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Hybrid autos save money in long run, study finds

By John O'Dell
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Hybrid vehicles are proof of the old saw that you've got to spend money to save it, a new study shows.

In recent years, studies by Consumer Reports and others have shown that most hybrids won't save owners enough money on fuel alone to make up for their higher initial prices.

But a new study by Los Angeles-based Intellichoice.com, which specializes in automotive cost-of-ownership data, says that hybrid buyers are still the winners when you factor in costs of financing, fuel, insurance, state taxes and license fees, repairs, maintenance and depreciation.

"Across the board, we found that all 22 hybrid vehicles have a better total cost of ownership over five years or 70,000 miles than the vehicles they directly compete against," said James Bell, Intellichoice.com's publisher.

"Hybrids are proving themselves to be an excellent alternative for car buyers," Bell said. "Even when factoring in the additional upfront costs for their purchase, the long-term savings hybrids generate makes them a sensible and attractive purchase."

There is no better example, the study says, than Toyota Motor Corp.'s Prius. The study concludes that a Prius owner over five years will save \$13,408 over a similar-size sedan that is not a hybrid.

Prius, the five-passenger mid-sized sedan, is the most popular of the 22 hybrid models on the market today. It accounted for about 43% of hybrid sales in the U.S. last year and for about 60% of all hybrid sales since its introduction in 2000.

On average, sedans of similar size to the Prius (non-hybrid cars such as Toyota's own Camry, Honda Motor Co.'s Accord and Ford Motor Co.'s Taurus) cost motorists an average of \$33,305 over the first five years of ownership, Intellichoice found. Costs for the Prius averaged \$19,897.

The difference, the study says, is that hybrids retain their value better than conventional vehicles, have moderate maintenance and repair costs and, of course, there are those lower fuel costs.

Hybrids also benefit from federal tax credits, which this year can range from \$250 to \$1,950 but were as high as \$3,150 in 2006.

The study based its gasoline prices on last year's average national gas price of \$2.26 a gallon. The average dollar savings may go up or down with the price of gasoline, the study pointed out, but the percentage difference in operating costs between the hybrids and non-hybrids would remain constant.

Because they carry both an internal combustion engine and an electric motor, plus a lot of complex electronics and oversized banks of advanced technology batteries to make it all work, hybrid cars and trucks are more costly to buy than comparable non-hybrid vehicles.

The hybrid price difference — or premium — can be as little as \$1,000 to as much as \$5,000 for some luxury models. The higher purchase prices have kept many people from considering hybrids.

Demand for the vehicles peaked last summer, when regular gasoline prices topped \$3.25 a gallon nationally, but has declined as gas prices have fallen.

The hybrids with the biggest five-year savings after the Prius were the new Honda Civic sedan hybrid, the Toyota Highlander sport utility vehicle hybrid and the Ford Escape SUV hybrid, Bell said.

A quartet of "mild hybrid" pickup trucks from General Motors Corp. provided the least cost benefit over five years of ownership, with five-year savings ranging from \$2,940 to \$3,463.

A mild hybrid is one that doesn't have an electric drive system to augment the internal combustion engine. Instead, it uses its electric power to enable the conventional engine to shut down when the vehicle normally would be idling.

A "full hybrid" system such as in the Prius uses electric drive to boost gas engine performance and to enable the conventional engine to shut down at idle. Most also enable the car or truck to run on all-electric power for short periods at low speeds.

The Intellichoice study, to be released today in Detroit during a media preview of the North American International Auto Show, comes at a time that more automakers are adopting some sort of alternative fuel or power plant strategy to help meet increasingly strict environmental rules and to maintain competitiveness as fuel prices rise.

In addition to gasoline-electric hybrids, many automakers are adding diesel engines, which can offer as much as 40% more fuel economy than similar-size gasoline engines and are much cleaner than in the past.

Several major automakers also are working on development of hydrogen-burning internal combustion engines or electric vehicles that use a drive system powered by electricity produced in an onboard fuel cell by combining hydrogen and oxygen.

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