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Economics to determine solar energy's fate

By Philip A. Sherman
staff writer

In the longest, hottest summer on record, solar power and other sources of energy from renewable resources may be making a comeback.

Their resurrection, much like their near demise, will be a result of pure economics, marketing and simple business sense, according to three area energy experts.

Conservationists aren't holding the solar flag this time. Their leagues now are replete with drought-stricken farmers, heat-stroked residents of the South and Midwest and riverboat captains watching their steamship wells crank mud along the Mississippi.

Their concern: the greenhouse effect. Since the beginning of the Industrial Revolution, the United States has added 25 percent more carbon dioxide and other pollutants to the air, according to Richard Chadwick, a Birmingham architect and president of the Michigan Solar Energy Association.

Chadwick and other experts are saying that cushion of pollution now floats somewhere between six and 12 miles above. That layer traps heat and is causing a gradual warming that already is partially responsible for creating the hottest summer on record (the last time so many 90-degree days were strung together in the metro-Detroit area was in 1934).

"That's a very serious problem and they've (scientists and architects) been talking about that (greenhouse) for 15 or 20 years," said Chadwick, project architect for Desfossiers Architects in Birmingham. "Because of the tremendous economic costs of making the changes necessary, no one wants to face that reality."

Chadwick was referring to moving off the fossil-fuel energy system now in place. While he thinks that's necessary, he doesn't think a complete shift is likely.

"It will be economics that does it. All of our philosophy, education and



DAN DEAN/staff photographer

Richard Chadwick: "All of our philosophy, education and talk about preserving the environment means nothing. It's the dollar that really counts."

talk about preserving the environment means nothing. It's the dollar that really counts," he said.

"Look at China. Automobile companies are moving into China with the intent of putting every Chinese person in an automobile. What kind of impact will that have on the atmosphere? What kind of impact will it have on energy prices?" he said.

Economics played an important role in killing the appeal of solar and helping people become comfortable with fossil fuel, Chadwick said. With

the end of the Federal Residential Renewable Energy Equipment Credit in 1986, residents who once may have been inclined to install solar energy equipment at homes or businesses suddenly lost interest.

Chadwick installed a system while the home he designed was being built in 1980. At that time, the passive system he purchased cost \$10,000. (A passive system collects solar energy without a machine. Active systems use a machine to capture solar energy and channel it as needed.)

that really counts." In the background is Chadwick's solar house.

Through tax credits, he said he ended up paying \$4,000 for his system, which he uses for 70 to 80 percent of the heating needs for his 1,400-square-foot house. Chadwick said his annual heating bill is \$150-\$200.

To Chadwick, all this means one thing: When industry can figure out a way to make a profit equivalent to or greater than the profit it now reaps by using fossil fuel, the system will change.

To Debra Rowe, the "shysters" al-

most snuffed out the viability of solar energy systems by selling poorly quality equipment at high prices in a door-to-door fashion that didn't inspire consumer confidence.

Rowe, with a bachelor's degree from Yale and a master's from the University of Michigan, is working on her doctorate while running the Ultimate Energy Technical Program at the Auburn Hills campus of Oakland Community College.

"Every shyster and his brother got into solar energy. The honest compa-

ny had a hard time competing with the shysters," she said. "And the marketing of solar was left to door-to-door sales people. Marketing costs would make systems substantially higher, by 50 percent to 100 percent," Rowe added.

Rowe is positive poor marketing tactics gave solar a bad name, and Chadwick's figures bear her out. When his Michigan Solar Energy Association was running strong in the early '80s, it had more than 700 members. Today Chadwick said membership has dropped to 100, with much of the drop attributable to people leaving the field because it wasn't economically viable.

Regulation is the key, she said.

"Everybody hooks up to the utility company. To convert to solar, they deal with a non-regulated industry. There were no regulations to maintain the integrity of the solar industry as it grew," Rowe added.

Despite the lack of regulation, Rowe "has trained hundreds of people through the energy technology program" at OCC. She said more than a third are homeowners who, for their mid-term exam are required to build a working solar collector. They can take them home, hook them up and watch them work.

Janice Means, a professional engineer and consulting engineer at Energy Technology Consultants in Royal Oak, also teaches classes in solar feasibility and energy management as a part-time instructor at Southfield's Lawrence Institute of Technology.

She, too, thinks the end of tax credits and the fashion in which the "unscrupulous overcharged" for solar equipment hurt the industry, but also thinks Americans have short memories.

"People forget about waiting in line for gas. Energy costs have decreased recently, but people have gotten used to paying higher rates," Means said.

After she completed research for one of her bachelor's degrees, this

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Birmingham Camera marks 50 years in business

By Mary Rodriguez
staff writer

When Frederic "Fritz" Mock opened Birmingham Camera 50 years ago, there were days he could take leisurely coffee breaks across the street, keeping one eye on his business in case a customer stopped by.

That's not an option for owner Richard Day, who has steered the business the last 20 years, adding employees, creating services and opening a second store in Rochester in 1976.

"I was attracted to photography like a magnet," said Day, who was tapped by Mock to be his successor over a number of Birmingham notables because "Fritz didn't want to sell to anyone who wouldn't be working full time in the store."

Day knew he was hooked on photography when he found reading instructions on a box of film far more stimulating than listening to an accounting lecture while working on a master's degree in business at Wayne State University.

After a three-year stint at Manufacturer's Bank, where he took pictures for the company publication, he took over the camera shop. He and Mock worked side by side for two weeks before the Mock retired to Florida.

"The past few years I've really enjoyed what I'm doing, particularly the portrait studio and film processing," Day said.

ALTHOUGH THERE are days he admits the grass looks greener working for a large corporation, Day has



STEVE CANTRELL/staff photographer

Richard Day has found that his store's success relies on teaching the customer about the product even in the age of automatic cameras.

no plans to give up the photo business.

On Woodward, a half block south of Maple, the business is an anchor that has changed with time and technology.

"We used to sell everything at list price. As the market changed, other camera shops offered discount prices. We had to start discounting, too, to stay competitive."

Day estimates he draws his clientele from a six-mile radius — many second and third generations of the same families. While the smaller Birmingham location draws more business customers, the Rochester store's clientele is predominantly families.

The emphasis has always been on teaching the customer about the camera, Day said. The Birmingham store has a darkroom and used to offer classes in color and black and white film developing.

"Even with automatic focus, you still need instruction on how to aim,

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A taxing time for scholars

Tax reform has started pulling at the purse strings of those students lucky enough to receive a college scholarship or fellowship. Come next tax season, many of these students may find themselves unexpectedly owing substantial funds to the IRS. If you are a scholarship or fellowship recipient, the Michigan Association of CPAs advises you to find out whether you will have to report this year's payments as taxable income.

Your first task is figuring out whether your grant actually qualified as a scholarship or fellowship. Sounds easy, doesn't it? Well, take a look at the definition in the IRS publication on scholarships and fellowships and think again. To simplify, a scholarship is basically any amount given to a student for the purpose of obtaining an education at a university or college, while a fellowship generally aids a person pursuing a specific study or research project.

But under tax law, not all scholarship and fellowship payments receive equal tax treatment. Depending on the date you received the grant and on the type of services, if any, you perform for the grantor, you may have to include part or all of the money in your taxable income.

IF YOUR SCHOLARSHIP and fellowship was awarded before Aug. 17, 1986, count yourself lucky. The tax treatment remains basically the

practically speaking

same as in the past — including many provisions that may reduce your tax liability.

If you are a candidate for a degree, you may exclude from your taxable income the basic scholarship or fellowship grant, including the value of room and board. In addition, you may exclude any grant funds specifically designated for travel, research, clerical help, and equipment. But be warned, you must actually spend these amounts for the purpose of the grant within (or shortly after) the term of the grant or else the funds may become taxable.

On the other hand, you generally must report as income any grant payments that you receive in exchange for past, present or future employment services, or for research that mainly benefits the grantor or the award. (An exception is made in certain cases where the services are required of all candidates for the degree.)

As far as the IRS is concerned, payments to medical interns or residents, certain social service agency interns and others in similar positions, are income and do not qualify

as either scholarships or fellowships. The "payment for services" rule also applies to grants that require a student to work for outside employers. An example of this situation would be a university grant that requires a journalism student to work as a regular staff employee of a local newspaper.

IF YOU ARE NOT a candidate for a degree, you may still be eligible for certain tax benefits if your grant was made before Aug. 17, 1986. Under these circumstances, you may exclude from your taxable income any amount received for such expenses as travel, research, clerical help or equipment.

In addition, you can exclude up to \$300 a month for each month in which you receive scholarship or fellowship payments. You may claim the \$300-a-month exclusion for a period of 36 months, consecutive or not. But once you exceed the 36-month limit, you must include in your gross income all amounts you receive under the grant, including funds designated for qualified expenses.

To complicate matters somewhat, the \$300-a-month exclusion only applies if the grantor of the scholarship or fellowship is a tax-exempt, non-profit organization operated exclusively for religious, charitable, scientific, literary or educational purposes.

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