

BUSINESS DAY

In Aid Filing, G.M. Reduces Fuel Economy Estimate

By JOHN M. BRODER and MICHELINE MAYNARD FEB. 26, 2009

WASHINGTON — The request from General Motors last week for billions of dollars in additional federal aid included a curious revision from an earlier application.

G.M. changed the way it calculated projections for the average fuel economy of its fleet in 2012 in a way that made the mileage numbers worse than if the company had been consistent in its methodology.

In its filing to the Treasury Department last week, when it asked for \$12 billion more in assistance, G.M. said its cars would average 33.7 miles per gallon in 2012. That is a decline of 3.6 miles from its first filing, in early December.

Its estimate for the fuel economy of its light trucks also went down. G.M. said it would average 23.8 m.p.g. in the Feb. 17 filing for its trucks, S.U.V.'s and minivans, compared with an estimate of 27.5 in December.

Given that G.M. is trying to impress the Obama administration with its turnaround plan, it would seem an odd move, since the president has often repeated his goal of improving the fuel economy of cars on American roads.

G.M. said the reasons were twofold. It changed the way it calculated the numbers, and it also wanted to account for a possible tilt toward sales of bigger

vehicles if gas prices remained at current levels in coming years.

But critics contend the change may be a signal from G.M. that it may not be able to meet new federal fuel efficiency standards, or those that would be imposed by California if the Environmental Protection Agency grants the state's petition to impose its own mileage rules.

Congress passed a law in December 2007 requiring automakers to achieve an average of 35 m.p.g. across all their vehicles by 2020. While in the Senate, Mr. Obama sponsored legislation requiring the automakers to achieve the equivalent of 40 m.p.g.

Environmentalists said they were not happy with any sign that G.M. might be backtracking.

"In December they issued a response to the Congress with their first salvation plan and G.M. was very specific, saying they were on track for 37.3 m.p.g. for cars and 27.5 for light trucks by 2012," said Daniel Becker of the Safe Climate Campaign run by the Center for Auto Safety, and a longtime critic of the auto industry. "Last week they were 3-plus m.p.g. less than that for the same period. Which is true?"

Greg Martin, a spokesman for G.M., said the company had based estimates in its first plan on expectations for its cars and trucks during the 2012 calendar year. But in last week's plan, it used expectations for the 2013 model year, which begins in October 2012 and continues through September 2013.

If G.M. had used the model year numbers in its original plan, the overall difference would have also pointed to a drop in fuel economy, but only a decline of 0.5 m.p.g.

Mr. Martin said G.M. was striving to achieve better fuel economy across all its vehicles. He also said that interest in small cars fell last fall after gasoline prices declined, another reason that its forecast for fuel economy was not as optimistic.

"It's amazing, with fuel economy, what \$4 a gallon can mean," Mr. Martin

said.

He said the decline did not have anything to do with G.M.'s decision to discontinue its Saturn brand by 2011, or to sell Saab, the Swedish carmaker, whose lineups are dominated by cars.

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