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DETAILS, 5B



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The Detroit News

Wednesday, June 23, 2010 Metro Final

Reeves seeks tax break for housing project

BY CHRISTINE MACDONALD
The Detroit News

Detroit — Martha Reeves has gone from Motown diva to politician and now may add housing developer to her resume.

She's partnering with a Highland Park businessman on a \$1.3 million project — called "Martha Reeves Estates" — and first pushed for a tax break for the plan while she was a City Council member in 2008. She put the request aside after her colleagues raised questions about the deal to build 13 homes and rehab 20 others.

"I was told it was something she was pushing when she was here before," said Councilwoman Saunteel Jenkins, who was elected this year and whose committee will hold a hearing next week on the tax break. "Some of her colleagues pushed back and (Reeves and the developer) dropped it."

But a month before Reeves left City Hall in 2009, Reeves and developer Rogers Carter again pursued the Neighborhood Enterprise Zone tax break from city officials for the project on McDougall Street at the Davison Freeway in Detroit.

In a letter to an official with the Planning & Development Department, Reeves asked to meet to discuss the tax break application after the Nov. 20, 2009, council meeting, noting her term ended in December.

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Ex-Southfield official gets 18 months in prison for bribes

Southfield — A federal judge has rejected pleas for leniency and sentenced a former Southfield councilman to 18 months in prison for taking bribes.

Prosecutors say William Lattimore accepted \$12,500 from political consultant Sam Riddle to help a pawn shop open in Southfield. He pleaded guilty last summer.

METRO, 3A

GM set to unveil public stock offering plan

Washington — General Motors Co. plans to file as early as next week a detailed statement outlining its proposed initial public stock offering, officials say. The sale could take place before the November election.

BUSINESS, 7B

JUMP-STARTING CLEAN CARS



Tony Avelar / Bloomberg

Tesla Motors Inc.'s Model S electric car is displayed at the company's headquarters in Palo Alto, Calif., in May. Toyota is teaming up with Tesla to develop another electric car. Toyota is also talking to Daimler about a fuel cell car.

HIGH COSTS FORCING AUTO PARTNERSHIPS

BY CHRISTINE TIERNEY
The Detroit News

Automakers are still digging out of the worst downturn in decades, and they're already coming up against another, perhaps greater, challenge: the start of the biggest transition in engine technology in nearly a century.

Making the kind of ultra-clean, high-tech cars that automakers will have to sell to meet strict emission rules coming into force in the United States and other regions will be very expensive. Most carmakers won't be able to cover the costs by themselves — and that will spur many to seek new partnerships, say industry executives and experts.

Even for the biggest companies, the costs of new technologies and materials are daunting.

TODAY'S FOCUS

Consider:

- A hydrogen-powered fuel cell SUV costs four times as much to build as a conventional SUV.
- A transmission for a hybrid SUV costs three times more than a transmission for a regular SUV.
- Batteries large enough to power cars without assistance from a gas engine cost from about \$12,000 to as much as \$50,000 for a performance car.
- A hydrogen station costs upwards of \$2 million to build.

An added burden for automakers is that they can't concentrate on a single technology because it might fall by the wayside. "We can't say what the prevailing technology will be," said Carlos Ghosn, chief executive of Renault SA and its partner Nissan Motor Co.

The Renault-Nissan Alliance is betting heavily on

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EBay challenged over PayPal rules

Firm seeks to reverse recent default ruling in Detroit fed court

BY GEORGE HUNTER
AND DOUG GUTHRIE
The Detroit News

Detroit — A federal court has entered a default judgment in a lawsuit against online auction giant eBay over the company's practice of forcing sellers to use PayPal.

The class-action lawsuit seeks unspecified damages and the right for sellers to accept other forms of payment from buyers.

EBay has required all sellers to use PayPal exclusively since 2008. It purchased the Internet payment service in 2002.

Sellers bitterly complained about having to pay a 3 percent transaction fee to PayPal in addition to eBay's fees for listings and percentage of the final sale price. The lawsuit contends that eBay is violating anti-trust laws.

"When you sell something on eBay, you pay them a percentage; then PayPal gets their cut," said Peter Macuga, the attorney for six eBay sellers, including Dearborn resident Charlotte Smith. "EBay won't even let sellers accept cash, checks or any other method."

"What eBay is doing is the very reason the Sherman Anti-Trust Act was passed."

The company was held in default last week in U.S. District Court in Detroit, after failing to respond to the lawsuit.

Attorneys for eBay on Friday filed a motion asking the court to set aside the default judgment, and requested a 14-day extension to respond to the lawsuit.

"EBay and PayPal did not willfully default," according to the company's motion. "Rather, the parties were engaged in dialogue and negotiations, and at no time

Please see eBay, Page 6A

General's job on line for jobs at Obama

McChrystal called to White House after criticizing handling of Afghan war

BY ANNE GEARAN
AND JENNIFER LOVEN
Associated Press

Washington — President Barack Obama rebuked his Afghanistan war commander for "poor judgment" Tuesday and considered whether to fire him in the most extraordinary airing of military-civilian tensions since Harry Truman stripped Gen. Douglas MacArthur of his command a half century ago.

The White House summoned Gen. Stanley McChrystal to Washington to explain disparaging comments about his commander in chief and Obama's top aides. The meeting set for today was a last-ditch moment for the general once considered the war's brightest hope.

Two military officials told the Associated Press that McChrystal would arrive prepared to hand in his resignation. They spoke on condition of anonymity because they were not authorized to speak publicly.

If not insubordination, the remarks in a forthcoming Rolling Stone magazine article were at least an indirect challenge to civilian management of the war in Washington by its top military commander.

"I think it's clear that the article in which he and his team appeared showed a poor — showed

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Praise, skepticism greet new electrics

New generation is roomier; battery concerns persist despite improvements

BY CHRISTINETIERNEY
The Detroit News

With the disastrous Gulf oil spill causing untold damage, the time seems right for electric cars to stage a comeback.

Two battery-powered, all-electric cars will make their U.S. debut before the end of the year: Nissan Motor Co.'s Leaf five-seater, starting at \$25,280 after a \$7,500 federal tax credit, and a Chinese-made BYD e6 sedan.

Emitting no pollutants and powered by electricity instead of oil-based fuels, the two cars are among the first of several electric vehicles rolling into showrooms.

Ford Motor Co. will launch an electric Focus car next year. Tesla Motors sells an electric roadster priced just over \$100,000, and BMW AG will follow up its Mini E electric car — which it leases for \$600 a month — with another electric model in 2011.

New electric cars offer longer driving ranges and roomier interiors than previous ones. These improvements reflect advances in battery technology that allow automakers to pack more energy into less space.

So are battery-powered electrics ready to join the mainstream?

Yes and no, say the experts.

Critics focus on the electric cars' limited range. Charging a battery takes much longer than filling a tank, and less energy can be stored in a battery. The range also is affected by extreme temperatures and driving conditions.

Batteries large enough to power a car are expensive to make, and then their ability to store energy decreases with age.

"There are inherent chemical limits to what a battery can do," said Jan Kreider, an engineering professor and the founder of the University of Colorado's Joint Center for Energy Management.

Robert Bryce, a senior fellow at the Manhattan Institute, a think tank, is another skeptic.

"All-electric cars are the next big thing, and they always will be," he quipped at a recent confer-

ence.

Proponents of electric cars counter that they satisfy most drivers' needs. Seventy percent of Americans drive fewer than 40 miles a day.

When BMW introduced its Mini E two-seaters last year, customers were fearful of being stranded with a dead battery, said Rich Steinberg, manager of BMW's North American electric vehicle operations. "But over time, they came to terms with the range and drove the Mini E more and more," charging it at night as they would a cell phone, he said.

The Mini E, like the Leaf, promises a 100-mile range. Car-makers can offer longer ranges, but the batteries — and cars — would be bigger and costlier.

"Batteries have a role for urban cars, but for long distances they

don't make sense," Kreider said.

The most promising emission-free cars that can be refueled in minutes and don't rely on oil-based fuels are fuel cell cars.

"The refueling, functionality and performance are just like what you have with a gasoline car," said Lawrence Burns, a professor of engineering at the University of Michigan and director of the Roundtable on Sustainable Mobility at Columbia University.

Honda Motor Co. now leases its Clarity fuel cell cars in Southern California, where customers have access to hydrogen stations.

Daimler AG and Toyota Motor Corp. are among the companies preparing to roll out fuel cell cars in the next few years.

Surveys show growing consumer interest in ultra-clean vehicles.

Automakers, meanwhile, have a greater incentive now to produce affordable and appealing electric and other zero-emission cars. They'll have trouble meeting future emission standards if they don't.

In addition to tighter regulations, auto and energy experts say several trends are converging to push consumers and car companies to seek alternatives to oil-based fuels: worries about conflicts arising from a reliance on oil from unstable regions, climate change, pollution and environmental damage.

The leak in the Gulf of Mexico has revived calls to increase spending on clean energies, said Patrick Serfass, a spokesman for the National Hydrogen Association. "That's the silver lining that we're starting to see," he said.

Partners

Continued from Page 1A

battery-powered electric cars, but many experts question whether batteries can ever provide the range and reliability that drivers expect.

Plug-in hybrids, with motors to charge the batteries, allay drivers' "range anxiety," but they're heavy and expensive to build.

A few automakers are moving forward with fuel cell cars and plan to market them by 2015.

"Every car manufacturer has to develop very different technologies," Ghosn said during a stop in Detroit last month. "No one with volumes under 8 or 9 million vehicles (a year) can afford to develop them (all)," and that will drive a new round of consolidation.

It may be starting. In a number of recent tie-ups, automakers are seeking partners to share expertise and pool the costs of developing new technologies.

Renault-Nissan and Germany's Daimler AG announced a partnership in April to share some conventional engines and platforms, and to jointly develop batteries and technologies for all-electric vehicles.

Daimler also announced plans to produce an electric car for the Chinese market with BYD Auto Inc., a Chinese car-maker with advanced-battery expertise.

Toyota Motor Corp. teamed up with Silicon Valley startup Tesla Motors Inc. to develop an electric car. Toyota also is talking to Daimler about working together on fuel cell cars, though neither company will comment publicly.

GM seeks partners

General Motors Co. signaled this month that it was looking for partners when it formed a venture capital unit and at the same time put a powertrain expert, Dan Hancock, in charge of strategic product alliances.

Hancock says automakers will be looking to share not only costs but also intellectual property, notably patented technologies, where appropriate. "Otherwise, you have to go and develop something different."

Hancock also expects automakers to forge links with players outside the auto industry, such as firms specializing in energy production and distribution.

Nissan and Renault have been busy establishing partnerships with national and local governments and utilities to ensure that electric car drivers will be able to recharge or swap their batteries.

The two carmakers have 60 partnerships with governments and other entities, including 25 in North America.

In addition to working on the fueling infrastructure, governments are helping to cover the cost of developing ultra-clean cars with grants and loans, such as the U.S. Energy Department's loan program for advanced technology vehicles. The federal government also is offering tax credits up to \$7,500 for clean-car purchases, and some states are offering credits, as well.

Previous electric cars, such as GM's innovative EV1 introduced in the mid-1990s, were too ex-

Technology drives today's deals

Automakers are forging deals to share the enormous cost of developing advanced clean engine technologies. It's not clear which ones will prevail, so car companies are hedging their bets by pursuing multiple options — with partners.

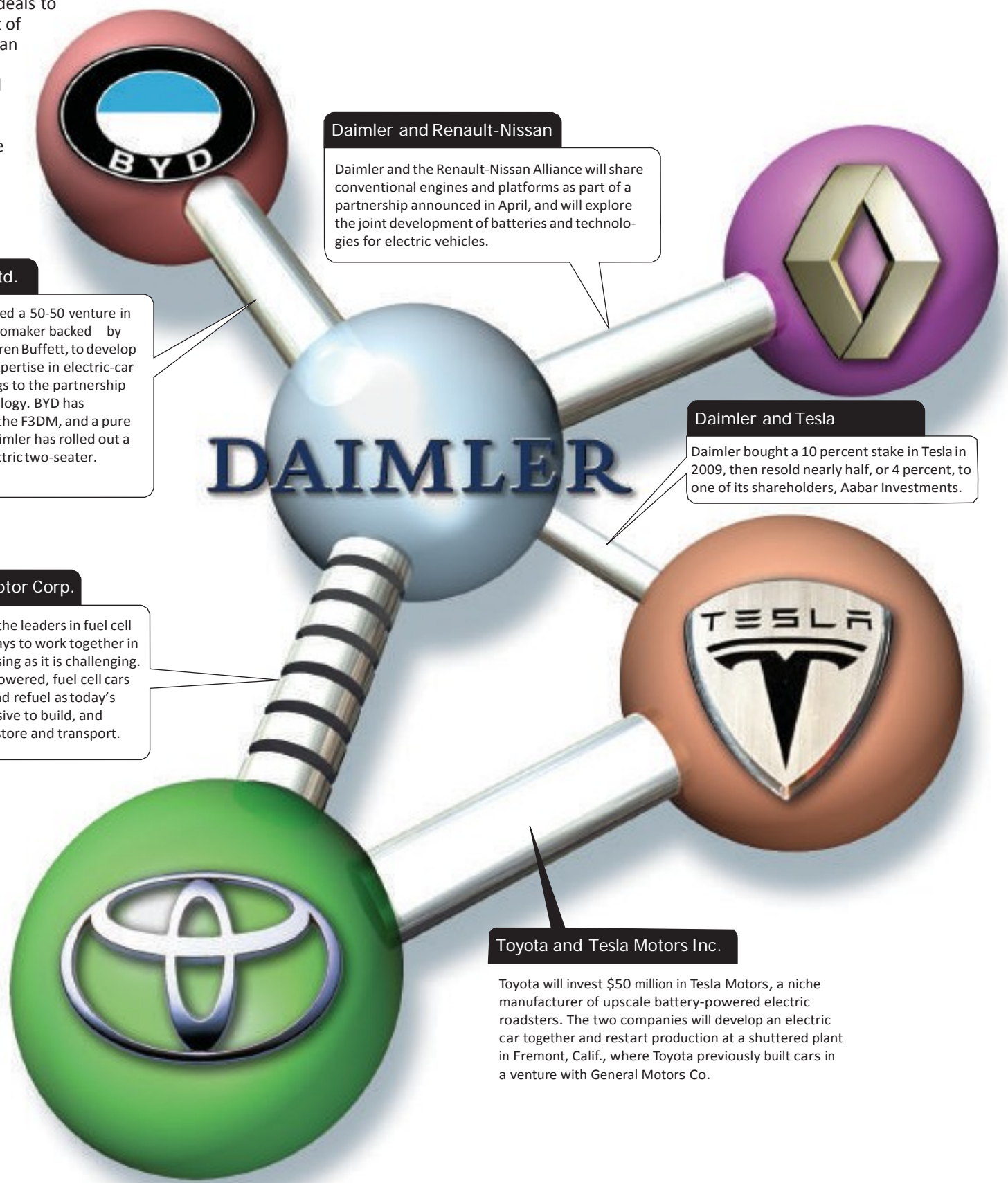
Daimler AG and BYD Ltd.

Germany's Daimler AG formed a 50-50 venture in May with BYD, a Chinese automaker backed by U.S. billionaire investor Warren Buffett, to develop electric cars. Daimler has expertise in electric-car architecture while BYD brings to the partnership its advanced battery technology. BYD has developed a plug-in hybrid, the F3DM, and a pure electric car, the e6, while Daimler has rolled out a battery-powered Smart electric two-seater.

Daimler and Toyota Motor Corp.

Daimler and Toyota, two of the leaders in fuel cell technology, are studying ways to work together in this field, which is as promising as it is challenging. Zero-emission, hydrogen-powered, fuel cell cars could be as easy to drive and refuel as today's vehicles. But they're expensive to build, and hydrogen is a tricky fuel to store and transport.

Source: Detroit News research
Tim Summers / The Detroit News



Daimler and Renault-Nissan

Daimler and the Renault-Nissan Alliance will share conventional engines and platforms as part of a partnership announced in April, and will explore the joint development of batteries and technologies for electric vehicles.

Daimler and Tesla

Daimler bought a 10 percent stake in Tesla in 2009, then resold nearly half, or 4 percent, to one of its shareholders, Aabar Investments.

Toyota and Tesla Motors Inc.

Toyota will invest \$50 million in Tesla Motors, a niche manufacturer of upscale battery-powered electric roadsters. The two companies will develop an electric car together and restart production at a shuttered plant in Fremont, Calif., where Toyota previously built cars in a venture with General Motors Co.

High-tech rides

Automakers across the globe are rolling out clean cars that are more resilient, refined and affordable than previous prototypes. Customers will be able to choose among several competing technologies.

BYD e6 Chevrolet Volt Toyota's FCHV Highlander Tesla Roadster

BYD says its new all-electric e6 crossover can run 186 miles on a single charge. This year, it's supplying around 100 e6 sedans to taxi fleets in China and plans to launch the model in California before the end of the year. Special feature: Its advanced lithium ion phosphate battery can be recharged quickly and recycled.

pensive to build and limited in their capabilities to succeed. But automakers are persevering now to produce zero- or very low emissions cars to fulfill environmental requirements.

They have to meet a 35 percent rise in U.S. mileage standards by 2016. In Europe, that

General Motors Co. plans to launch an extended-range electric car, the Chevrolet Volt, later this year. It will have a 300-mile range, including 40 miles just on the battery. The Volt is expected to cost slightly more than \$30,000 after federal and state tax credits. Special feature: The first 4,400 customers will get free charging stations.

mileage target goes into effect in 2012.

Automakers won't be able to exceed those standards without radically downsizing their vehicles or adding significant numbers of alternative-technology cars and trucks to their fleets, say auto executives.

Toyota's hydrogen-powered Highlander fuel cell hybrid vehicle runs 450 miles on a full tank. Toyota is placing the vehicles in a three-year U.S. demonstration program ahead of the commercial launch of a fuel cell vehicle by 2015. Special feature: In a 2,300-mile ride across Alaska and Canada, the fuel-cell Highlander demonstrated its durability and reliability.

According to one automaker's internal study, the cost of complying with European standards alone by just improving conventional technology would run between \$1,500 and \$2,000 per vehicle in the next decade. For each 1 million vehicles a company sells, that represents an addi-

On sale since 2008, the high-performance, battery-powered electric Tesla Roadster can go for 244 miles on a single charge and accelerate from zero to 60 in 3.7 seconds. The Roadster starts at \$109,000, or \$101,500 after a \$7,500 U.S. federal tax credit. Special feature: It's the only all-electric car now on sale in the United States.

tional cost of between \$150 million and \$200 million a year.

'Anew trend'

The pressure has forecasters expecting a slow but steady rise in alternative-vehicle sales. J.D. Power and Associates predicts U.S. sales and leases of hybrids and plug-in hybrids will rise from 318,000 this year to 1.56 million in 2016. During that period, it expects electric vehicle sales to grow from 2,500 to 95,000.

"I don't think it's a blip," said J.D. Power analyst Mike Omoto. "It's a new trend."

The last time the U.S. auto industry embarked on radical technological changes in a short time was in the 1970s and 1980s — and it was under pressure then, too, from new regulations.

Tough safety and anti-pollution rules pushed U.S. automakers to re-engineer vehicles, build more front-wheel-drive cars and develop electronic engine controls and expensive catalytic converters.

That era serves as a cautionary tale: The big changes in auto technology led to a drop in vehicle quality that dogged Detroit's

automakers for years.

This next transition will be even more challenging because of the proliferation of new technologies, auto executives say.

At this stage, car companies are still figuring out which technologies and components they can share without compromising their competitiveness, and which should remain proprietary.

Engineers say the electronics directing how the systems operate and most of the fuel cell stack in fuel cell cars would be closely held proprietary information.

Some companies are keeping their electric motor and battery technology close to the vest, but others are willing to share to reduce costs.

"I don't think the customer will give a hoot what the brand is on the battery," said Lawrence Burns, an engineering professor at the University of Michigan.

For most customers, what will matter more than the technology is the vehicle's driving range, real-world performance and sticker price — the same things that matter today. That's not likely to change.

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