



the best relief from gas pains

OIL HEAT'S THE CURE

This year, winter reared its ugly head and reminded us of just how important it is to have a great service company delivering the right fuel.

While heating oil prices are still higher than the all-time lows of two years ago, they are lower than they were last year. And so it was the rise in natural gas bills that shocked the nation.

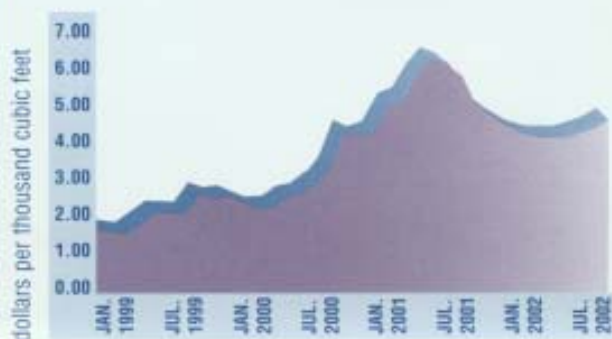
NATURAL GAS PRICES SOAR TO RECORD HEIGHTS

Last fall, the utilities tried to get a whopping 40% rate increase for residential natural gas customers. They've received 17% so far, and the worst may be yet to come.

Gas storage levels nationwide are still down more than 270 billion cubic feet—enough gas to heat all the homes in New Jersey for a year.

According to R. Dhawan, an economic forecasting expert at Georgia State University, **"It takes 10 years to bring in new supply..."**

SOARING NATURAL GAS BILLS



Spot price data from the Energy Information Administration indicates that gas prices will remain high.

Sources: History: *Natural Gas Week*
Projections: *Short-term Energy Outlook*, Dec. 2000

As the utilities burn through the natural gas they had previously acquired at lower prices, they must replace it at current rates which are as much as four times higher!

Utilities all over the northeast are now getting approval for their second major rate increase in less than a year.

HEATING OIL— clearly the better value

During the '90s, it cost more to heat the average New Jersey home with natural gas than it did with heating oil.* This decade is looking even better for oil heat customers.

\$7.13
per million Btu

\$6.88
per million Btu

heating oil



natural gas



*Average residential price in New Jersey, per million Btu from 1990 through 1999. Source: Energy Information Administration, 2001.

FREE AT LAST! Gas Homeowners Convert to Oil

"I own two six-family houses and in 1996, my utility offered to convert one of my houses from oil to gas for FREE. They promised my bill would be one third less than the oil property, or they would switch me back. After spending \$3,000 for installation (only the equipment was free!) and filing, I saw no savings. In 1999, my oil bill was \$450 less than my gas bill. This year started out good, but the recent surge in natural gas prices really concerned me. The gas company's service was terrible and I wasn't saving any money so a few months ago, **I switched back to oil."**

— R. Andolora



Utilities grow desperate

In spite of the many advantages of oil heat over natural gas, the utilities have pursued an aggressive effort to convert oil-heat homeowners. Testifying before a hearing last fall, KeySpan Energy executive David Manning admitted that conversion could cost the homeowner \$3,500—even with their "free boiler" offer. **"[We see an] opportunity to convert more people to natural gas.... We'll do almost anything to get these customers,"** said Robert Catell, KeySpan chief executive.

Some time ago, Richard and Nancy Bagley discovered they had a problem. **"Our gas heating system was very old and we found out that we had traces of carbon monoxide in our home."** The Bagleys agreed that it was time to replace their system, and that they would feel more comfortable if a new oil heating system was installed.

"We're very happy with our decision to convert to oil heat."

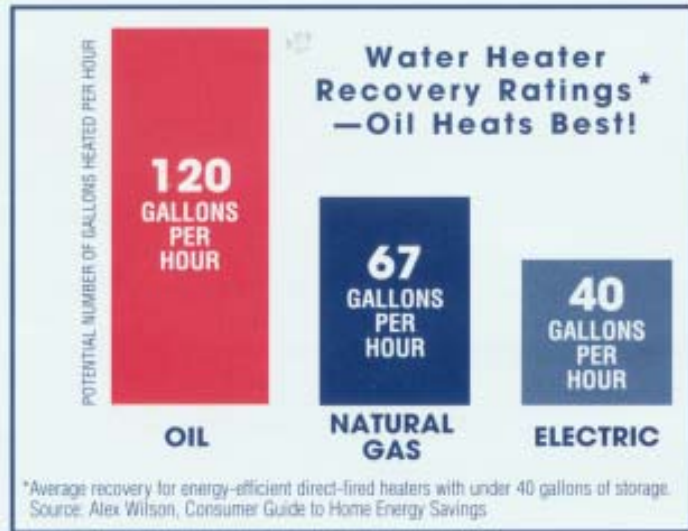


SWITCH YOUR WATER HEATER TO OIL... and get more hot water for less

Oil is the most efficient fuel for heating your water. There are many choices available and your local oil heat dealer can help you decide what's best for you and your family.

For the greatest efficiency, you can choose an **indirect** water heater, where the water storage tank is attached to your boiler. With this choice, the heat from your boiler heats your water. The advantages are clear.

- **In the winter your hot water is virtually free.**
- **You never run out of hot water.**
- **Indirect units last up to three times longer than standard water heaters.**



HEATING OIL—EFFICIENT, CLEAN, SAFE

Today's oil heat systems burn about 35% less fuel than they did in the 70s. Plus, according to Thomas A. Butcher, research manager at the Brookhaven National Laboratory, levels of particulate emissions (pollution) have decreased to the point of insignificance. He says **"the modern oil burner has an outstanding reputation for reliability and safety."**

Heating oil is very safe. Before it can burn, oil must first be turned into a fine particle mist and then ignited. A natural gas leak, on the other hand, can be ignited with any spark. That's why *The New York Times* reported a PSE&G expert as saying, **"With gas, take nothing for granted. Accidents, though rare, can be devastating."**



Fuel Merchants Association of New Jersey

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