



Last month, we shared our tips on how to be green and save green. One of our recommendations was to consider a hybrid vehicle for your next car. A few of our skeptical readers ask the questions “do hybrid cars really save money?” and “are they truly good for the environment?”

The argument is, it costs more material and energy to manufacture a hybrid; therefore, it's not really good for the environment. The initial cost to manufacture any product is high. As more hybrids are sold, production efficiency will be realized, lowering energy and material need. We see the same phenomena in personal computers and flat screen TVs. In the long run, hybrids are good for the environment. In addition, hybrid uses less gas; therefore, emits less green house gas.

Do they save your money, well, it depends. Using the FORD Vehicle Comparison tool <http://www.fordvehicles.com/compare/>, we can conduct an in-depth analysis. Looking at the chart below, we observed over the course of 100,000 miles (20,000 miles per year for 5 years), the average price of gas has to be \$4.175/gallon to make up the \$5,505 cost premium. It is highly unlikely the gas price in the United States will average \$4.175/gallon any time soon.

| FORD Escape SUV, 4WD | Gasoline 4WD | Hybrid 4WD | Difference |
|---|---------------------|-------------------|-------------------|
| Cost | \$21,985 | \$27,490 | -\$5,505 |
| EPA Estimated MPG | 22 | 31 | 9 |
| Gallons of Gas for 100,000 miles | 4,545 | 3,226 | 1,320 |
| Gas Price @ \$3/gallon | \$13,636 | \$9,677 | \$3,959 |
| Gas Price @ \$4/gallon | \$18,182 | \$12,903 | \$5,279 |
| Gas Price @ \$4.175/gallon | \$18,977 | \$13,468 | \$5,510 |
| Gas Price @ \$5/gallon | \$22,727 | \$16,129 | \$6,598 |

Does this mean owning a hybrid does not save us money? No, there are other sources of savings. Check www.hybrid-car.org for the latest tax incentives for hybrid cars in your state and from the Federal Government. Also, FORD and TOYOTA has offered rebates http://www.businessweek.com/magazine/content/07_12/b4026062.htm?chan=search on their perspective hybrids because sales have slowed.

To be thorough, we have to look at the total cost of operating a vehicle over the life of the car. If you purchased a hybrid, what is the trade in value 5 years? Hybrid cars, because it uses the latest and continuously evolving battery technology, will actually depreciate faster than a normal car. The cost of insurance may also be higher, because the higher initial value of hybrid vehicles. Edmunds.com has an in-depth analysis on the cost of owning a hybrid vehicle. http://www.edmunds.com/advice/fueleconomy/articles/103708/article.html?tid=edmunds.hwkedmunds.features.2.*

What is the bottom line? With the tax savings and lower gas bill, you should lease a gas-electric hybrid as your next vehicle. Leasing will remove the risk of lower trade in value.

If you really want to save money or just don't want contribute to oil company's record breaking profits, you can convert a diesel engine vehicle to use vegetable oil. http://money.cnn.com/2006/07/21/news/economy/vegetable_cars/index.htm

Remember, no matter what you drive, to really save money and the environment, drive less. Use carpools, public transportation, or ride your bike to work.