

Migliaccio, A.M., (Anna)

From: Armstrong, Benjamin W
Sent: Tuesday, March 21, 2000 4:38 PM
To: Migliaccio, A.M., (Anna)
Subject: Re: FW: Unicom Merger Codeblock and One Additional Request

Anna Mae,

Attached are the newspapers in which the Legal notice will appear.

Philadelphia Inquirer and Daily News 3/24
Bucks County Courier Times 3/24
The Intelligencer and Record 3/24
Lansdale Reporter 3/24
Delaware County Daily Times 3/24
The Times Herald 3/24
The Phoenix 3/24
The Pottstown Mercury 3/24
Daily Local News 3/24
York Daily Record 3/24
Philadelphia Sunday Sun 3/26

Total cost: \$ 22,175.00

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See PFFS, Pennsylvania Convention Center Authority, Valley Forge Convention & Visitors Bureau, Rittenhouse Expo Center. Attendance numbers are as reported by event sponsors.

Peco cuts too small, some officials say

PECO from F1

lion merger with Unicom was announced last fall.

John Hanger, a former PUC member and head of PennFuture, said \$200 million "is real money." He said Peco's proposed rates still would be too high, but the cut would be a start to lowering them. According to U.S. Department of Energy statistics, Peco's rates are the highest in Pennsylvania and among the highest in the nation.

If approved by several regulatory agencies, including the state PUC, the Peco-Unicom merger would create the nation's largest electricity company, with 5 million customers, more than \$12 billion in annual revenues, and the greatest number of nuclear plants in the country.

Two public meetings on the merger are scheduled for today at 1 and 7 p.m. at the State Office Building at Spring Garden and Broad Streets. Other meetings are scheduled later in the week in the four suburban counties that Peco serves.

Asked whether the public's opinions would have much weight at

Public Hearings

Today in Philadelphia at 1 and 7 p.m. at the State Office Building at Spring Garden and Broad Streets.

Tomorrow in Bucks County at 7 p.m. at the Hadisson Hotel, Route 1 in Trevose.

Wednesday in Montgomery County at 7 p.m. at Norristown Borough Hall on East Airy Street.

Thursday in Chester County at 1 and 7 p.m. at the Glenmoore Fire Company building, Fairview Road.

Friday in Delaware County at 7 p.m. in the Government Center on West Front Street, Media.

At this point, Irwin Popowsky, Pennsylvania's consumer advocate for utility issues, said the PUC would have the ultimate say.

"The commission certainly still wants to hear from the public," he said. "The commission will have to decide whether the merger is in the public interest."

...that were not deemed "medically necessary" according to a patient's diagnosis. Law enforcement efforts against health-care fraud and waste were stepped up in 1996.

"Previously, the Medicare program paid for all tests whether or not they were medically necessary," said Jeffrey Boothe, a Washington, D.C., lawyer who specializes in Medicare reimbursement issues. The Health Care Financing Administration "looked at reimbursement patterns, and found it was paying out for a lot of tests, and doubted they were all medically necessary."

The government also found health-care companies that were bilking Medicare by ordering needless tests for patients, and receiving kickbacks.

The new guidelines left some health-care systems scrambling to find efficient ways to verify whether each ordered test was considered medically necessary, based on the policies of the Medicare contractor they were dealing with.

Some hospitals wound up devoting several staff members to that task alone, which can require paging through cumbersome manuals, and making lots of phone calls to physicians' offices, Darnell said.

Three of the country's largest health-care systems — Tenet Healthcare Corp., Columbia/HCA, and Quorum Health Resources L.L.C. — have entered into partnerships with Healthworks, and each uses the company's software in at least some of its hospitals.

Today, about 90 percent of Healthworks' revenue comes from the company's compliance software.

In addition to determining whether a test meets the medical-necessity standard, the software will also generate a notice if it does not, informing a patient that Medicare might not pay for a service about to be performed. If the patient does not agree to sign a form accepting financial responsibility, the hospital might decide not to perform the test.

When a laboratory performs a

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Tax rule would help investors

JEFF BROWN from C1

verage stock fund sacrifices 2.5 percentage points of its gains to taxes each year. That means an average stock fund that earns about 17 percent a year before taxes returns just 14.5 percent after taxes are paid.

A \$1,000 investment in a fund returning 17 percent a year would grow to \$23,105 after 20 years. Cut the return to 14.5 percent and it would grow to just \$15,000.

So it's vital to know when you shop for a fund how taxes could get into your profits. Vanguard Group has taken the lead in reporting this information, recently creating a terrific online service that reveals the pre- and after-tax returns of Vanguard funds at each income tax-bracket. It looks at various holding periods and reports results for investors who sell their fund shares as well as those who keep them. The site is <http://www.vanguard.com>

Morningstar Inc., the fund-tracking company, shows pre- and after-tax returns for thousands of funds on the \$9.95-per-month premium service on its Web site.

<http://www.morningstar.com>

The SEC proposes to make such information universally available for free by requiring fund companies to report tax information in prospectuses and annual reports. The disclosures would include before- and after-tax returns for the previous one-, five- and 10-year periods, for investors who sold their shares at the end of each period as well as those who kept them. (Investors who sell face capital gains tax on the difference between what they received for the shares and what they paid. This comes in addition to tax on dividends and capital gains distributions.)

The SEC proposes calculating income taxes by using the highest tax bracket of 39.6 percent, arguing that it would be too cumbersome to include all the lower brackets. Less affluent investors could still use the data to get a general picture of a fund's tax efficiency, even if they faced lower income tax rates.

But the proposal is disappointing because some investors in lower brackets using the SEC's "worst-

case" data might overestimate potential tax burdens and avoid good funds. This year, the 39.6 percent bracket applies only to income, for couples and individuals, that exceeds \$288,350.

Vanguard has shown that after-tax data can be reported for all tax brackets. It would be good to see the SEC revise its proposal to do the same, perhaps by requiring funds to make more extensive postings on their Web sites.

The SEC proposal is available on the Web at <http://www.sec.gov/rules/proposed/33-7809.htm> The agency is accepting public comment through June 30.

Comments can be e-mailed to rule-comments@sec.gov, or mailed (in triplicate) to Jonathan G. Katz, secretary, Securities and Exchange Commission, 450 Fifth St., N.W., Washington, D.C. 20549-0609. Comments should refer to File No. S7-09-00. Put it in the subject line of any e-mail.

Send your column ideas to Jeff Brown, Business News, The Inquirer, Box 8263, Philadelphia, 19101. E-mail at jeff.brown@phillynews.com

Knowing ed

SMALL FUNDS from C1

formance was sheer luck or talent, Edwards said.

That was especially true in 1999, when an intoxicating mix of soaring technology stocks; a hot market for initial public offerings, or IPOs; and funds with small asset bases helped fuel performance.

Let's say you manage the Jack Be Nimble Fund, with \$25 million in assets, and you bought 550,000 worth of an initial public offering that doubled in its first day of trading. If you sell, you have made a 2 percent return on your total assets in a single day.

Now let's say instead that you manage the Getting Big and Bloating Fund, with \$1 billion in assets. You can still double your \$500,000 in an IPO. But on the larger asset base, the total return is just 0.05 percent. With the number of shares limited in IPOs, you can't buy more, so you buy what you can, and look for better returns elsewhere.

"It was such a good small-company market, and it was such a good IPO market, that you really got paid to be a small fund because you can get more of an impact," said Christine Benz, director of domestic-equity-fund analysis for Morningstar.

Because the impact fades as funds grow larger, the Securities and Exchange Commission encourages companies to disclose when certain types of investments, including IPOs, contribute to big returns. While there is no hard-and-fast rule that fund companies must do so, the SEC fined Van Kampen Investment Advisory Corp. last fall for not disclosing that IPOs contributed to half of the performance of its Growth Fund in 1996, a year when it had less than \$400,000 in assets.

IPOs helped several of last year's heavy hitters, including Nicholas Applegate Global Technology, up 494 percent. Because the IPO market runs notoriously hot and cold, repeat performances are unlikely.

"It just pays to ask the question of how much of that performance was IPOs and how much was not," said Robert Turner, chief investment officer at Turner Investment Partners in Berwyn, where the Micro-Cap Growth fund rose 144 percent last year. His company closed that fund at \$250 million in assets on March 7, believing that keeping the fund small was crucial to its continued success. IPOs accounted for 16.7 percent of Turner's returns

Job cuts top lawmakers' concerns

PECO from C1

is a long way to go."

The proposed union of the two utilities was announced last September. If approved by several regulatory agencies, including the state Public Utility Commission, the merger would create the nation's largest electricity utility with five million customers and more than \$2 billion in annual revenues.

Although Peco's merger agreement was released last week, several parties, including Mayor Street, have not yet endorsed it. Peco would not discuss the status of its talks with Street, but said the mayor has not objected to the merger. Barbara Grant, Street's press sec-

retary, said the mayor is still negotiating with Peco, but she did not know the status of the talks.

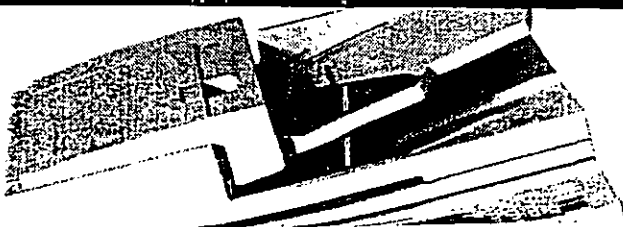
Last week, Stephanie Franklin-Suber, Street's chief of staff, said the mayor had originally wanted Peco to keep its distribution business in the city through 2010 — five years longer than Peco stated last week.

If Peco's merger with Unicom goes through, the headquarters for the combined company would be in Chicago.

Public hearings on the merger are scheduled through the week in Bucks, Montgomery, Chester and Delaware Counties. The final hearing will be held April 4 in York.

Public Hearings

- **Today** in Bucks County at 7 p.m. at the Radisson Hotel; Route 1 in Trevose.
- **Tomorrow** in Montgomery County at 7 p.m. at Norristown Borough Hall on East Airy Street.
- **Thursday** in Chester County at 1 and 7 p.m. at the Glenmoore Fire Company building; Fairview Road.
- **Friday** in Delaware County at 7 p.m. in the Government Center on West Front Street, Media.



**Public Input Hearings on
Merger of PECO Energy and Unicom
Set by PA-PUC for March and April**

The Pennsylvania Public Utility Commission (PUC) will hold a series of public input hearings in March and April to give the public a chance to comment on the proposed merger and corporate restructuring of PECO Energy Company, of Philadelphia, and Unicom Corporation, of Chicago. The merger would result in a new corporation, Exelon Corporation.

As part of the proposed merger:

- PECO Energy Distribution (PED) will continue to deliver electricity and natural gas to homes and businesses and provide customer services in the six counties of southeastern Pennsylvania;
- Commonwealth Edison Company (ComEd), a subsidiary of Unicom, will continue to deliver electricity and provide customer services in the Chicago area; and
- PECO's and Unicom's nuclear, coal and other electric power plants will be transferred to a newly created electricity generation company which will run these plants and market the electricity produced by these plants.

PECO has asked the Pennsylvania Public Utility Commission to approve the merger and corporate restructuring. To do so, the PUC must consider many factors, and then find that the merger is in the public interest and that it will not harm retail competition. Among the factors that the Commission may consider are the potential impact of the merger on PECO's service and rates. To give the public a chance to comment on the merger during the approval process, the PUC has set the following schedule of public input hearings:

Monday, March 27, 2000 at 1:00 p.m. and 7:00 p.m.
Philadelphia State Office Building
1302 Philadelphia State Office Building
1400 West Spring Garden Street, Philadelphia, PA 19130
Phone: (215) 560-2105

Tuesday, March 28, 2000 at 7:00 p.m.
Radisson Hotel, Spruce Room
2400 East Old Lincoln Highway, Treviso, Pennsylvania
Point of Contact: Nicole DiMantia
Phone: (215) 638-8300 Ext. 153

Wednesday, March 29, 2000 at 7:00 p.m.
Norristown Borough Hall, Council Chambers
235 E. Airy Street, Norristown, Pennsylvania
Point of Contact: Anthony Biandi
Phone: (610) 270-0421

Thursday, March 30, 2000 at 1:00 p.m. and 7:00 p.m.
Glenmoore Fire Company
571 Fairview Road, Glenmoore, PA
Point of Contact: Rev. David Hicks
Phone: (610) 873-9345

Friday, March 31, 2000 at 7:00 p.m.
Delaware County Government Center Building
Council Meeting Room
201 W. Front Street, Media, Pennsylvania
Point of Contact: Tina Madden
Phone: (610) 891-4459

Tuesday, April 4, 2000 at 7:00 p.m.
Holiday Inn
1-83 & Rt. 30 Exit 9E
334 Arsenal Road - Red Lion Room
York, Pennsylvania
Phone: (717) 845-5671

The presiding officer in this proceeding is: Administrative Law Judge Charles E. Rainey, Jr.
1302 Philadelphia State Office Building
1400 West Spring Garden Street
Philadelphia, PA 19130

If you are a person with a disability, and wish to attend the hearing(s), we may be able to make arrangements for your special needs. Please call Norma Lewis at the Public Utility Commission:

- Scheduling Office: 717-787-1399
- AT&T Relay Service number for persons who are deaf or hearing impaired: 1-800-654-5988

If you have any questions please call our Customer Service Center at 1-800-494-4000.

PECO Energy Company

City of Philadelphia
PUBLIC HEARING NOTICE
In compliance with the Pennsylvania Sunshine Act, Act 93, 1998, the Committee on Labor and Civil Service of the Council of the City of Philadelphia will hold a Public Hearing on Thursday, March 30, 2000, at 1:00 PM, in

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Friday's Results**

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