

IN-Based Hybrid Startup Ceasing Operations

The Associated Press

ANDERSON, Ind. (AP) — A startup company that planned to manufacture hybrid delivery vehicles is ceasing operations, blaming "onerous" federal requirements executives say thwarted their efforts to secure a \$450 million loan.

The Herald Bulletin reported (<http://bit.ly/wlZkF0>) Anderson-based Bright Automotive announced Tuesday it was closing.

The company had been seeking a \$450 million low-interest loan from the U.S. Department of Energy to finance production of the IDEA, its plug-in hybrid service van.

Bright CEO Reuban Munger and Chief Operating Officer Mike Donoughe sent a letter to Energy Secretary Steven Chu expressing frustrations they experienced as they sought funding under Advanced Technology Vehicles Manufacturing Loan Program.

Munger and Donoughe's letter said the startup last week received its fourth "'near final' Conditional Commitment Letter" from the DOE since September 2010. The men said each letter contained "more onerous terms" than the preceding one.

"The first three were workable for us, but the last was so outlandish that the most rational and objective persons would likely conclude that your team was negotiating in bad faith," the executives wrote. "We continued to play by the rules, even as you and your team were changing those rules constantly — seemingly on a whim."

Bright, launched in January 2008, acceded to Energy Department requests to opening a research center in Rochester Hills, Mich., in November 2010 and, a year later, a production facility at an AM General plant in Mishawaka. Bright's vice president of corporate strategy, Michael Brylawski, said the company's original plan was to locate all of its facilities in Anderson.

"We were told by the DOE in August 2010 that Bright would get the ATVM loan 'within weeks, not months' after we formed a strategic partnership with General Motors (Corp.) as the DOE had urged us to do," the two executives wrote in the letter to Chu. "We lined up and agreed to private capital commitments exceeding \$200 million — a far greater percentage than previous DOE loan applicants. Finally, we signed definitive agreements with state-of-the-art manufacturer AM General that would have employed more than 400 union workers in a facility that recently laid-off 350 workers."

Brylawski said the company spent \$15 million negotiating with the agency for the loan. Executives stopped taking salaries last fall and were contributing their own money to keep the company afloat, he said.

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"We couldn't meet payroll and ran out of cash," Brylawski said. "We couldn't feed the beast anymore."

DOE spokesman Damien LaVera said the agency had worked with Bright "to try to negotiate a deal that supported their business while protecting the taxpayers."

"In the end, we were not able to come to an agreement on terms that would protect the taxpayers," LaVera said.

In June 2009, Bright Automotive executives unveiled the company's 100-mpg plug-in hybrid electric van that it hopes to sell to fleet customers such as businesses and government agencies.

That debut came during a heady time for startups like Bright after Congress passed legislation designed promote clean automotive technologies to reduce the nation's dependence on foreign oil.

President Barack Obama later pledged to put 1 million hybrid or fully electric cars on the road by 2015.

But then came the collapse and bankruptcy of solar panel maker Solyndra LLC, which borrowed \$527 million from the government. After Solyndra folded, scrutiny of the loan program intensified.

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