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SENT VIA EMAIL ONLY TO: < info@rosieonthehouse.com >

Rosie and Romey Romero

Rosie on the House

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RE: Manufacturer's Statement

Dear Rosie and Romey,

Thank you for the opportunity to provide a manufacturer's statement regarding KVAR Energy Controllers (KVAR ECs™) for your upcoming broadcast this Saturday. Romey recently outlined the approach he intended to use for the airing related to Power Factor Correction Devices.

As stated in the Energy Star and SRP websites, and APS Bulletins, it is Energy Star's "*opinion*" that Power Factor Correction Devices cannot save money because they improve energy quality rather than energy efficiency. Energy Star specifically states that it has formulated this "*opinion*" because it has not been presented with data to prove otherwise.

The premises as set out by all concerned are that it has been clearly established that:

- a. These devices save energy for utility customers. They also reduce demand on the electric grid, much to the benefit of electric utilities that have adopted pro-active energy efficiency programs and a socially responsible environmental approach. Realizing of course that reducing demand also means reducing revenue for electric utilities. Unfortunately, numerous electric utilities in the US still consider loss revenue as a very negative criterion in establishing socially responsible programs, thereby fostering popular customer measures to the detriment of real energy efficient systems and methods.
- b. The crux of the matter is that we know it saves energy but cannot agree on how much can effectively be saved.
- c. Energy Star provides some semblance of expected level of savings without having conducted tests that provide empirical data on which we can base statistical evidence, determine trends and reasonable anticipated levels of savings by customer classes. In discussions that have been undertaken between Energy Star; e-Source, the technical source of knowledge for Energy Star, as its subcontractor; and our corporation, it was accepted by all parties that studies and unbiased test results should be provided to Energy Star for them to clearly establish a sound technical position on power factor correction devices. Earlier this week, E-source contacted our corporation, seeking datasets and tests results, so they may provide clarity on the matter, because some electric utilities were unsure of the position they should take.
- d. APS and SRP have gone a step further and issued advisories, based on the Energy Star position, also without having conducted tests themselves. A practice we find rather irresponsible. Perhaps they are the utilities seeking advice from e-Source.
- e. The issue is further complicated by the fact that our corporation is not in the power factor correction business, but in power factor optimization. Our benchmark product is the original energy controller. Our sales channels operate on the basis of strict procedures that require them to size the capacitance required prior installing the products and size the resulting power factor to ensure optimization. As you know, the market place is riddled with knock-offs of our residential products. Not so bad for business, considering that we have sold over 250,000 energy controllers. These imposters build sub-standard products that are unsafe and typically do not carry UL, CSA, CE listings required for installation in the residential sector. Through adversity, we have dealt with companies like Power Save that took one of our KVAR ECs™ ripped off the product identification sticker, refinished the exterior and sent it to UL to seek approval for a listing. For a while, Power Save was even printing product labels with our UL listing number and was omitting the last digits of our UL listing. Some imposters were even bolder, they simply used our UL number. We had to deal

with imposters that have their products built in China and sell them in the US without any safety listings. Our products are all built at our 20,000 sq ft facility in Daytona Beach, Florida. All our products meet the RoHS (Restriction on Hazardous Substances Directives) certification and we can assure you that they work great. Unfortunately, we cannot speak for the capabilities of knock-offs.

- f. We would be most pleased to offer references and testimonials that span numerous business sectors and residential profiles, from across the nation. The level of savings benchmark that we boast are real and many customers write to us to tell us how pleased they are with results. Furthermore, we have never had a single complaint with the Better Business Bureau.

Again, we would like to take this opportunity to provide the necessary information and empirical data to allow you, your listeners and all other skeptics a chance to see the real effects and benefits of our power factor optimization products.

We stand behind our products with complete confidence, we are currently working with the Department of Energy (DOE) to help establish yet another third party review and pilot study projects to show estimated levels of savings. These are tests in the real world, where real electric bills come from. We hope APS and SRP would stand behind this type of research, instead of the Energy Star opinion which is feeling pressure to reconsider the scientific, mathematical and statistically representative approach that has been lacking, as the basis of their assertions.

For over a decade, the KVAR EC™ has been successfully tried and tested, and we have empirical data including numerous testimonials attesting the same. Similar to your radio show, we take pride in our business's integrity and reliability.

Thank you for your time, and we are available to answer any questions.