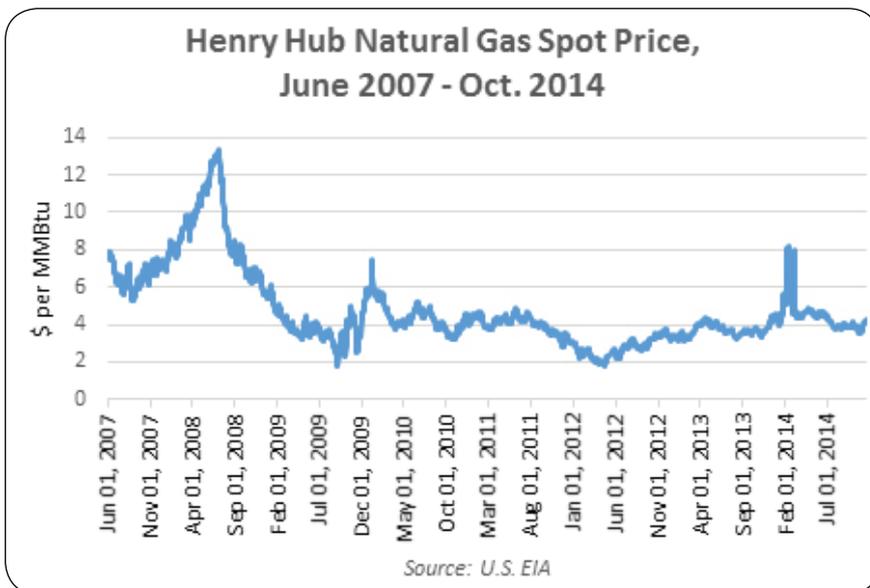


Good News on Natural Gas, as Far as the Eye Can See

Fuel oil has declined in price, but so too has natural gas, aided by a dramatic surge in domestic production. In a recent Price Trends Issue Brief, the Northeast Gas Association (NGA) cited a projection from the U.S. Energy Information Administration (EIA) that natural gas prices this year would average about 22% less this year than in 2014. For 2016, EIA forecast prices would rise modestly — about 12% — over 2015 prices. Natural gas is still expected to be significantly cheaper than fuel oil for 2015 and 2016.

Natural gas prices have come down a lot from highs back in 2008, noted EIA, the U.S. government’s statistical and analytic agency for energy (see chart below). Even allowing for the sharp recent decline in the price of crude oil and fuel oil, natural gas still costs less than those other fossil fuels, EIA added.



The Pittsburg Post-Gazette quoted EIA chief Adam Sieminski as saying, “Natural gas prices have recently fallen to two-year lows as growing domestic natural gas production has bolstered natural gas inventories.” In other words, it’s good news as far as the eye can see when it comes to natural gas price and supply.

The Cost of Switching Just Got Lower

We have heard our customers loud and clear when they asked us to sharpen our pencils on the price of turnkey installations of new natural gas heating systems. Please give us a call and request a **NEW PROPOSAL** for the cost of switching to natural gas heat. We think you’ll love your new, lower pricing!

\$500 Bonus for Early Birds

We are starting an Early Bird incentive on March 1, 2015. Residential customers who sign a new proposal for switching to natural gas heat between March 1 and May 31, 2015 will be eligible for a **\$500 incentive from Central Hudson**. The new or converted heating system must be installed and operational by July 30, 2015. This \$500 bonus is in addition to a Central Hudson’s energy efficiency rebates, which are available to those who have a qualified energy-efficient natural gas heating system installed by a Savings Central Trade Ally.

The How-to Sessions

Central Hudson’s energy experts will be at open house meetings to answer your questions about switching your home to natural gas. You can also sign up for a free, no-obligation estimate and learn more about the process of switching. Join us at 7 pm at one of the following Central Hudson offices:

- **March 23 - Newburgh:** 610 Little Britain Road in New Windsor
- **March 24 - Fishkill:** 25 Central Hudson Way
- **March 25 - Kingston:** 2001 Route 9W in Lake Katrine
- **March 26 - Poughkeepsie:** 284 South Avenue

Please call **845-486-5241** to RSVP or send us a quick email at this address: **SimplyBetter@cenhud.com**. Please include the date and location of the meeting you’d like to attend. We look forward to speaking with you!

Customer Testimonial: Clay from Kingston

“I wanted to Get Away from Fuel Oil”

“I wanted to get away from fuel oil – I really did,” Central Hudson customer Clay Harshberger told us. “I grew up in a home with natural gas, and I liked how it burned cleaner and had lower maintenance compared to fuel oil. Fuel oil is a dirtier fuel; it’s basically diesel fuel. You have to clean the boiler, pump and nozzle each year. And because my fuel oil tank was inside my home, I worried about springing a leak.”



Even though he is not a fan of fuel oil, Clay has lived in a home heated by fuel oil for the past decade. But in January 2014, he decided to make the switch to natural gas. He estimates he has saved about \$1,650 in home-heating costs since converting to natural gas last year.

“I’m an engineer – I do the math,” Clay said with a chuckle. “The rebates from Central Hudson were great, but they weren’t the real reason for converting. On a long-term basis, when you think about energy security, you’ve just got to go with gas.”

Clay said his conversion experience was “excellent, and I didn’t make it easy on the contractor. I wanted to add T-valves so in the future I could add natural gas appliances like a fireplace, stove and clothes dryer. I haven’t added those appliances yet, but I figured it was cheaper to get the valves installed at the same time as my heating system.”

“I started out thinking I could do better than Central Hudson’s Simply Better turnkey program,” Clay recalled. “So I consulted with several local contractors. But I ended up being surprised—the turnkey option was the right way to go.”

Because Clay’s boiler was not too old, he was able to convert the burner to natural gas. “Factoring in the costs of the conversion,” he said, “my return on investment has been great.”

What is Fracking?

Scarcely a week goes by when the news media doesn’t carry a story on fracking. What is it? What does it mean for customers considering switching to natural gas heat?

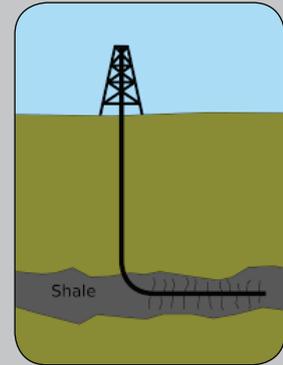
The petroleum industry has used hydraulic fracturing, or fracking, for over 60 years to extract natural gas from shale formations. That process has evolved over the years with technological advancements, which allow companies to drill horizontally (see image below). As a result, the U. S. is now the largest natural gas-producing nation in the world.

Hydraulic fracturing also extracts crude oil. Roughly 50% of domestic crude oil is produced by hydraulic fracturing. Hydraulic fracturing has nearly doubled domestic production of crude oil over the last decade.

Fuel oil (home heating oil) is one of several products refiners produce when they process crude oil.

The combined impact of hydraulic fracturing and horizontal drilling has lowered consumer’s energy costs by tens of billions

of dollars per year. This impact is most noticeable with gasoline over the last six months; prices have fallen by about 50%. Cost reductions have also been observed over the same period with fuel oil. However, compared to fuel oil, natural gas continues to be the perennial favorite. Users of natural gas continue to enjoy the consistently lower cost, 24/7 availability and cleaner-burning home heating systems.



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