

Tesla chief expects US to clear Model S in fires

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In this Saturday, March 9, 2013, file photo, SpaceX CEO Elon Musk gives the opening keynote at the SXSW Interactive Festival in Austin, Texas. Musk is confident that his Model S electric car is safe and will be cleared by a federal investigation into two recent fires. (AP Photo/Jack Plunkett, File)

The leader of upstart automaker Tesla Motors is confident that its Model S electric car is safe and will be cleared by a U.S. investigation into two battery fires.

Chief executive Elon Musk said the fires, which occurred when metal road debris pierced the underbody of the cars at highway speeds, are extreme cases. He doesn't expect a recall and said his engineers are not working on any fixes for the battery-powered cars.

"In both cases it was a large piece of metal essentially braced against the tarmac," Musk said in a telephone interview Friday with The Associated Press.

No one was hurt in the fires, which happened along freeways near Seattle and Nashville, Tennessee. Another fire happened in Mexico after the driver ran through a concrete wall at more than 100 mph (160 kph).

Musk said no one has ever been hurt in a Model S crash, which shows there's no safety problem for drivers or passengers.

"I'm not saying it can't happen again," he said. "I'm saying in any kind of low-speed impact, you're fine. Any car, Model S or not Model S, the underside is going to get significantly damaged if you drive over a large metal object."

Musk described the weeks since the fires as "torture." He understands that a new technology such as [electric cars](#) will get more scrutiny, "but not to the insane degree that we're receiving."

The National Highway Traffic Safety Administration, the U.S. government's auto safety watchdog, announced on Tuesday that it would investigate the U.S. fires to see if there's a safety problem in the Tesla design. NHTSA said it would "examine the potential risks associated with undercarriage strikes." The investigation could lead to a recall, but a decision likely is months away.

Tesla's stock price has dropped by 37 percent since the first fire. Some

investors and analysts also were disappointed by the company's third-quarter results.

But Musk said the stock's value, which earlier in the year had risen 470 percent to \$194.50, got too high and the market is correcting it. "I believe I said several times that the valuation was more than we had any right to deserve," said Musk, a billionaire who co-founded PayPal and started SpaceX. "I was not the one who thought the valuation should go up to such levels."

Tesla shares closed Friday down 72 cents, or 0.6 percent, at \$121.38.

Musk also said that Model S sales are higher than expected so far in the fourth quarter. Earlier this week the car received the highest owner satisfaction score in a Consumer Reports survey.

But Barclays analyst Brian Johnson, in a note to investors Thursday, cut 10 percent from his 2014 Model S sales estimate, saying that historically other automakers have lost sales during highly publicized investigations.

He reduced his Model S sales forecast for next year to 29,700 and lowered his one-year price target for Tesla stock from \$141 to \$120.

Tesla, which is based in California, hasn't released a sales forecast for next year. But in early November, it predicted 21,500 deliveries worldwide this year.

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