Integrys Energy Group Inc.

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Introduction

Integrys Energy Group Inc. holds a unique place in the tapestry of American energy history. Formed in 2007 by the merger of two venerable companies—WPS Resources Corporation and Peoples Energy Corporation—Integrys quickly became a key player serving millions across the Midwest. This book explores the evolution of Integrys, charting its rise from 19th-century gas lights illuminating the streets of Oshkosh and Chicago, to its modern role as a provider of diversified energy solutions, and its transformation following its acquisition by Wisconsin Energy Corporation.

The origins of Integrys tell a broader story of American progress and innovation. In the mid-1800s, the first flickers of public gaslight in Chicago and Wisconsin marked the beginning of a revolution in urban living. Over the decades, these companies not only lit cities and powered homes but also helped shape growing metropolitan and rural communities, influencing the very fabric of daily life and economic growth.

As WPS and Peoples Gas evolved, they faced the shifting tides of energy demand, technological advancements, and environmental concerns. Through decades marked by mergers, regulatory changes, and infrastructural investment, these organizations diversified their offerings. From coal and natural gas to hydroelectric power and the early adoption of wind energy, their portfolios reflected the complex, ever-changing map of American energy.

The creation of Integrys Energy Group represented a strategic leap—combining strengths to better serve customers, navigate regulatory complexity, and compete in a marketplace that was becoming increasingly competitive and environmentally conscious. Headquartered in Chicago with key operations in Wisconsin and beyond, Integrys stitched together a Midwest empire of electricity and natural gas utilities, as well as nonregulated energy service providers.

This book also examines the company’s final major transformation: its acquisition by Wisconsin Energy Corporation in 2015, which paved the way for the formation of WEC Energy Group. This merger not only consolidated Integrys’ legacy but also embodied the broader trends of utility consolidation, infrastructure modernization, and the growing pursuit of sustainability in the face of 21st-century challenges.

By examining the story of Integrys Energy Group Inc., readers will gain insight into the arc of American utility development, the role of energy companies in regional identity, and the ways in which a legacy is carried forward—both through continued service under new banners and through enduring commitments to innovation, customer care, and cleaner energy futures.

CHAPTER ONE: The Origins of Midwestern Energy: 19th Century Beginnings

The 19th century in the American Midwest was a period of dramatic transformation, laying the groundwork for the expansive energy infrastructure that would one day define companies like Integrys Energy Group Inc. Before the hum of electric grids and the subtle flow of natural gas through vast pipeline networks, life in the Midwest was powered by more rudimentary means. Wood was the primary energy source until the mid-to-late 1800s, with watermills also playing a crucial role in early industrial growth. However, the seeds of a new energy landscape were being sown, driven by the burgeoning demands of a rapidly urbanizing and industrializing nation.

The story of artificial illumination in America began long before widespread access to electricity. Early streetlights in colonial America, for instance, relied on oil lamps, often burning whale oil, with lamplighters diligently igniting and maintaining them. Benjamin Franklin even introduced innovations in oil lamp design in the 1750s, such as using two woven wicks and flat, easily replaceable glass panes. But a more significant shift was on the horizon: the advent of gas lighting.

The concept of using gas for illumination had been explored in Europe in the late 18th and early 19th centuries, with notable demonstrations in London and Paris. In the United States, Baltimore led the way, with Rembrandt Peale demonstrating gas lamps in his museum in 1816, dazzling civic leaders and prompting the formation of the Gas Light Company of Baltimore. On February 7, 1817, Baltimore became the first American city to illuminate its streets with public gas streetlights. Other major cities like New York, Philadelphia, and Boston followed suit, gradually building the necessary infrastructure of piped networks and manufacturing gas plants.

Chicago, a city synonymous with rapid growth in the 19th century, joined the gaslight revolution in 1850. All of the gas supplied to Chicago at this time was manufactured from coal, a process that involved heating coal in retorts until it released a combustible gas. This coal gas, stored in massive tanks, was then distributed through underground pipes, initially illuminating just 260 gas lamps, including 36 in City Hall, on September 4, 1850. While these early gaslights produced a relatively feeble glow compared to electric lights that would come later, they were a significant improvement over flickering tallow candles or whale oil lamps, offering brighter, more convenient, and less fire-prone illumination.

The commercial landscape for gas in Chicago quickly took shape. The Chicago Gas Light and Coke Company, which had connected 2,000 customers to its 50 miles of

pipes by 1860, was soon joined by The Peoples Gas Light and Coke Company in 1862. These two entities, through a secret agreement, established a duopoly that divided the city into noncompetitive zones, with Chicago Gas controlling the north and south divisions and Peoples Gas serving the west side. This arrangement, however, led to high rates, making gas lighting a luxury primarily for commercial establishments and affluent residential districts.

Meanwhile, in Wisconsin, the energy narrative also began with gas. The Oshkosh Gas Light Company was founded in 1883, initially providing gas service to the city of Oshkosh. Just two years later, in 1885, the company obtained a franchise to begin electric service, making it the first combined gas and electric company in the region. This marked a pivotal moment, as the dual-energy approach would become a hallmark of future utility companies in the Midwest.

The transition from gas to electricity began to accelerate in the late 19th century. Although arc lights, which produced a brilliant 2,000-candlepower spark across carbon rods, were introduced in Chicago in 1878, they were primarily suitable for illuminating large public spaces and not practical for homes. The true revolution for domestic and commercial lighting arrived with Thomas Edison's incandescent light bulb. In 1882, Edison constructed the Pearl Street Station in New York City, the first purpose-built power station, which provided electric light to the financial district.

The Midwest was quick to adopt this new technology. In Wisconsin, the world's first hydroelectric plant went online in Appleton in September 1882, the same year Edison’s Pearl Street Station opened. This pioneering plant, supplied with hardware from Thomas Edison's company, transmitted power to local paper mills, the water company, and some of the city's wealthiest families. By 1883, Wausau, Wisconsin, saw its first electric light powered by a privately-owned dynamo, and the Wausau Electric Light and Power Company was incorporated shortly thereafter. Hudson, Wisconsin, also became an early adopter, with electric lights for street and residential use by 1897.

The development of energy infrastructure in the 19th century was not without its challenges. The capital required for installing extensive networks, particularly for electricity, fostered business mergers and, in some cases, led to monopolization. In Chicago, Samuel Insull's arrival in 1892 would profoundly change the history of public utilities, as he established a virtual monopoly of central station electric service under the banner of Commonwealth Edison Company. His strategy involved low rates and aggressive marketing to undercut competitors.

Beyond illumination, coal became increasingly vital in the second half of the 19th century, fueling the Industrial Revolution and significantly impacting industrial productivity, urbanization, and transportation. The Midwest, with its abundant coal deposits in the Illinois Basin, played a key role in this energy transition. While coal was

primarily used for lighting and industrial purposes, the seeds of diversified energy use were being planted. Natural gas, although mostly manufactured from coal at the time, was also used for lighting in Europe and North America.

As the century drew to a close, the shift from localized, often fragmented, energy sources to more centralized, networked systems became undeniable. The lessons learned in the initial scramble to light streets and power nascent industries—the challenges of distribution, the economic pressures of competition, and the constant drive for efficiency—would profoundly shape the development of energy companies in the decades to come. The groundwork laid in the 19th century, from the simple gas lamp to the first flickering electric lights, set the stage for the complex and interconnected energy systems that would eventually define Integrys Energy Group Inc.'s predecessors.

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