

# U.S. Auto Scene

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## Edsel Ford House Shows Off New Car Exhibition

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The segment is taken from the Ford House iPod app tour, which was launched last summer and offers an in-depth look at the Ford House grounds and family life at the estate. The app is available for free on iTunes and is pre-loaded on iPods for visitors to use at Ford House.

Meanwhile, another vehicle rolling into the garage exhibit is a rarely seen 1935 Lincoln K Lebaron Coupe.

The Lincoln Model K was known for being one of the most elegant Lincoln cars of its time.

With soft lines and more rounded curves, the Lincoln

is considered an imposing, yet sophisticated vehicle. Stahl's Automotive Foundation in St. Clair Shores generously loaned the vehicle to the estate while the Fords' 1938 Lincoln Brunn Bougham Model K-411 is off display for light restoration work.

Edsel & Eleanor Ford House is located at 1100 Lake Shore Road in Grosse Pointe Shores. Since 1978, Ford House has welcomed hundreds of thousands of visitors to share in Eleanor Ford's vision of preserving the estate for future generations to enjoy through interpretive tours, family activities, lectures, exhibits and gardens and grounds events.

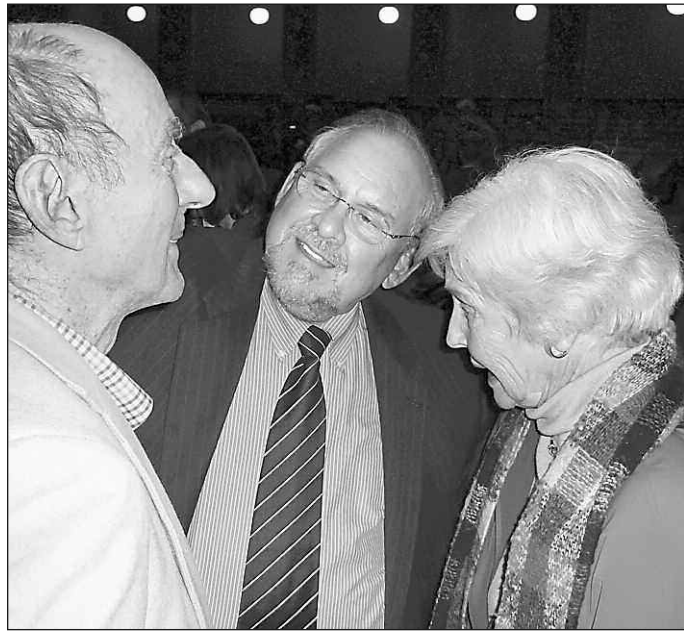


PHOTO: GERALD SCOTT

U-M grad Larry Brilliant, center, greeted old friends at Rackham Auditorium in Ann Arbor last week following Brilliant's speech.

## Former Google Executive Raves About Chevy Volt

by Gerald Scott  
Editor  
U.S. Auto Scene

Larry Brilliant might just be the most accomplished "former Detroit" you've never heard of.

Brilliant is a former Google philanthropic executive who today is president and CEO of the Skoll Global Threats Fund.

He is otherwise famous because he was a doctor on the World Health Organization team that helped eradicate smallpox, among other notable medical and social accomplishments.

He is not a household name but his career accomplishments are impressive all the same. He is still helping to eradicate polio in India and Africa and his earlier efforts have prevented blindness in 3 million people in the Third World.

Brilliant, 66, is a Detroit native who is also a graduate of both the University of Michigan and Wayne State University. He attended U-M during the so-called "radical years" from 1961-65.

He returned to the U-M campus in Ann Arbor last week to give a lecture at Rackham Auditorium, where he tackled a wide range of subjects under the banner of "Sustaining Humanity."

He is also an expert on energy consumption and he all but raved about the Chevrolet Volt and its impact on the development of a practical electric car.

"I've videotaped and kept on my Tivo system, 'Who Killed the Electric Car?', (the documentary) which the trivia answer to the question is

General Motors," Brilliant said.

"Now to see them come out with the Chevy Volt — which is probably one of the most breathtaking pieces of technology you can ever see.

"It's the right way to make an electric car because the small gas engine is used not to propel the car — but only to charge the batteries."

Brilliant's remarks came as part of U-M's 10th annual Peter M. Wege Lecture, which previously has brought in such diverse guest speakers as Al Gore, the Dalai Lama and William Clay Ford, Jr. Earlier, Brilliant served as vice president at Google and was executive director of Google.org, the online entity's philanthropic arm.

Brilliant knows the likes of Apple's Steve Jobs and Microsoft's Bill Gates on a first-name basis.

He likes what he sees on the global horizon as far as the electrification of the motor vehicle is concerned.

"I'm thrilled to see the advances in Tesla, another great electric car company. I'm thrilled to see the scramble for hybrid cars — that's low-hanging fruit," Brilliant said.

"Now let's look at the situation we have in power plants.

"It's true that if you have 1 million plug-in cars, plug-in hybrids, and you plug them into 1 million houses at night... with a tiny little bit of a smart reader, you're buying low and selling that back to the grid by keeping it plugged in during peak demand — 1 million electric cars — you can provide as much electricity as most middle-sized American cities need."

## Auto Expert McElroy Charms ASM Dinner Audience

by Gerald Scott  
Editor  
U.S. Auto Scene

John McElroy likes what he sees in the Detroit auto industry just as the ASM - Detroit Chapter, an association of materials engineers, liked what they saw in McElroy.

That's because McElroy, host of Autoline Detroit, helped ASM and co-sponsor American Foundry Society (AFS) to draw over 100 people to their spring banquet March 14 at Vladimir's banquet hall in Farmington Hills.

There, McElroy briefed the material engineers on the major trends he's identified in the auto industry, particularly what's going on inside of GM, Ford and Chrysler.

Overall, McElroy is optimistic about where the Big Three are headed coming out of the recent corporate bankruptcies of GM and Chrysler.

"There's no question that the U.S. auto market is recovering — slowly, but surely, recovering," McElroy said.

"Last month, February, we saw a really good sales month for the entire industry — sales were up 27 percent and man, if we can keep that sort of thing going, this place (Detroit) is going to be rocking and rolling before too long."

All of which was music to the ears of the ASM audience — a chapter sometimes called the Materials Information Society.

Jason Coryell, a materials engineer at the GM Tech Center, chairs the ASM Detroit chapter. He coordinates monthly speakers and was able to get the popular McElroy to his podium.

"As you remember, in 2007, we were running along at a 16-million-a-year unit sales plus in this country," McElroy continued.

"By 2009, that dropped to 10.4 million units (sold in the U.S.), just dropped off the face of the earth, it seemed like. Last year, we saw that grow by about 1 million units to 11.5.

"What's so encouraging about last month's sales is that if you take it out on an annualized basis, it suggests that sales this year will come in at about 13.4 million.

"That's almost 2 million more than last year."

Although, McElroy said the cautious view is that the U.S.

industry will come in more likely around 1 million units over last year — which is still quite a bit.

He attributed this relative growth to a growing economy: a decline in unemployment, a modest uptick in new jobs, wrapped around the notion that the Big Three in particular have never made a better fleet of cars and trucks than what they all have in their showrooms today.

The proverbial fly in the ointment of this dollop of mostly good news is irregular gas prices in the U.S. Since the unrest in the Middle East, domestic retail prices now average between \$3 and \$4 per gallon.

He cautioned the automotive audience not to get too upset with recent volatile gas prices, pointing out that everybody forgets that for all of the famous gas price-hikes in history, including 1973, 1979, 2001 and more, those spikes in response to global events have always been followed by depressions in oil barrel prices.

In other words, from McElroy's view, gas price spikes are almost always followed by noticeable drop offs within six months of provocative events that precipitate the hikes.

For all the talk about small car sales supposedly taking off anytime gas prices drift toward \$4 retail in the U.S., well, McElroy is not so sure.

"If you look at sales from last month, you wouldn't see much of an impact," McElroy said.

"So even with all of this talk of going to \$4 / gallon and everybody supposedly panicking, the biggest market-share gainers were crossover vehicles, sport-utility vehicles, and pickup trucks.

"In fact, it's small cars that lost market share — even though their sales were up, they didn't grow as much as the rest of the market, so they lost share.

"We'll see what happens this month. I wouldn't be surprised to see that there is an impact with rising oil prices... (but) whenever there is international upheaval, prices go up," said McElroy. "And after a while, things settle down and the price doesn't (just) ease down — it absolutely plummets... I'm here to tell you, before this decade out, the price of oil is going to be a

whole lot lower than it is right now.

"I don't want to paint too rosy a picture... this recovery is very tenuous... who knows with what's going on in the Middle East, the way things are going to be going.

"Who knows with the earthquake that just hit Japan... but if we keep going like

we're going, things look like they could be pretty good."

McElroy is also a proponent of autonomous vehicles, saying that great progress is being made in developing a real-world, vehicle to vehicle (V2V) and vehicle to infrastructure (V2I) network. He lauded the Big Three's efforts to support this initiative.



PHOTO: GERALD SCOTT

Auto expert John McElroy, left, receives a token gift from ASM section chair and GM materials engineer Jason Coryell for speaking at the ASM banquet in Farmington Hills last week.

## Azure Opens U.K. Office For Euro Transit Connect

OAK PARK - Azure Dynamics Corp. announced last week that it has opened its new European headquarters office in North London to support its sales and marketing efforts for the new, all-electric Ford Transit Connect, which is scheduled for European production in June, 2011.

"Since its introduction in 2002, the Ford Transit Connect has had phenomenal success in cities across Europe and we're eager to launch its all-electric counterpart, the Transit Connect Electric," said Scott Harrison, CEO of Azure Dynamics.

"Since receiving the first 14 Transit Connect Electric vehicles in Europe this past December, we are very encouraged by the initial reaction and interest from both European public and private commercial fleet operators.

"Many of our potential cus-

tomers have experience with the conventional gas vehicle and are now eager to enjoy the operational and environmental benefits of our pure-electric ForceDrive powertrain."

Azure's new European facility will be responsible for all European operations including engineering and program coordination, manufacturing activities, sales and marketing and service support.

The North London facility, located in Arlington Business Park in Stevenage, has a 4,800-square-foot office space footprint and a corresponding workshop area that can accommodate Azure vehicles along with key diagnostic equipment for vehicles and electric powertrain components.

The East of England Development Agency helped Azure locate the site.

## Many Factors Go Into the Retail Price of Gasoline

By JONATHAN FAHEY,  
AP Energy Writer

When Jay Ricker, owner of the BP gas station off Interstate 70 in Plainfield, Ind., set the price of unleaded gasoline at \$3.44 per gallon on Monday of last week, it was 4 cents higher than the week before.

That alone might have been irritating to drivers paying the highest gas prices in more than two years. It was even more so because it happened on a day when the price of crude oil, which is used to make gasoline, fell almost \$1 a barrel.

"It's up 20 cents one day, down 10 cents the next day," says Oscar Elmore, a courier who was filling up his Ford Taurus at a RaceTrac service station in Dallas recently. "It sounds kinda fishy to me."

Gas prices rise when oil prices rise, and fall when oil prices fall — except when they don't. What you pay at your gas station depends on an array of factors, from what happens on an exchange in New York to what the competition is charging.

This can rankle drivers, especially these days. Gas reached a national average of \$3.51 a gallon on Monday. That's up 14 cents, or 4 percent, over the past week. The week before, the average rose 20 cents, the steepest increase since September 2008.

A year ago, the price was \$2.75. The average is the highest it's ever been this time of year, and analysts expect it to climb higher in the coming weeks.

Unlike an iPhone or a pair of jeans or a Big Mac, oil and gas are commodities, and their prices can change every second at the New York Mercantile Exchange and other trading hubs. Those far-off changes affect the cost of the next day's commute.

Sellers of commodities, like gas station owners and re-

fineries, price their product based not on what it costs to produce it, but on what it costs to replace it. Stations like the Plainfield BP, which gets shipments of gas several times a week, must constantly adjust their prices to keep up with the changing costs of their shipments.

Oil is the biggest factor in gas prices. It accounts for 50 to 70 percent of the cost. Recent upheaval in the Middle East and strong demand for oil around the world have pushed oil prices over \$100 a barrel for only the second time in history. But the price of a gallon of gas at the pump rises — and, yes, falls — for a number of other reasons.

Oil prices can be moved by geopolitics, the value of the dollar, extreme weather or Chinese demand. Gas prices can be moved by oil prices, refinery problems or even weather that might keep drivers at home.

In the next few weeks, gas prices are expected to rise as refiners switch to a more expensive blend of gasoline designed to help protect against evaporation during the warmer summer months.

"We have to pay whatever the market says we do. It's an instantaneous world," says Joe Petrowski, CEO of Gulf Oil, a big gasoline wholesaler.

Whether the gas at the Plainfield BP was made from a barrel of oil pumped a month ago 1,000 miles away in Williston, N.D., or three months ago and 7,000 miles away in Kuwait, its price is set by buyers and sellers in New York hours before Ricker buys it.

There's no way to know exactly where the oil used to make the gasoline sold at the Plainfield BP came from, or even where the gas was refined. Oils from many sources are mixed together on their way to a refinery, and gasolines from many refineries are mixed together on their way

to a fuel terminal, where gas is stored before trucks take it to gas stations.

But here's a plausible route: Oil is pumped by a company with wells in Texas or Louisiana and piped to a major oil hub in Cushing, Okla. From there, it is sold to an energy trader who may store it or trade it a few times.

Then BP buys it to feed its Whiting, Ind., refinery. After a two-week pipeline trip to Whiting, the oil is cooked into gasoline and piped to BP's fuel terminal in Indianapolis.

There, BP blends it with ethanol and a few special BP-branded additives and sets a final wholesale price, known as the rack price. It's this rack price that leads to the final pump price for most station owners.

A wholesaler like BP or Gulf each has its own formula for setting the rack price. In an attempt to smooth out the spikes and dips of the market, a wholesaler usually buys some of his fuel through long-term contracts. The rest is bought on the so-called spot market, priced at a given moment by a benchmark like the New York Harbor gasoline price.

Every day at 5 p.m., BP tells Ricker what the rack price will be starting at 6 p.m. That price is good for 24 hours.

Ricker hires a trucker to go to the terminal a short drive away in Indianapolis, fill 'er up with 10,000 gallons and bring it to his station. Then Ricker decides what price to charge customers based on his ultimate concerns: the Speedway and Circle K stations that share an intersection with him.

There are only two or three pennies per gallon in profit selling gas for most station owners. What Ricker really wants is to attract customers to sell the truly precious liquids: Not the gasoline and diesel outside, but the water

and soft drinks inside.

Three times a day, his station manager, Debbie Sennett, records his competitors' prices. When the competition lowered prices on Tuesday, so did Ricker, to \$3.24 per gallon. "Gasoline is the only product in this country that if you're a penny different people will go out of their way to go somewhere else," Ricker says.

Wholesale gasoline prices have risen 38 cents per gallon, or 15 percent, since the first uprising in Libya on Feb. 15. When wholesale gas prices rise fast, filling station owners get squeezed or even lose money because competition prevents them from raising retail prices as fast as costs are rising.

So if it seems that station owners take their time lowering prices when oil and wholesale gas get cheaper, it's because that's exactly what they do.

"If gasoline prices drop a dime, a station will only pass along one or two pennies a day," says Patrick DeHaan, an analyst at GasBuddy.com, a website that collects and publishes retail gas prices. "They are slower to pass along the discount because they need to make up for money they lost when prices went up."

Through the first eight weeks of 2011, average gross profit for gas stations was 4.9 percent, according to the Oil Price Information Service. In 2010, it was 6 percent.

That doesn't draw much sympathy from those who have to pay more at the pump, though. "To me it seems like a money game," says Steve Armonett of Indianapolis, who pulled into Ricker's BP to fill up his Buick LeSabre recently. "They're just worried about how much money they can make."

Experts say historically, most gas spikes have been followed by an inevitable bottoming out of oil prices.