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Northeast Utilities

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Introduction

Northeast Utilities: The Story of An American Company chronicles not only the development of one of New England's most significant energy enterprises, but also the broader evolution of the American utility industry over the last half-century. Formed in 1966 out of the consolidation of three regional power companies, Northeast Utilities (NU) quickly established itself as an innovator and a force in electricity delivery throughout the northeastern United States. The company's journey is punctuated by moments of bold expansion, technological ambition, industry upheaval, and, more recently, a determined pivot toward the future of clean energy.

This book is both a business history and a reflection on the unique challenges faced by utility companies in America — organizations that must balance public need, government regulation, shareholder expectation, and the ever-pressing demands of new technology and environmental responsibility. The merger that created NU was a response to regional needs for reliable, affordable power, but the company's leadership immediately recognized that technological prowess and adaptive strategy would be key to its long-term success. This adaptability defined NU's approach through the decades, from pioneering nuclear energy in New England to navigating the fraught waters of deregulation and competition in the 1990s.

The transformation from Northeast Utilities into Eversource Energy is more than a name change. It illustrates the pressures — and opportunities — utilities have faced as climate change and technology have upended the traditional centralized production and distribution of energy. Through expansion, mergers, and constant reinvention, NU/Eversource has grown from a regional player to a dominant multi-state provider, evolving its practices around customer service and sustainability. As this book will reveal, many of the company's most consequential decisions came in response to rapidly changing laws and markets, sometimes under the glare of public scrutiny or during periods of internal and external turmoil.

By tracing the roots of Northeast Utilities back to the early 20th-century electric companies of New England, this history uncovers how local ambitions and regional necessities shaped the company's ethos. It also examines the individuals — from Lelan F. Sillin, Jr. to Joseph R. Nolan Jr. — whose leadership molded NU through its many phases, and how public controversies, regulatory challenges, and corporate culture influences are woven into its narrative. The story is not just about infrastructure, but about people, communities, and the evolving definition of public service.

Today, as Eversource Energy, the company stands at the intersection of tradition and innovation. Its investments in renewable energy, grid modernization, and energy

efficiency position it for an uncertain but vital role in America's clean energy transition. Yet, the challenges of public accountability, customer satisfaction, and regulatory complexity remain as pressing as ever.

This book explores the unique journey of Northeast Utilities — from its formation in 1966 through decades of transformation and on to its place as an energy leader — as a mirror of the American energy sector itself. It is a story of adaptation, resilience, and ambition — one whose next chapters are still being written as the company, and the industry, face a rapidly changing world.

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CHAPTER ONE: Early Days of New England's Electric Companies

Before Northeast Utilities officially emerged on the scene in 1966, the landscape of New England's energy provision was a mosaic of smaller, independent electric companies, each serving its localized community with varying degrees of ambition and technological sophistication. These early enterprises, born from the inventive spirit of the late 19th century, laid the groundwork for the expansive utility systems that would eventually power the entire region. The story of Northeast Utilities, and subsequently Eversource Energy, is inextricably linked to these pioneering efforts and the gradual consolidation that defined the utility industry's formative years.

The genesis of electric power in New England, much like the rest of the United States, can be traced back to the incandescent glow of Thomas Edison's early lightbulbs and the burgeoning desire for safer, more convenient illumination than gaslight offered. Small, often municipally-owned, power plants sprung up in towns and cities, providing electricity to a limited number of customers, primarily for lighting. These were localized endeavors, disconnected from one another, reflecting the nascent state of electrical engineering and the significant challenges of transmitting power over long distances. Early utility operations were far from the integrated, interconnected grids we recognize today; they were more akin to isolated islands of electrification.

As the 20th century dawned, the demand for electricity steadily increased, spurred by industrial growth and the electrification of homes. This rising demand fostered an environment ripe for expansion and, crucially, consolidation. Smaller, less efficient operations found it increasingly difficult to keep pace with technological advancements and the capital expenditures required for growth. Larger, more robust companies began to acquire their smaller counterparts, recognizing the economic efficiencies and increased reliability that came with broader service territories and interconnected systems. This period was characterized by a gradual but persistent drive towards regional monopolies, often justified by the argument that electricity provision was a "natural monopoly" best served by a single, large entity within a defined service area.

Among the key players in this early, fragmented market were the companies that would ultimately form the core of Northeast Utilities. Each had its own distinct history, shaped by local economic conditions, regulatory environments, and the vision of its founders. These were not just anonymous corporate entities; they were integral parts of the communities they served, powering factories, lighting homes, and slowly but surely transforming daily life. The challenges they faced were myriad, from securing

financing for infrastructure development to navigating the complexities of emerging regulatory frameworks. The technological hurdles alone were substantial, as engineers grappled with the intricacies of alternating current, transmission losses, and the sheer scale of building reliable power networks.

The Western Massachusetts Electric Company (WMECO), for instance, was one such foundational piece. Its roots stretched back even further than its official formation. WMECO itself was a product of consolidation, having been organized in 1927 under the umbrella of Western Massachusetts Companies. This initial organizational effort was a significant step, bringing together eleven disparate utility companies scattered across the western part of the state. Imagine the logistical nightmare of managing eleven separate operations, each with its own quirks and historical baggage. The goal was clear: achieve greater efficiency and provide more reliable service by unifying these smaller entities under a single corporate structure. This consolidation allowed for more coordinated planning, investment in larger and more efficient generating stations, and the development of a more robust transmission network across Western Massachusetts.

Similarly, the Connecticut Light and Power Company (CL&P) and the Hartford Electric Light Company (HELCO) were major players in Connecticut's evolving energy landscape. Each had carved out its own service territory, investing in local generation and distribution infrastructure. These companies were not merely distributors of power; they were often pioneers in their own right, adopting new technologies and expanding their reach to meet the growing needs of Connecticut's burgeoning industries and population centers. Their histories were intertwined with the economic development of the state, as reliable electricity became a critical ingredient for urban and industrial growth. The foresight and investment of these early companies were essential in building the backbone of Connecticut's future energy system.

The rationale behind these early consolidations was often pragmatic. Economies of scale played a significant role; a larger company could build bigger, more efficient power plants, purchase fuel in bulk, and spread administrative costs over a wider customer base, theoretically leading to lower prices for consumers. Furthermore, interconnected grids offered enhanced reliability. If one power plant went offline, another could pick up the slack, preventing widespread outages. This principle of redundancy, so critical to modern utility operations, began to take shape during this era of early integration. The benefits were not just theoretical; they were felt directly by customers who experienced fewer interruptions and more consistent power supply.

However, the path to consolidation was not always smooth. It often involved complex negotiations, financial maneuvering, and, at times, public resistance to the creation of large corporate entities. Regulators, both at the state and nascent federal level, began to take an interest in the utility sector, recognizing its importance to public welfare and seeking to balance the need for efficient service with concerns about monopolistic

power. The Public Utility Holding Company Act (PUHCA) of 1935, a landmark piece of federal legislation, would later profoundly impact the structure of the utility industry, including future mergers and acquisitions. This act aimed to curb the perceived abuses of utility holding companies, which had often been accused of complex and opaque financial structures that inflated costs and stifled competition. Its shadow loomed large over any future multi-state utility formation.

The inclusion of Holyoke Water Power Company (HWP) in the Northeast Utilities system in 1967 further underscored the region's reliance on diverse energy sources, even in these early stages. While many utilities focused on thermal generation, HWP brought with it the legacy of hydroelectric power, harnessing the natural resources of the region to generate electricity. This diversified portfolio, even in its nascent form, hinted at a future where energy companies would need to adapt to various power sources and changing environmental considerations. Hydroelectric power, clean and renewable, offered a different set of challenges and opportunities compared to the coal-fired or oil-fired plants that were becoming more common.

These early companies, each with its unique heritage, were the building blocks. They developed the local grids, established customer relationships, and navigated the initial complexities of providing a fundamental service that was quickly becoming indispensable. Their individual stories, while often overlooked in the grand narrative of large corporations, are vital to understanding the foundational strength and regional character that would define Northeast Utilities. They faced everything from the practicalities of stringing transmission lines across challenging terrain to the economic depressions and wartime demands that tested the resilience of any business.

The engineers and linemen of these early companies were true pioneers, working with technologies that were still evolving rapidly. They built the infrastructure from the ground up, often with limited resources and in challenging conditions. The development of power plants, substations, and the vast network of transmission and distribution lines required immense capital investment and a workforce capable of adapting to new techniques and equipment. It was a period of constant innovation and problem-solving, driven by the relentless march of technological progress and the ever-growing societal demand for electricity. The reliability we often take for granted today is a direct result of the persistent efforts of these early utility workers.

The regulatory environment, though not as fully developed as it would become, was also a significant factor. State public utility commissions were established to oversee rates, service quality, and expansion plans, laying the groundwork for the complex regulatory landscape that utilities operate within today. These commissions aimed to ensure that utilities, often operating as monopolies, served the public interest. This meant balancing the companies' need for profitability and investment with the public's desire for affordable and reliable electricity. It was a delicate dance, often fraught with tension between utility executives and public advocates.

By the mid-20th century, the trend towards larger, more integrated utility systems was undeniable. The benefits of scale, reliability, and coordinated planning were becoming increasingly apparent. The stage was set for more ambitious mergers and consolidations, as regional leaders began to envision a more interconnected and efficient energy grid for New England. The separate streams of Western Massachusetts Electric, Connecticut Light and Power, and Hartford Electric Light were slowly but surely converging, driven by the shared goal of providing reliable and affordable electricity to a growing population. This convergence would culminate in a landmark event that would forever change the energy landscape of the Northeast. The small, isolated power islands of the past were about to become part of a much larger continent of power, a testament to the vision and hard work of countless individuals who built the foundation of New England's modern energy infrastructure.

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