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POWER EFFICIENCY CORP
Form 10QSB
November 14, 2002

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(X) QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED: SEPTEMBER 30, 2002

() TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File No. 0-31805

POWER EFFICIENCY CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware

22-3337365

(State or other jurisdiction
of incorporation or organization)

(I.R.S. Employer Identification NO.)

4220 Varsity Drive Suite E
Ann Arbor, MI 48108
(734-975-9111)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days.

Yes X No__

The number of shares outstanding of the Issuer's Common Stock, \$.001 Par Value, as of October 11, 2002 was 6,580,620.

Transitional Small Business Disclosure Format (check one):

Yes ___ No X

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POWER EFFICIENCY CORPORATION

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Power Efficiency Corporation
Condensed Balance Sheets
September 30, 2002 and December 31, 2001

	(Unaudited) September 30, 2002	December 31, 2001
	-----	-----
Assets		
Current Assets		
Cash and Equivalents	\$ 781,761	\$ 609,122
Accounts Receivable - Trade - Net of reserve of \$5,000	89,489	609,122
Inventory	609,122	609,122
Prepaid Expenses and other current assets	39,093	39,093
Total Current Assets	----- 1,519,465	----- 609,122
Property and Equipment, Net	----- 127,971	----- 127,971
Other Assets		
Deposits	15,500	12,115
Patent Application Costs (Net)	12,115	12,115

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Goodwill	1,929,963	1,9
Customer Contacts, Manuals and Sales Literature (Net)	122,042	1
Website and Customer List (Net)	47,281	
	-----	-----
Total Other Assets	2,126,901	2,1
	-----	-----
	\$ 3,774,337	\$ 2,9
	=====	=====
Liabilities and Stockholders' Equity		
Current Liabilities		
Line of Credit Agreement	\$ 203,144	\$ 4
Accrued Salaries and Payroll Taxes	157,920	
Accounts Payable and Accrued Expenses	420,763	6
Stockholder and Officers' Loans Payable	--	1
	-----	-----
Total Current Liabilities	781,827	1,3
	-----	-----
Long - Term Liability:		
Stockholder Note Payable	411,125	3
	-----	-----
Total Liabilities	1,192,952	1,6
	-----	-----
Stockholders' Equity		
Preferred Stock, \$.001 par Value, 10,000,000 shares		
Authorized, 2,346,233 Series A-1 Convertible Preferred Stock issued and outstanding in 2002 and none issued and outstanding in 2001	2,346	
Common Stock, \$.001 par Value, 50,000,000 shares		
Authorized, 6,580,620 and 6,523,120 issued and outstanding in 2002 and 2001, respectively	6,580	
Additional paid-in capital	11,431,322	8,8
Accumulated Deficit	(8,858,863)	(7,4
	-----	-----
Total Stockholders' Equity	2,581,385	1,3
	-----	-----
	\$ 3,774,337	\$ 2,9
	=====	=====

See notes to condensed Financial Statements.

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Power Efficiency Corporation
Condensed Statements of Operations - Unaudited

Three Months Ended September 30,	Three Months Ended September 30,	Nine Months Ended September 30,	Nine Months Ended September 30,
-----	-----	-----	-----
2002	2001	2002	2001

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REVENUES	\$ 104,259	\$ 309,122	\$ 352,205	\$ 676,580
COSTS AND EXPENSES:				
Cost of Sales	44,016	174,925	169,744	377,137
Research and Development	92,092	83,520	260,192	212,294
Manufacturing	61,561	60,969	159,349	128,658
Selling, general and administrative	373,121	321,867	1,044,070	925,412
Depreciation and Amortization	28,795	70,579	88,409	214,969
Total Costs and Expenses	599,585	711,860	1,721,764	1,858,470
LOSS BEFORE PROVISION FOR INCOME TAXES	(495,326)	(402,738)	(1,369,559)	(1,181,890)
PROVISION FOR INCOME TAXES	--	5,700	1,003	5,900
NET LOSS	\$ (495,326)	\$ (408,438)	\$ (1,370,562)	\$ (1,187,790)
BASIC LOSS PER COMMON SHARE	\$ (.08)	\$ (.06)	\$ (.21)	\$ (.18)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	6,580,620	6,522,000	6,558,953	6,470,000

See notes to condensed Financial Statements.

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Power Efficiency Corporation
Condensed Statements of Cash Flow - Unaudited
Nine Months Ended September 30, 2002 and 2001

	September 30, 2002	September 30, 2001
	-----	-----
Cash Flow From Operating Activities		
Net Loss	\$ (1,370,562)	\$ (1,187,790)
Adjustments to reconcile net loss to net cash:		
Used for operating activities:		
Depreciation and Amortization	88,409	214,969
Issuance of Stock for Services and Options	183,811	47,300
Debt Restructuring	--	130,000
Changes in Certain Assets and Liabilities (Increase) Decrease		
Accounts Receivable - Trade	(78,370)	(126,385)
Inventory - Raw Materials/Finished Goods	423	(24,657)
Prepaid Expenses and other current assets	(39,093)	(25,950)
Accounts Payable and Accrued Expenses	(175,665)	(67,550)

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Total Adjustments	(20,395)	147,727
Net Cash Used in Operating Activities	(1,391,047)	(1,040,063)
Investing Activities		
Equipment Purchases	(5,820)	(51,025)
Net cash from investing activities	(5,820)	(51,025)
Financing Activities		
Proceeds from issuance of equity securities	2,500,000	754,645
Notes Payable - Bank	(242,243)	107,500
Costs related to issuance of Equity Securities	(120,000)	(15,000)
Notes Payable - Stockholders (Net)	5,626	250,000
Net Cash Provided by Financing Activities	2,143,382	1,097,145
Net Increase in Cash	\$ 746,516	\$ 6,057
Summary:		
Cash Balance At End Of Period	\$ 781,761	\$ 14,549
Cash Balance At Beginning Of Period	35,245	8,492
Net Increase in Cash	\$ 746,516	\$ 6,057
Non-cash Investing and Financing Activities		
Common Stock issued in connection with the Settlement of accounts payable/Conversion Stockholder loan payable	\$ 7,500	\$ 230,000
Common Stock issued for services rendered	\$ 167,500	\$ 30,000

See notes to condensed Financial Statements.

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POWER EFFICIENCY CORPORATION NOTES
TO CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 1, BASIS OF PRESENTATION

The accompanying unaudited financial statements, which are for interim periods, do not include all disclosures required to be presented in the annual financial statements. These unaudited financial statements should be read in conjunction with the financial statements and the footnotes thereto for the year ended December 31, 2001 contained in Power Efficiency Corporation's (the "Company") Form 10-KSB Annual Report and Form 10-SB Registration Statement, as amended from time to time, as filed with the Securities and Exchange Commission. The September 30, 2002 balance sheet was derived from unaudited financial statements, and does not include all disclosures required by generally

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accepted accounting principles.

NOTE 2, INTERIM PERIODS

In the opinion of the Company, the accompanying unaudited financial statements contain all adjustments (which are of a normal recurring nature) necessary for a fair presentation of the financial statements. The results of operations for the nine months ended September 30, 2002 are not necessarily indicative of the results to be expected for the full year.

NOTE 3, GOING CONCERN

The accompanying condensed interim financial statements have been prepared assuming the Company is a going concern which assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amount of liabilities that might be necessary should the Company be unable to continue in existence. Continuation of the Company as a going concern is dependent on achieving profitable operations. Management's plans to achieve profitability include developing new products, obtaining new customers and increasing sales to existing customers. Management has raised additional capital through issuance of Series A-1 Convertible Preferred stock in the amount of \$2,500,000 to Summit Energy Ventures, LLC.

NOTE 4, PER SHARE DATA

Per share data was computed by dividing net loss by the weighted average number of shares outstanding during the period.

NOTE 5, REVENUE

For financial reporting purposes, the Company reports revenues from sales as product is shipped and invoiced.

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NOTE 6, LINE OF CREDIT AGREEMENT

On April 30, 2002, the Company's line of credit with the bank expired. The bank agreed to forbear from taking any collection activity concerning the expired line of credit until June 17, 2002. During June, 2002, the Company received the proceeds from the investment of Summit Energy Ventures, LLC and had paid the bank the amount of \$220,000 thus, reducing the line of credit to \$225,387. On October 3, 2002, the Company paid the remaining balance, in full, on the expired line of credit out of its current available cash. At the present time, the Company is in the process of negotiating a new bank line and believes that it will shortly be successful in consummating a new line.

NOTE 7, GOODWILL

The Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No.142, " Goodwill and Other Intangible Assets", for the year ended December 31, 2002. SFAS No. 142 was applied at the beginning of the fiscal year. SFAS No.142 requires that Goodwill shall

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no longer be amortized. Goodwill shall be tested for impairment on an annual basis and between annual tests in certain circumstances.

NOTE 8, RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2002, a stockholder lent the Company \$50,425 and officers lent the Company \$120,000. During the nine months ended September 30, 2002, the Company repaid the stockholder \$40,000 and repaid the officers \$107,200.

NOTE 9, ISSUANCE OF SERIES A CONVERTIBLE PREFERRED STOCK

The Company received \$2,500,000 from the sale of 2,346,233 shares of Series A-1 Convertible Preferred Stock to Summit Energy Ventures, LLC, which resulted in Summit owning a 28% fully diluted stake in the Company. Summit also received a stock purchase warrant which is exercisable after December 14, 2003, to purchase such number of additional shares of Series A-2 Convertible Preferred Stock, \$.001 par value per share, of the Company enabling Summit to purchase up to 51% of the Company's fully diluted Common Stock. The sale and issuance of Series A-1 Convertible Preferred Stock to Summit is described in the Company's Form 8-K filing on June 20, 2002.

NOTE 10, ISSUANCE OF COMMON STOCK FOR SERVICES

On April 15, 2002, the Company issued 50,000 shares of common stock to a consultant, who subsequently became an officer of the Company and a member of the Board of Directors of the Company for services rendered. Since the per share market price of the Common Stock on the date of grant was \$3.35 per share, the Company recognized additional compensation expenses of \$167,500. This additional compensation expense is included in selling, general and administrative expenses.

NOTE 11, TERMINATION OF EMPLOYMENT AGREEMENT

Following the Company's earlier termination of his employment agreement, on October 10, 2002, Stephen Shulman, the former President and Chief Executive Officer of the Company, filed a demand for arbitration with the American Arbitration Association requesting payments from the Company pursuant to the provisions of his employment agreement with the Company. The Company believes that it has meritorious defenses to these claims and as such, no amounts have been accrued in these financial statements.

NOTE 12, FILING OF AMENDMENTS TO CERTAIN PREVIOUS EXCHANGE ACT REPORTS

In conjunction with the Company's filing of its Form 10-KSB for the year ended December 31, 2001 with the United States Securities and Exchange Commission (the "SEC") on or about April 1, 2002, amendments to the Company's Form 10-KSB for Fiscal 2001 and Fiscal 2000 as well as amendments to the Company's Form 10-QSBs for the three fiscal quarters of 2001 were filed with the SEC on September 9, 2002. Such modifications related primarily to the valuation of the Performance Control acquisition, the valuation of the repriced options, the value of options issued during the periods and settlement of a loan payable for common stock.

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NOTE 13, EMPLOYMENT AGREEMENT FOR RAYMOND J. SKIPTUNIS

On November 7, 2002, the Company entered into an employment agreement (the "Agreement") with Raymond J. Skiptunis under terms of which Mr. Skiptunis shall serve as President, Chief Executive Officer and Chief Financial Officer of the Company. In connection with the Agreement, the Company cancelled the 500,000 common stock options previously granted to Mr. Skiptunis on June 26, 2002 and granted Mr. Skiptunis options to purchase up to 700,000 shares of Common Stock of the Company. The options were granted pursuant to the Company's 2000 Amended and Restated Stock Option and Restricted Stock Plan and such options vest in accordance with the vesting provisions set forth in the Agreement. In connection with this option cancellation and new option award, the Company will incur a compensation expense which shall be reflected in the Company's operating results for the 4th Quarter of Fiscal Year 2002.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is designed to provide a review of the financial condition and results of operations of Power Efficiency Corporation (the "Company"). This discussion should be read in conjunction with the financial statements and related notes.

Forward-Looking Statements:

This discussion and analysis of financial condition and results of operations, and other sections of this report, contain forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about the industrial and commercial motor industry, the economy, and about the Company itself. Words such as "anticipates," "believes," "estimates," "judgment," "expects," "forecasts," "intends," "is likely," "plans," "predicts," "projects," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Risk Factors") that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed, implied or forecasted in such forward-looking statements.

Risk Factors include, but are not limited to, demand for products and services; the degree of competition by competitors; changes in tax laws; changes in prices; levies and assessments; the impact of technological advances and issues; governmental and regulatory policy changes; the outcomes of pending and future litigation and contingencies; trends in customer behavior; the ability to raise capital and maintain financing sources; development of the Company's products; and changes in the national economy. These are representative of the Risk Factors that could cause a difference between an ultimate actual outcome and a preceding forward-looking statement. The Company undertakes no obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

Results of Operations:

Revenues. Revenues for the three months ended September 30, 2002 was \$104,259 compared to \$309,122 of revenues for the prior comparable quarter, a decrease of \$204,863. The decrease in revenue was principally attributable to the stagnation of the economy which delayed purchase orders.

Cost of revenues. Cost of revenues for the three months ended September 30, 2002 was \$44,016, or 42% of revenues compared to \$174,925, or 57% of revenues for the

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three months ended September 30, 2001. The decrease in cost of revenues was due to purchases of inventory from new sources at lower prices and better efficiencies in the manufacturing process.

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Research and development. Research and development expenses were \$92,092, or 88% of revenues, for the three months ended September 30, 2002 as compared to \$83,520, or 27% of revenues, for the three months ended September 30, 2001. This increase is due to increased R&D activity including independent testing.

Selling, general, manufacturing and administrative. Selling, general, manufacturing and administrative expenses increased to \$434,682 or 417% of revenues, for the three months ended September 30, 2002 from \$382,836 or 124% of revenues, for the three months ended September 30, 2001. This increase in expenses was primarily due to professional fees and expenses incurred by the Company in connection with fund raising activities and the filing of the Company's amended Exchange Act reports.

As a result, the Company incurred a net loss of \$495,326 for the three months ended September 30, 2002 compared to a loss of \$408,438 during the three months ended September 30, 2001.

Financial Condition, Liquidity, and Capital Resources

Since inception, the Registrant has financed its operations primarily through the sale of equity securities and using bank borrowings. As of September 30, 2002, the Registrant has received a total of approximately \$4,757,261 from public and private offerings of its equity securities. As of September 30, 2002, the Registrant had cash and cash equivalents of \$781,761.

Cash used in operating activities for the nine months ended September 30, 2002, was \$1,391,047 in 2002, and \$1,040,063 in 2001. Cash used in operating activities in the nine months ended September 30, 2002 reflected a net loss of \$1,370,562. In 2001 for the same period, cash used in operating activities reflected a net loss of \$1,187,790.

The Registrant expects to experience growth in its operating expenses, particularly in research and development and selling, general and administrative expenses, for the foreseeable future in order to execute its business strategy. As a result, the Registrant anticipates that operating expenses, as well as planned increases in inventory expenditures, will constitute a material use of any cash resources.

Management believes that its existing cash and cash equivalents are sufficient to meet the Registrant's anticipated cash needs for the next 6 months. Even though capital resources are sufficient to satisfy the Registrant's liquidity requirements, management still intends to seek additional financing through a line of credit.

Item 3. Control and Procedures

The Chief Executive Officer/Chief Financial Officer of the Company has concluded, based on his evaluation as of a date within 90 days prior to the date of the filing of this Report, that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports filed or submitted by it under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed,

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summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including the Chief Executive Officer/Chief Financial Officer to allow timely decisions regarding required disclosure.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of such evaluation.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Following the Company's earlier termination of his employment agreement, on October 10, 2002, Stephen Shulman, the former President and Chief Executive Officer of the Company (See Item 5), filed a demand for arbitration with the American Arbitration Association ("AAA") requesting payments from the Company aggregating approximately \$528,653 pursuant to the provisions of his employment agreement with the Company. The demand application was deemed incomplete by the AAA for failure to enclose the appropriate filing fees with the demand application. As of the date of this filing, the Company has not received notification from the AAA that the filing fee requirements have been satisfied by Mr. Shulman. The Company believes that it has meritorious defenses to these claims.

ITEM 2. CHANGES IN SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. OTHER INFORMATION

On August 12, 2002, the Board of Directors of the Company (the "Board") replaced Stephen Shulman as President and Chief Executive Officer of the Company and in his place, the Company appointed Raymond J. Skiptunis to serve as interim President and Chief Executive Officer.

On September 12, 2002, the Board appointed Steven Strasser, John Lackland and Anthony Acone to fill the current vacancies on the Board and such appointments were made effective immediately. In addition, the Board appointed Mr. Strasser to the office of the Chairman of the Board.

On November 7, 2002, the Company entered into an employment agreement (the "Agreement") with Raymond J. Skiptunis under terms of which Mr. Skiptunis shall serve as President, Chief Executive Officer and Chief Financial Officer of the Company (a copy of the Agreement is attached as Exhibit 10.1). The Agreement is for a base term of three (3) years (the "Term") and is thereafter renewable for additional periods of one (1) year unless the Company gives notice to the contrary not less than ninety (90) days prior the expiration of the Term or any extension. In accordance with the terms of the Agreement, Mr. Skiptunis' base

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salary for 2002 is \$240,000 (the "Base Salary"), increasing annually thereafter in \$18,000 increments (the "Salary Increments"). During the first year of the Agreement, an amount equal to \$80,000 of the Base Salary shall be accrued and paid to Mr. Skiptunis at such time as the net cash provided by operating activities of the Company is greater than zero for a period of three (3) consecutive months. Upon satisfying this requirement, Mr. Skiptunis shall be paid his accrued salary in monthly installments of \$10,000 until such time as Mr. Skiptunis' accrued salary has been paid in full. In the event the Company is unable to pay a Salary Increment, the Board of Directors of the Company may elect to defer such payment. In the event of deferment, the Salary Increment shall continue to be accrued until such time as the Company is financially able to make such payments. Base Salary is subject to withholding and other applicable taxes, payable during the term of this Agreement in accordance with the Company's customary payment practices, but not less frequently than monthly.

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In addition to Mr. Skiptunis' Base Salary set forth above, the Company cancelled the 500,000 common stock options previously granted to Mr. Skiptunis on June 26, 2002 and granted Mr. Skiptunis options to purchase up to 700,000 shares of Common Stock of the Company. The options were granted pursuant to the Company's 2000 Amended and Restated Stock Option and Restricted Stock Plan and such options vest in accordance with the vesting provisions set forth in the Agreement.

Mr. Skiptunis is entitled to such bonus amounts as shall from time to time be determined by the Company's compensation committee in its sole discretion, and shall also be entitled to receive a bonus upon the occurrence of certain triggering events (as set forth in the Agreement) in an amount based upon the valuation of the Company as of the date of the triggering event, as calculated in accordance with the Agreement. The Agreement also provides for certain non-competition and nondisclosure covenants from Mr. Skiptunis..

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits. The following document is filed as an exhibit to this report on form 10-QSB:

Exhibit No.	Document
-----	-----
10.1	Employment by and between Raymond J. Skiptunis and the Company dated November 7, 2002

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the quarter covered by this Form 10-QSB.

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SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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POWER EFFICIENCY CORPORATION

Date: November 11, 2002

/s/ Raymond J. Skiptunis

Raymond J. Skiptunis
President, Chief Executive Officer
and Chief Financial Officer

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CERTIFICATION

I, Raymond J. Skiptunis, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Power Efficiency Corporation.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other

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employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 11, 2002

/s/ Raymond J. Skiptunis

Name: Raymond J. Skiptunis
Title: Chief Executive Officer and Chief Financial Officer

Certification

Pursuant to 18 U.S.C.ss.1350, the undersigned officer of Power Efficiency Corporation (the "Corporation"), hereby certifies, to the best of his knowledge, that the Corporation's Quarterly Report on Form 10-QSB for the quarter ended September 30, 2002 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated: November 11, 2002

/s/ Raymond J. Skiptunis

Name: Raymond J. Skiptunis
Title: Chief Executive Officer and Chief Financial Officer

This certification is being furnished solely pursuant to 18 U.S.C ss.1350 and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT INDEX

Exhibit No. -----	Document -----	Location -----
10.1	Employment Agreement by and between Raymond J. Skiptunis and the Company dated November 7, 2002.	Filed Herewith

