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Ford, Nissan Among First to Tap Loans for Retooling

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The Obama administration is expected to disclose that Ford Motor Co., Tesla Motors Inc. and Nissan Motor Co. will be among the first beneficiaries of a \$25 billion loan program created by Congress to help auto makers retool their factories to produce advanced-technology vehicles.

Energy Secretary Steven Chu plans an announcement Tuesday morning in Michigan, according to government officials familiar with the matter. A spokeswoman for Mr. Chu declined to comment late Monday, as did spokesmen for Ford, Tesla and Nissan.

The Energy Department has been under intense pressure from Congress to speed up the awarding of loans under the program, which was created in 2007 legislation but not funded until last fall, amid a steep sales downturn for the U.S. auto industry. The loans are designed to help auto makers revamp plants to produce new models that are at least 25% more fuel-efficient than vehicles made in 2005.

More than 100 auto and auto-parts makers, from General Motors Corp. and Delphi Corp. to tiny XP Vehicles Inc., a San Francisco start-up designing battery/fuel-cell hybrid vehicles, have applied for the funding, intended in part to boost electric-powered cars and battery-technology improvements.

Ford hasn't detailed publicly how it intends to use the requested \$5 billion from the Energy Department. But company officials have said that the auto maker is interested in using the loans to help it retool some of its truck and SUV plants for small-car production in North America.

In a plan submitted to Congress in December as part of the auto-industry bailout hearings, Ford said the monies would be used to help roll out new engines that combine turbo-charging and direct injection to attain 20% fuel savings over similarly performing but larger engines. The company also cited plans for the wider introduction of six-speed transmissions, flex-fuel vehicles and a variety of electric vehicles.

"Our plan calls for an investment of roughly \$14 billion in the U.S. on advance technologies to improve fuel efficiency by over 25%," Ford wrote to Congress.

Nissan disclosed in February that it had submitted an application to the Energy Department for a portion of the \$25 billion loan program, but didn't specify the amount of money it was seeking. The loan award is expected to help the company upgrade its Smyrna, Tenn., assembly plant, and build a new facility for battery production.

Tesla said it is "very confident" about its aid requests but referred questions to the Energy Department. The company has applied for about \$450 million in loans to finance production of an electric-powered family sedan and for production of electric-vehicle components.

A spokesman for XP Vehicles said its application for financing is "moving along" and it hopes to hear on its application "within weeks if not tomorrow."

Delphi, a major auto-parts supplier, applied for "hundreds of millions of dollars" in DOE loans but hasn't received a final decision, said John Anderson, director of the company's corporate-affairs office in Washington, D.C. Mr. Anderson said Delphi has been told that its loan application -- to fund a variety of fuel-efficiency technologies -- has been deemed technically sufficient by the Energy Department.