

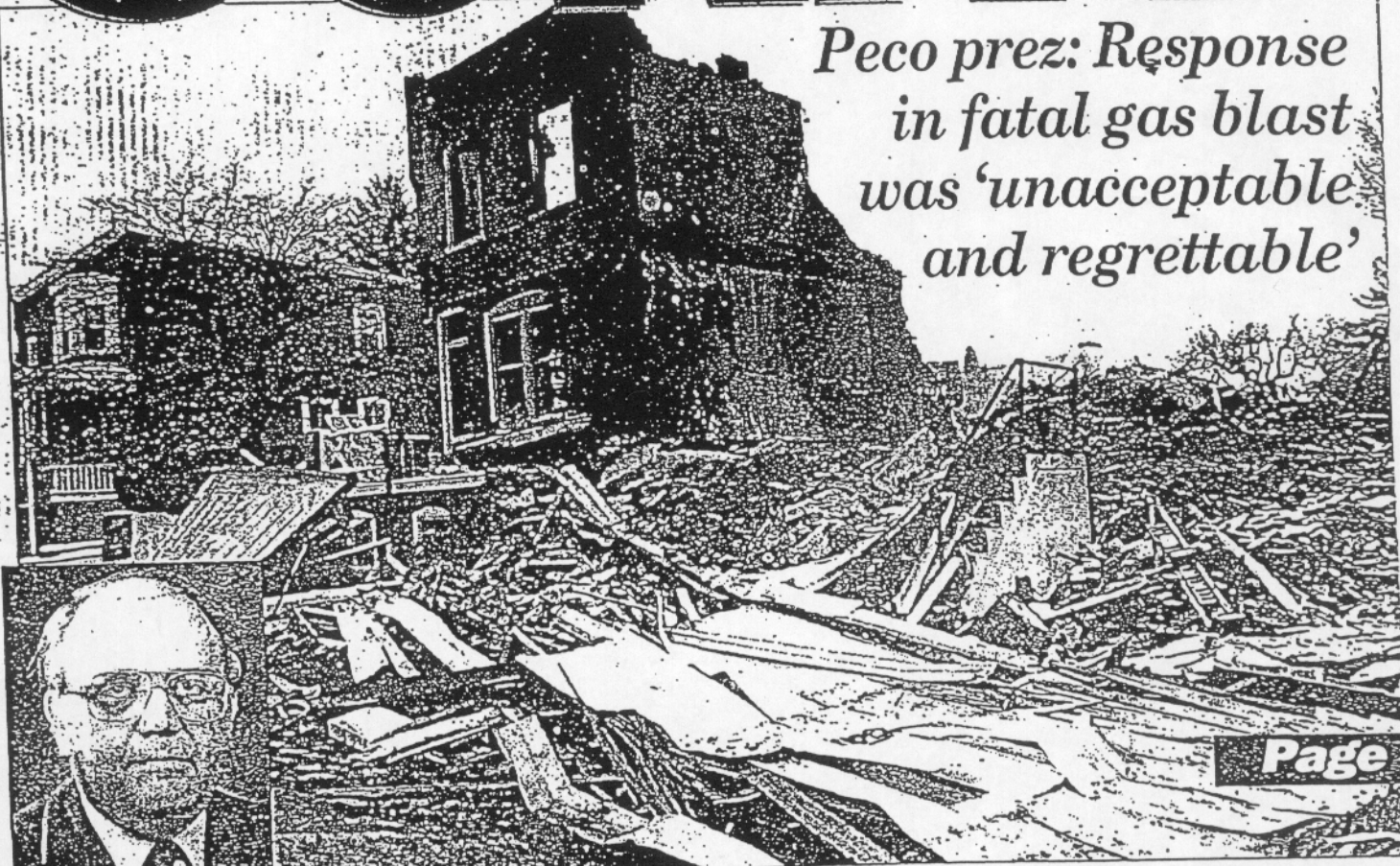
**PEETE'S FUTURE**

Despite winning ways,  
the Eagle QB might  
not be back: *Sports*



# SORRY

*Peco prez: Response  
in fatal gas blast  
was 'unacceptable  
and regrettable'*



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Peco's Corbin McNeill: "Soul-searching"

**STORM:  
THIN ICE**

We escaped the worst  
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**'NIXON'  
FUROR**

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# The Philadelphia Inquirer

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December 27, 1995

## A welcome apology

*Peco's quick response to a deadly Norristown fire is a first step to preventing a similar tragedy.*

"Sorry" won't bring back Margaret Cognato and her brother, Daniel LaPenta, who perished early Tuesday in a fiery gas explosion at their Norristown home. Nor will it heal Mrs. Cognato's husband, Benjamin, who emerged alive but severely burned.

But the immediate, no-nonsense apology by Peco Energy Co. officials for delays in responding to the leak that led to the blast was a remarkable way to start the investigation into what went wrong. More important, it raises hopes that proper steps will be taken to save lives in the future.

Before the day was out on Tuesday, Corbin A. McNeill Jr., Peco president and chief executive, said the delay of nearly two hours in getting a repairman to Norristown was "unacceptable and regrettable." He said Peco took "full responsibility" and extended sympathy to everyone touched by the blast.

It's hardly customary to hear corporate executives speak as plainly as Mr. McNeill did. Moreover, his candor stands in sharp contrast to earlier Peco regimes that foot-dragged on safety concerns at the utility's Peach Bottom nuclear power plant.

But in the Norristown explosion, Mr. McNeill did enough homework to know that, as a company spokesman said, "things weren't done that should have been done."

Based on the response time alone, Peco erred in a major way. The company received calls reporting gas odors around 12:30 a.m. Tuesday, but didn't dispatch a technician until an hour later — too long under any circumstance. In this case, natural gas from a broken main filled the

Cognato home until a violent explosion sent it up in flames at 1:50 a.m. — nearly a half-hour before a Peco technician arrived.

The question is, why? Not only Peco owes the public an answer. So does the Pennsylvania Public Utility Commission, which regulates the utility and has begun its own inquiry.

It's urgent business, since winter is a touchy season for gas leaks. When pipes rupture, gas that would have evaporated harmlessly in warm weather instead creeps along pipes and seeps into buildings, making them potentially dangerous.

As a precaution, Peco has beefed up its staff of overnight technicians. It pledges to boost the number of call-takers early next year.

Both the PUC and Peco say they'll examine whether the delays can be attributed to Peco's 25 percent workforce reduction of a year ago. That's a key issue. The prospect of coming competition in what had been a protected, regulated business prompted those cutbacks.

Peco must assure the public that no competitive pressures will be allowed to compromise safety. At this point, the utility notes that its field staff is larger than before the workforce reductions.

So, what happened? Were Peco staffers sitting with their feet up? Was a low priority mistakenly assigned to the Norristown call? Was the call simply misplaced for a time?

Saying "sorry" has set the right tone to find answers to those questions, and get at the full truth. Let's hope the candor doesn't stop there.

# The Philadelphia Inquirer

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## In doing the 'right' thing, did Peco also do the smart thing?

December 22, 1995

After a fatal explosion, the utility took responsibility. It insisted that was not only a moral decision, but a good business decision.

By Andrea Knox  
INQUIRER STAFF WRITER

Companies don't like to come clean about their failings.

Exxon chose to pin the Valdez oil spill on the tanker's captain rather than its own management policies; tobacco industry executives dismiss scientific studies that show links between smoking and cancer.

So Peco Energy Co. threw away what is often the standard corporate playbook Tuesday when it shouldered the blame for a gas leak that killed two people and critically injured a third in Norristown.

"Peco Energy takes full responsibility" or failing to respond to reports of a leak in time to avert the tragedy, chief executive officer Corbin A. McNeill Jr. said in a prepared statement. He called Peco's delay in dispatching a technician "unacceptable and regrettable."

In an interview yesterday, McNeill acknowledged that his words could make the company more vulnerable to lawsuits and damage judgments. But he said it was the right thing to do, both morally and pragmatically, "regardless of any potential increases in liability."

It was morally right because "we recognized that we had not responded properly, and there was such a tragic outcome that we ought to come forward and admit that."

But it was also a good business decision, he said.

"The community wants to deal with a

company that has integrity and accountability, and this is the way to achieve that," he said, although he added that "this tragedy is unfortunate, and not the way I'd like to develop that image."

Peco's image in the community has sometimes been far from sterling. In 1988, the company got a black eye for trying to downplay the seriousness of worker inattention and other problems at its Peach Bottom nuclear reactor. And just this year, the company's customer service was raked over the coals by its northern rival, Pennsylvania Power & Light Co., during Peco's unsuccessful attempt to acquire PP&L.

But Peco has won plaudits for admitting forthrightly that it failed to respond promptly to reports of a leak. The odor was reported at 12:28 a.m. Tuesday; it was nearly two hours before a technician arrived at the scene, although Peco's unofficial policy is to respond within an hour to reports of leaks. The explosion occurred at 1:38 a.m., an hour and 10 minutes after the call.

Peco said it was investigating the cause of the delay.

Peco's acceptance of blame was called "refreshing candor" that "doesn't happen very often" by Edmund B. Spaeth Jr., a dean of

the Philadelphia Bar, who is of counsel at Pepper, Hamilton & Scheetz and teaches professional responsibility at the University of Pennsylvania Law School. Usually, companies say they are afraid to admit responsibility for fear it will expose them to liability, Spaeth said.

McNeill's statement might do that. It "can certainly be used against them," Spaeth said.

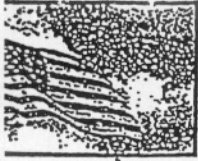
But honesty can be a good business decision, said Steven B. Fink, president of Lexicon Communications Corp., a Los Angeles public relations and crisis-management firm.

Even companies that try to cover up their liability are frequently sued, so it's not clear how much money is saved by stonewalling, Fink said. Meanwhile, the waffling can destroy customer loyalty, employee morale, and investor confidence — creating problems that are potentially much more serious than a few lawsuits.

A case in point, said Fink, is Audi. When owners complained that their cars accelerated spontaneously, the company blamed the drivers. Customer faith plummeted, and Audi lost two-thirds of its market share in three years, he said.

More companies are seeing "how breathtakingly powerful honesty is," said Brian Tierney, president of Tierney & Partners, a Philadelphia public relations agency that does a lot of crisis management. Still, "a lot of companies just don't have the nerve to do it," he said.





# DAILY TIMES

35¢  
DELAWARE COUNTY'S  
#1 NEWSPAPER

December 21, 1995

## PECO: It's our fault

By AMY WESTFELDT  
Associated Press Writer

PHILADELPHIA — No excuses. No hedging. Hours after a gas leak caused two homes to explode, killing two and critically burning another, PECO Energy Co. uttered the magic words: It was our fault.

The utility's decision to take immediate responsibility for Tuesday's deadly blast is uncommon in the business world, but may strategically defuse negative public opinion and even reduce damages in lawsuits, experts said yesterday.

"I say it's about time," said Steven Fink, a Los Angeles public relations consultant who

### Utility takes blame in deadly explosion

specializes in crisis management. "I think it goes a long way toward building reservoirs of good will in the community for a CEO to step up to the plate."

That's what PECO's president and chief executive Corbin A. McNeill Jr. did Tuesday night after learning that his company waited more than an hour to send a technician to investigate neighbors' complaints of a gas odor in Norristown.

The technician arrived 30 minutes after natural gas from a broken main ignited Margaret and Benjamin Cognato's home early Tuesday

morning, killing the 75-year-old woman and her 63-year-old mentally retarded brother, Nunzio LaPenta. Benjamin Cognato was critically injured with second- and third-degree burns. A second, unoccupied home was destroyed.

"This is unacceptable and regrettable," McNeill read from a statement Tuesday. "While it will never be known if a more timely response would have prevented the tragedy that occurred, PECO Energy takes full responsibility."

Fink called the response "more proactive than reactive."

More companies are adopting their own crisis management plans to prevent public relations fiascos and respond promptly to emergencies, he said.

PHILADELPHIA DAILY  
**NEWS**  
THE PEOPLE PAPER

December 26, 1995

## Peco does right thing

There are several good reasons for Peco Energy's astonishing — and immediate — apology for the thundering gas explosion that ripped apart two houses in Norristown:

- Because of the inexcusable delay in responding to the report of a gas leak, Peco was so obviously liable that stonewalling would have been foolish.
- Saying right up front that Peco had screwed up was a major public relations triumph — “unusual and brilliant,” according to a PR expert who specializes in crisis management.
- It was the right thing to do.

Doing the right thing, of course, is justification in itself. If it also makes sense pragmatically, all the better.

This tragic error will cost Peco and its stockholders plenty, but no more or less than it would had Peco not owned up to its culpability. And whatever it costs in money is trivial to what it cost the victims of the fatal blast.

Peco president Corbin McNeill Jr. and his colleagues should be role models for those in corporate America with the disturbing tendency to try to avoid the truth and its consequences. ■

# THE REPORTER

A GANNETT NEWSPAPER SERVING MONTGOMERY AND BUCKS COUNTIES

35 CENTS

## PECO takes blame in fatal blast

December 20, 1995

Page 1/2

By **PETER LOFTUS**  
Staff Writer

**NORRISTOWN** — PECO Energy officials were taking "full responsibility" Tuesday for an early morning natural gas explosion that killed two borough residents and critically injured another.

An apparent gas leak caused a three-story brick house at 831 Tremont Ave. to explode about 1:30 a.m. Tuesday. In addition to causing the deaths and critical injury, the blast injured two fire-

fighters who had just arrived to investigate.

Officials at the Philadelphia-based utility later apologized for the explosion, saying PECO service technicians did not immediately respond to the first report of the gas leak. A neighbor said she phoned in a report of the leak an hour before the blast, about 12:30 a.m.

"It is company policy that gas odor calls are responded to immediately," PECO president Corbin A. McNeill Jr. said in a written statement released Tuesday afternoon. "In this instance, it took more than one hour for a technician to be dispatched. This is unacceptable and regrettable."

Killed in the blast were Margaret Cognato, 75, and her brother, who was identified by Norristown Police only as Butch, age 63. They apparently were asleep at the time of the explosion, police said. The Montgomery County coroner was to perform autopsies Tues-

day evening to determine cause of death.

Benjamin Cognato, 75, Margaret's husband, was also in the house at the time, but survived the blast. He suffered second-degree burns on 20 percent of his body and was in critical condition Tuesday night at Crozer Chester Medical Center, Delaware County.

Tuesday afternoon, neighbors of the Cognatos voiced anger at PECO's delay in responding to the

leaking gas, which apparently filled the Cognato home.

"It was an emergency, but they (PECO) kept promising they'd be there within the hour," said Louise Byrd, who called the utility after being awakened by a gas odor around 12:30 a.m. "I don't feel too good about this."

Byrd, 72, who lives across the street from the Cognato house, said she and her son, Tom, phoned PECO four more times

over the next hour. Tom Byrd then called the Norristown Fire Department, which sent a fire truck "within minutes," Louise Byrd said.

A fire truck was on the street in front of the Cognato house for "no more than a minute," when the house exploded, said Norristown Police Detective George DiPetrillo. Officials did not say where the gas leak occurred, or what sparked the explosion.

Two firefighters, James Costello, 46, and Craig Keyser, 40, were thrown from the truck into the street. They were taken to Montgomery Hospital, treated for cuts and bruises and released.

The explosion instantly leveled the Cognato house, and sparked a fire in an adjacent house at 829 Tremont Ave. Charles and Charlotte Mandracchi, the elderly couple who lived there, escaped out the back door, DiPetrillo said.

Soon after firefighters arrived to douse the Mandracchi house fire, Benjamin Cognato emerged from the rubble, walking toward rescuers, DiPetrillo said. He was flown by MedEvac helicopter to Crozer Chester.

After firefighters spent several hours quenching the flames, emergency work crews were called in to demolish the Mandracchi house because it was deemed structurally unsound.

Only after the Mandracchi house was torn down were firefighters able to search the rubble of the Cognato house. They found the bodies of Margaret Cognato and her brother around 11 a.m. Both were dead at the scene.

Louise Byrd, the neighbor who lives across the street, said she was standing in her front doorway with her back to the Cognato house when it exploded. She said she felt the force of the explosion, and grabbed an iron railing to keep her balance.

Sam Rinehart, who lives five houses down from the Cognatos, said he was awakened by the blast. He and his wife, Maryann, rushed to the bathroom window to see what happened.

"I just looked out the window and saw a big blaze of fire," Rinehart said.

The Rineharts, Louise Byrd and residents of about 20 other houses in the multi-ethnic neighborhood were evacuated from their homes shortly after the blast because officials feared the gas had spread.



# Peco's mea culpa hailed as 'brilliant'

## Savvy PR, despite firm's blast liability

by Barbara Laker

Daily News Staff Writer

At 4 a.m., Corbin McNeill Jr. got the call.

Peco Energy's president and chief executive officer was told that a thundering gas explosion had ripped apart two houses on Tremont Avenue in Norristown.

As the tragedy unfolded Tuesday, he learned to his horror that two people had died. Another was critically injured.

Later that day, McNeill told the world that Peco took full responsibility. He apologized. Everyone, even marketing experts, was shocked by such a quick, bold and honest statement from a corporate giant. Later, they had nothing but praise for McNeill.

"It was a very unusual and brilliant public relations move," said Howard Rubenstein, a New York public relations expert specializing in crisis management. "My hat goes off to them."

Raj Chandran, a marketing and international business professor at Temple University Graduate School of Business, agreed.

"Usually companies, because of the liability problems, hem and haw. But it's a lot better to be up front. I'm sure [McNeill] can sleep soundly at night. And that's worth a lot."

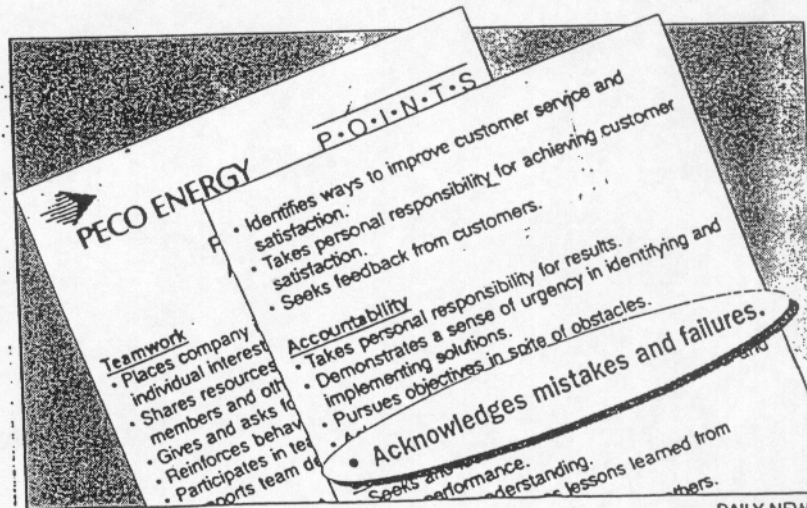
By about 6 a.m. Tuesday, McNeill and Chairman Joseph F. Paquette Jr., talking by phone,



Corbin McNeill: Peco prez



Joseph Paquette: Peco chairman



DAILY NEWS

knew things didn't look good for Peco. Neil McDermott, director of media and public relations, told

McNeill, also by phone, "There was a question of our response to reports of gas odor leaks." See PECO Page 35