

Just because a company is small doesn't mean hackers will stay away.

Page D3

BUSINESS

More flights are running on time, but more passengers are filing complaints.

Page D4

Retailers bear a weight on open carry

By Andrea Rumbaugh and Mike D. Smith

Rex Solomon briefly considered hanging a sign in the window of Houston Jewelry to prohibit customers from coming inside while openly carrying guns. He made a business decision not to.

"It's going to make more people angry than feel comfortable," said Solomon, president of the jewelry store. "... If someone wants to carry a gun in and they're licensed, that's fine."

If thieves were coming to rob his store, Solomon reasoned, they wouldn't draw attention by openly carrying a weapon. If an armed shopper is acting suspicious, the off-duty police officer contracted to work at his store is there to defuse the situation. Plus, the law gives property owners the right to ask anyone with an openly holstered gun to leave if they feel uncomfortable.

Still, the implementation of open carry on Jan. 1 has left business owners grappling with a politically charged decision. How they decide could cost them customers or, at the very least, bring unwanted attention.

"The unfortunate part is that retailers are being drawn into that discussion," said George Kelemen, president and CEO of the Texas Retailers Association.

The association hasn't taken a stance on open carry. Kelemen said most businesses take into consideration long-standing policies, corporate culture and customer feedback.

Gun continues on D2

Permian still has lifeline amid oil bust

Recent successful stock offerings by drillers reflect the shale play's enduring strengths

By Collin Eaton

For the troubled U.S. oil industry, Wall Street is closed.

Nearly. Yet three domestic drillers — Pioneer Natural Resources, Diamondback Energy and Parsley Energy — raised \$1.8 billion sell-

ing shares to investors in recent weeks.

In a business based on gambling millions of dollars on holes in the ground, the trio had a lucky streak with the rocks in the Permian Basin, a region in West Texas that oil companies and investors believe will be the most prolific

in coming years.

"There's decades' worth of drilling," said Joey Hall, executive vice president of Permian operations at Irving-based Pioneer. "The wells continue to get cheaper. You're able to get more bang for your buck."

The three successful stock offerings represented a rare break in a lull of activity between public capital markets and the industry that once amassed hundreds of billions from investors to spur a

nationwide energy surge.

With oil falling below \$30 a barrel and domestic drillers expected to face a \$100 billion cash shortfall this year, it's almost certain that capital market investors won't engineer a second bailout of the U.S. shale industry, especially after last year's ill-fated multibillion-dollar bet that crude prices would recover and bolster the oil companies offering

Permian continues on D6

TECHNOLOGY



Roberto Heredia, manager at Toshiba's Hybrid Electric Vehicle Motor Plant in northwest Houston, points out generator cores used in hybrid autos. Crews are tweaking the equipment to upgrade it for handling added capacity, Heredia said.

Ford's greenest autos use parts made in oil capital

Toshiba manufactures hybrid components at Energy Corridor's edge

By Mike D. Smith

At the edge of Houston's Energy Corridor, where gasoline-gulping pickup trucks rule the roads, workers are helping make the domestic automobile industry a little greener.

Some 98 employees from 18 countries clock in at a Toshiba manufacturing plant to assemble parts that are vital to the hybrid and plug-in vehicles built by Ford. Since 2012, these workers have cranked out hundreds of thousands of motors and generators, the heavy, dinner bowl-sized cylindrical parts that run the vehicles while in electric mode and charge their batteries.



Judge Jackson III does lacing on a stator, a tubular ring that surrounds a motor or generator, at the Toshiba plant.

Two shifts each produce 265 of each part, a minimum of four days a week.

"That's the ironic thing: All of this oil and gas, and we're here making hybrid engines," said Mike Grace, 41, pausing near the end of one of two long assembly lines grouped in the middle of a huge warehouse floor at Toshiba's Hybrid Electric Vehicle Motor Plant in northwest Houston.

Assembly line production is about to shift into an even higher gear, as Ford plans to invest an additional \$4.5 billion boost in its electric vehicle program through 2020, to develop and refine its technology and add 13 new electrified vehicles.

That should ensure a steady stream of work for the Houston factory.

Toshiba brought its Ford motor manufacturing plant to Houston in 2012, at Ford's request, setting up the facility in its existing 40-year-old industrial motor plant at West Little York

Auto continues on D2



Elizabeth Conley / Chronicle
A Green Bank location in Houston has a temporary sign posted prohibiting handguns.

7 8 9 10 11 12

How it's done

The plant now manufactures all hybrid electric motors and generators for Ford's electric vehicles, both hybrid and plug-in, to precise specifications. Machines shoot perfectly folded paper lining into the grooves around the stator, the tubular ring that surrounds the motor or generator. Robotic arms spool giant rolls of copper into perfect bundles, stuffing them in the stators.

Every item must be prepared to precise specification — on a level of microns or milligrams — so when they are shipped off for assembly, they seamlessly fit with parts made by other manufacturers. That's how Lincoln MKZ, Ford Fusion and C-MAX hybrids and plug-ins roll off the line and into the market.

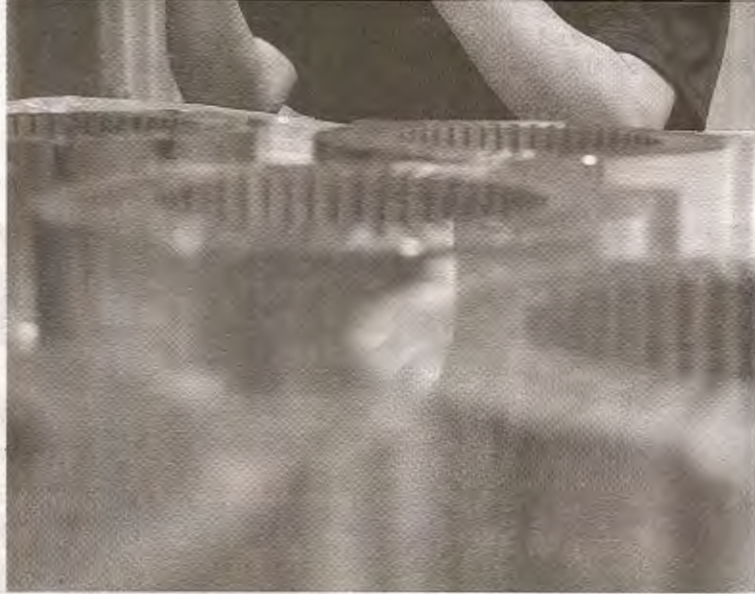
Heredia said no part handled by the Houston team has been found to have a single defect.

Currently, local crews are tweaking the equipment to upgrade it for handling added capacity in anticipation of the extra work that soon will come from Ford's new investment, Heredia said.

Ford entered the electric realm in 1999 with a version of its Ranger, followed in 2004 by the Escape hybrid.

Shift in momentum?

In the nearly two decades since, across the entire automotive industry, electric vehicles to



Melissa Phillip / Houston Chronicle

Jose Pruneda inspects generator cores at Toshiba's plant in northwest Houston. Every item must be prepared to precise specification — on a level of microns or milligrams.

day typically account for roughly 2 percent to 4 percent of monthly sales.

In Houston, that percentage likely is lower, said Steve McDowell, owner of InfoNation, a company that tracks Houston-area auto sales. Regional hybrid sales peaked about one year ago and there's demand there, but their momentum has been countered by more fuel-efficient SUVs that have appeared on the market, McDowell said.

Ford is betting that by adding more electric vehicles to its prod-

uct mix, it will increase consumer awareness of the technology, said Aaron Miller, electrified vehicles communication manager for the automaker.

More affordable

"We're getting at a point in the industry where we're seeing prices going down on battery technology and past inhibitors that may have made electrified vehicles more expensive," Miller said. "We're starting to see as more automakers get into the game that supplier

about 5 percent. Yet, aside from a core of enthusiastic supporters, electric vehicles haven't made major inroads with consumers, said Eric Lyman, vice president for industry insights with pricing and analysis site TrueCar.com.

Currently low gasoline prices and a relatively limited supply of trucks and SUVs are tamping down demand, Lyman said, but automakers have incentives to keep producing them to meet federal (and in some cases, state) mandates for fuel efficiency standards exceeding 50 miles per gallon by 2025.

"Even with consumer demand eroding as gas prices drop, as we've seen in the last year, there's still a big push from automakers to get these vehicles to market and get them in driveways across the country because of the targets they need to hit to avoid federal penalties," Lyman said.

Proud to be part of it

Grace said he and his co-workers are proud of their role in working with the evolving technology. He even located a Lincoln MKZ with a motor they built — a "cool" thing to be part of, he said.

"Pretty soon this will be standard technology," Grace said. "How many people can say they're building something that's changing the environment?"

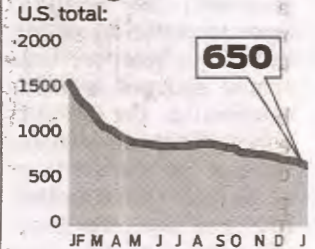
michael.smith@chron.com
twitter.com/mdsmithnews

	1.50		
	1.00		
	0.50		
	0		
	J F M A M J J A S O N D J		
	1/15	1/8	Year ago
Merc	\$2.100	\$2.472	\$3.158
Henry Hub	\$2.18	\$2.47	\$3.29
	Source: Bloomberg		

Rig count

U.S. drilling activity was down 14 rigs at 650. Drilling in Texas was down 7 rigs at 301 rigs. The offshore rig marketed utilization rate in the Gulf was 68 percent, down from 78.3 percent a year ago.

Active rigs



Rigs drilling	1/15	1/8	Year ago
Texas	301	308	766
Colorado	20	22	64
Louisiana	54	59	107
New Mexico	32	34	92
North Dakota	47	49	156
Oklahoma	87	83	201
Pennsylvania	26	25	51
Wyoming	15	16	47
U.S. total	650	664	1,676
Canada	227	166	440

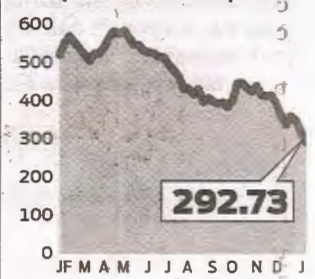
Source: Baker Hughes
U.S. Gas 95 112 244
U.S. Horizontal 464 478 1,183
Source: IHS Rig Activity

Marketed rigs under contract	1/15	1/8	Year ago
U.S. Gulf	51	53	72

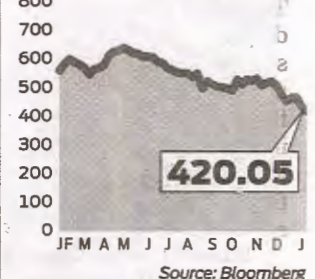
Source: IHS Petrodata

S&P's energy stock indexes

Oil and gas exploration and production companies



Oil and gas equipment index



Source: Bloomberg

Gun law puts businesses in a political debate

Gun from page D1

But it's the pro-gun and anti-gun advocates steering the debate, he said.

Moms Demand Action for Gun Sense in America, which pushes for legal reforms, maintains a list of Texas businesses prohibiting open carry for people who prefer a gun-free environment.

At the other end of the spectrum, Second Amendment Check already had a list of businesses to boycott "for their lack of respect for the rights of gun owners."

"If we were to join together in an effort to avoid businesses hostile toward us, while also bringing our business to companies that supported our rights, we might bring positive attention to the right to keep and bear arms in public, and possibly influence companies in our favor," Peter Upton, founder of Second Amendment Check, said in an email.

Cultural turf battles

This isn't the first time retail and politics have intersected, putting retailers on the front lines of cultural turf battles, Lamar University political science professor David Castle said. Public accommodations and restaurants were at the core of integration battles in the 1960s, for example.

"Businesses have always found themselves in politics, taking political stands or ones they didn't think were political stands and turned out to be," Castle said.

Still, many businesses want to avoid the spotlight and declined interviews or provided prepared statements. Dimitri Fetokakis, owner of Niko Niko's, said in emails that he didn't want to be involved in the



Off-duty Houston police officer Christopher Dominguez keeps an eye on business at Houston Jewelry. If a customer "wants to carry a gun in and they're licensed, that's fine," says the store's president.

Elizabeth Conley / Houston Chronicle

"political debate" and instead wants people "to relax and enjoy Greek food."

Among large grocery stores, Kroger has decided to allow armed customers with open-carry permits to enter its stores, as it does in all states where that is permitted by law. Competitor H-E-B has decided otherwise, citing Texas Alcoholic Beverage Commission rules regarding guns and alcohol. H-E-B will continue to allow people with concealed-handgun permits in its stores.

Neither company would comment beyond previously issued statements.

Wal-Mart Stores decided to allow open carry but requires the highest-level manager in each store to check for the proper permits, spokesman Brian Nick said. Employees who notice someone carrying a firearm must notify managers. A shopper who cannot produce a license will be asked to take the weapon back to his or her car before shopping, Nick said.

He said Wal-Mart has a "compliance team" of people who look at laws that could affect store locations. Seeing holstered weap-

ons could make some shoppers uneasy. Elizabeth Brick, 28, of Bellaire said that she saw someone openly carrying a weapon at a Kroger and won't shop there anymore. Even though Brick and her husband own a handgun and take it to the shooting range, she said seeing a holstered weapon in public makes her uneasy.

"I just would like to limit my exposure to it," she said.

Chris Tripoli, president of ALa Carte Foodservice Consulting Group, said smaller independent restaurants seem to be leaning against allowing openly carried weapons and they hope people will understand that diners may feel uncomfortable around guns.

Friendly and proactive

Tripoli advises clients to be friendly and proactive about their decision, either way, and have servers explain it to customers or include this information in a newsletter.

Whataburger also asked for understanding when it released a statement in July explaining why it doesn't

allow open carry in its restaurants.

"As a company serving customers with many different viewpoints, we're sometimes caught in the middle on controversial issues like this one," President and CEO Preston Atkinson, a hunter who has a concealed-handgun license, explained in a statement. "We hope you and your members, along with our other friends in the gun rights community, understand our position and will continue to visit us."

Choosing to prohibit open carry was an easy decision for Houston-based Green Bank.

"My No. 1, No. 2 and No. 3 concerns are the safety of my employees," said Geoff Greenwade, president and CEO of the bank. He said employees work around a lot of cash, and they're in an industry historically susceptible to robberies.

Many Green Bank locations have magnetic locks on the front door and visitors must be let in by lobby personnel with a remote control. It would be difficult to determine if someone with a gun was legally carrying or there to rob the

bank. "It's just impossible to tell the good guys from the bad guys in a situation like that," he said.

Full Armor Firearms already has had customers come in with holstered guns. "Being a gun store, we are open to most people legally, openly carrying in the store," salesman Daniel Plum said.

Plum said the store is more comfortable with concealed weapons, however, because when the gun is out of sight it's also out of mind. If someone does come into the store openly carrying a weapon, he said, employees are paying enough attention to know if that gun ever leaves its holster.

Despite the back and forth among advocates, businesses and experts, the reality remains that many shoppers don't care and will stick to their usual shopping habits.

"It wouldn't affect my decision," said Derek Causey, 29, "because I don't choose where to shop based on their thoughts of open carry."

andrea.rumbaugh@chron.com
michael.smith@chron.com

MGM will charge for parking on Vegas Strip

ASSOCIATED PRESS

A big part of the Las Vegas Strip will soon halt a basic freebie: parking.

MGM Resorts International announced this past week that it will become the first major casino company to start charging visitors for parking this year.

Most of the casino giant's properties will charge \$10 or less for overnight self-parking: Mandalay Bay, Delano, Luxor, Excalibur, Monte Carlo, New York-New York, Vdara, Aria, Bellagio, The Mirage and MGM Grand.

The tourism hot spot increasingly caters to visitors who come for other attractions besides gambling.