

## Tesla Shares Fall On Range Worries

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The Associated Press

DETROIT (AP) — Shares of Tesla Motors took a ride Monday after a weekend article in the New York Times claimed that its electric sedan, the Model S, ran out of power during an East Coast road trip and had to be towed to a recharging station. Shares recovered somewhat after Tesla's CEO and others questioned the story.

**THE SPARK:** In a story published last weekend titled "Stalled Out on Tesla's Electric Highway," a Times reporter said a Model S loaned to him by the company failed to meet its promised range a number of times during a trip between Washington and Connecticut.

The reporter said he barely made it between Tesla's two new super-fast charging stations in Newark, Del., and Milford, Conn., which are 200 miles apart, even though the U.S. Environmental Protection Agency estimates the Model S's range to be 265 miles. Later the car began losing power more quickly than he expected after it was parked overnight — but not plugged in — in a cold garage. Eventually, the car ran out of juice and had to be towed to a charging station.

In a tweet Monday afternoon, Tesla CEO Elon Musk said the article is "fake," and that electronic vehicle logs showed the driver took a long detour and didn't charge the car's battery to the maximum amount. Musk said the company is lining up other journalists to do the same drive.

Musk added that the company only collects trip data from customers who opt in, but always keeps track of media drives.

The Times stood by its reporter in a statement, saying he followed instructions given to him by multiple Tesla employees during the drive and didn't take any unreported detours. The Times also said the reporter was never told to plug the car in overnight in cold weather.

"Any suggestion that the account was 'fake' is, of course, flatly untrue," the newspaper said.

**THE BIG PICTURE:** Tesla reports fourth-quarter and full-year earnings soon. The company has enjoyed critical acclaim for the Model S, which went on sale last summer. But as Palo Alto, Calif.-based Tesla ramps up production and prepares for the 2014 debut of its second vehicle, the Model X SUV, it still faces a huge obstacle: The lack of an electric vehicle infrastructure on U.S. roads.

Tesla has built nine supercharging stations, which can get the Model S's battery half-charged in about 30 minutes. It plans to expand that to more than 100 stations by 2015. The Department of Energy says there are a total of 5,295 electric car charging stations across the country. But that's still a fraction of the 110,000 gas

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stations. Tesla buyers need to know that anxiety about where and when to plug is going to be an issue for years to come.

Wall Street is still bullish on the company, though. Even before Musk appeared live on CNBC to challenge the reporting of the article, Jefferies analyst Peter Nesvold suspected the Times reporter didn't charge the car properly. Nesvold said Model S customers he has spoken to have been very satisfied with their cars, and he believes Tesla will meet its plan to deliver 3,000 cars in 2012 and 20,000 in 2013. Nesvold raised his target price from \$36 to \$45 on Monday.

SHARE ACTION: Tesla shares fell 4 percent to \$37.50 in morning trading Monday before recovering somewhat to close at \$38.42, down 2.1 percent. Shares have been trading in a 52-week range of \$25.52 to \$40.

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