing basic and applied research in the physical, biomedical and environmental sciences and energy technology
- Owner–U.S. Department of Energy
- Jobs–3,300
- Power contract length–Renewable annually through 1990
- Power allocation–30,000 kilowatts of FitzPatrick nuclear power
- Brookhaven's annual economic impact on area–$183 million
- Long Island jobs operating on Power Authority electricity–10,800



"Dunlop is a heavy energy user. Niagara hydropower saves our plant about $300,000 a year. As the last tire manufacturer in western New York and the Northeast, we stay here partly because of the competitive edge this electricity provides."

Randall Clark, chairman and chief executive officer, Dunlop Tire Corporation

Harrison Billups of Dunlop 'Wouldn't Work Anyplace Else'

Harrison Billups, 60, feeds at least 18 tons of rubber a day through a pair of steel rollers at the Dunlop Tire Corporation, Tonawanda.

These modern 92-inch-wide cylinders revolve toward each other like the wringers on a once-modern washing machine. They disperse ingredients–natural and synthetic rubbers, carbon black, oils, wax and sulfur–evenly through each gummy batch. Emerging as a two-foot-wide ribbon, the rubber heads for further milling and the factory's tire builders.

Producing 18 Tons Plus

Mr. Billups usually tops his 18 tons. He gets paid an incentive. He also wants his company, operating here 65 years, "to stay another 65." He has watched a lot of heavy industry "run away from the Buffalo area."

Armed with Power Authority electricity and 1,250 factory employees, including Mr. Billups, Dunlop is sticking it out, producing almost three million radial and bias tires a year to keep trucks, motorcycles and cars tooling along North America's highways.

Thirty-eight years at Dunlop, Mr. Billups says, "I wouldn't work anyplace else." He has his reasons. Dunlop wages have enabled him to support his wife, Mable, of 31 years, put all four children through college and pay off his two-family home.

Mr. Billups also has memories, hardscrabble memories, of growing up on his father's 117-acre farm nine miles north of Montgomery, Alabama. He recalls the 12 family members laboring nonstop to wrest cotton, corn and other crops from the black loam. And he recalls the grasshoppers.

"They swirled out of the sky like a sudden dust storm, once in 1937 and again in 1943," he says. "In nine days they ate every leaf. All we had left were the peanuts and potatoes underground. Famine. I couldn't see that as a way of life for me." Eventually, Mr. Billups headed north to Buffalo and Dunlop.

Now a 16-year member of the executive board of Local 135, United Rubber Workers of America, Mr. Billups knows how big a punch Dunlop dollars pack on the Niagara frontier. "This money supports our employees, their families, the retirees," he says. "And it keeps on going, buying machine parts for Dunlop and improving Buffalo."

Mr. Billups cites how that money works in the Erie County Community Action Organization and its branch in his neighborhood. He belongs to both. "If some members want to go downtown to City Hall to lobby for better community services but don't have cars," he says, "I'll add my own dollars to the collection to get them a cab."

Attending Community Action and union meetings cuts into Mr. Billups's time. Why does he do it?

"Some people just want to take care of themselves," he says, "but that isn't how Harrison sees it. Besides my household, I've got to take care of my neighborhood, my city. That's my duty as a citizen."

Staying Power for Dunlop

He also sees low-cost Niagara hydropower as helping Dunlop, "which spends a good buck on electricity," he says. "Dunlop deserves this electricity," Mr. Billups asserts, thumping his forefinger on the table. "They have stayed."

The juice runs almost 4,000 machines, including Mr. Billups's 250-horsepower mill. His mechanical skills help him blend more than eight million pounds of rubber a year at the plant *and* fix everything in his northern Buffalo house, vacuum cleaner to furnace.

In 1971, Mr. Billups paid off the 20-year mortgage on his home–in 17 years.

"A lot of Dunlop money has gone into that place, you better believe it," he grins. "The day I made the final payment, I took my wife and children out to dinner at the Red Lobster. I felt beautiful, like a brand-new man. At last the house was ours. Nobody could take it from us."

Harrison Billups, left, works with other leaders in Community Action Organizations to fight drug dealers, improve youth counseling, get streets plowed. Nearing retirement, Mr. Billups looks forward "to turning out the very best product right to the end." His company sprang from veterinarian John Dunlop's development of a pneumatic tire for his son's tricycle 100 years ago in Belfast, Northern Ireland. Still forging ahead, the firm plans to fabricate radials for tractor-trailers, the first such tires ever produced in North America.

Dunlop Tire Profile

- Location–Tonawanda, near Buffalo
- Business–Manufacturing tires for trucks, motorcycles and passenger cars
- Owner–Sumitomo Rubber Industries International, Inc.
- Jobs–1,250
- Power contracts' length–To the year 2007
- Power allocation–8,000 kilowatts of Niagara replacement and expansion power
- Dunlop's annual economic impact on area–$78 million
- Western New York jobs operating on Power Authority electricity–49,840