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Public Serv. Enterprise Inc.

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Introduction

Public Serv. Enterprise Inc.: The Story of An American Company chronicles the evolution of one of the nation's most enduring and influential energy companies. Situated at the heart of New Jersey's economic and industrial development, Public Service Enterprise Group (PSEG) has played a pivotal role not only in powering cities and communities but also in shaping the social, technological, and environmental landscape of the region. From its humble beginnings in 1903 as a consolidation of over four hundred small gas, electric, and transit companies, PSEG's journey mirrors the broader story of American enterprise: one of resilience, adaptation, and vision.

The story of PSEG is, in many ways, a reflection of the dynamic forces that have defined U.S. industry for more than a century. As cities grew and transportation networks expanded, energy became the lifeblood of modern society. PSEG's leadership—from its earliest days under Thomas McCarter, through the creative dynamism of the mid-twentieth century, to the technologically driven present—has navigated challenges and opportunities by embracing both tradition and innovation. The company's ability to pivot in times of crisis, such as during the Great Depression, wartime, and regulatory upheaval, has cemented its standing as a stalwart of the American utility sector.

In the decades following its formation, PSEG continually evolved to meet the changing needs of its customers and stakeholders. Key milestones—from the establishment of Public Service Electric & Gas in 1928 to the creation of PSEG as a holding company in 1985, and the subsequent development of unregulated generation and renewable energy assets—have defined its strategic path. PSEG has remained on the leading edge of technological change, investing in solar, nuclear, and grid modernization, and today operates one of the few largely carbon-free energy portfolios among U.S. utilities.

At the heart of PSEG's mission is a commitment to reliability, sustainability, and equity. The company has worked tirelessly to ensure affordable, consistent access to electricity and natural gas for millions, pioneering customer programs and energy-efficiency initiatives to aid both residential and commercial clients. Its active engagement with environmental justice, biodiversity, and workforce development reflects a holistic approach to corporate responsibility—one that values not only profit, but also the long-term well-being of people and planet.

This book explores the full arc of PSEG's history, from its ferment of innovation in the early twentieth century through the challenges and triumphs of deregulation, new energy paradigms, and a rapidly transforming marketplace. Drawing upon detailed

research and firsthand accounts, we examine how PSEG's leadership, financial discipline, and strategic vision have enabled it to weather industry disruptions, regulatory scrutiny, and the ongoing imperative to decarbonize.

Ultimately, Public Serv. Enterprise Inc. is not just the chronicle of a successful American company—it is the story of how energy shapes society, and how the drive for progress, responsibility, and innovation can sustain a public enterprise through more than a century of dramatic change. As PSEG looks to the future, investing billions in grid modernization, clean energy, and customer service, its experience offers both lessons and inspiration for American business in the twenty-first century and beyond.

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CHAPTER ONE: The Genesis: Founding of Public Service Corporation

The dawn of the 20th century in America was a vibrant, tumultuous period, marked by rapid industrialization, burgeoning urban centers, and an insatiable demand for new technologies. Across the nation, countless small, independent companies sprang up, each vying to deliver essential services like gas, electricity, and transportation to a hungry populace. New Jersey, with its strategic location between the industrial hubs of New York and Philadelphia, was a hotbed of such activity. But this fragmented landscape, while energetic, was also inefficient and often chaotic. The stage was set for a transformative consolidation, and in 1903, the Public Service Corporation emerged, a monumental undertaking that would lay the very foundation for what would become Public Service Enterprise Group (PSEG).

Imagine New Jersey at the turn of the century: a patchwork quilt of hundreds of small utility and transportation providers, each with its own rates, its own equipment, and its own often-limited service area. For a resident, this meant a dizzying array of bills, inconsistent service, and a general lack of coordinated infrastructure. For businesses, it was a nightmare of logistical hurdles. The concept of a unified, comprehensive public service provider was, at the time, revolutionary, a bold vision of efficiency and streamlined operation that few dared to dream of, let alone implement.

It was into this environment that a formidable legal mind, Thomas Nesbitt McCarter, stepped forward. Born in Newark, New Jersey, in 1867, McCarter was a man of considerable intellect and ambition. After graduating from Princeton University in 1888 and studying law at Columbia Law School, he embarked on a distinguished legal career, even serving as the Attorney General of New Jersey from 1902 to 1903. However, his tenure in public office was brief, for a far grander challenge beckoned: the consolidation of New Jersey's sprawling public services.

McCarter resigned from his position as Attorney General in 1903, specifically to undertake the massive organizational effort that would result in the Public Service Corporation of New Jersey. This was no small feat; the goal was to merge over 400 disparate gas, electric, and transportation companies scattered across the state into a single, cohesive entity. This initiative aimed to bring order to the chaos, to create a system that could provide reliable and efficient services on a scale previously unimaginable.

The sheer complexity of consolidating 400-plus companies cannot be overstated. It involved navigating a labyrinth of legal agreements, valuing countless assets, and

persuading numerous independent business owners to relinquish control. It required an extraordinary blend of legal acumen, financial shrewdness, and political savvy. McCarter, with his background in law and his recent experience in state government, was uniquely equipped for the task. His leadership was instrumental in bringing together these diverse interests under one corporate umbrella.

The formation of the Public Service Corporation in 1903 marked a pivotal moment in New Jersey's history and for the broader utility sector in the United States. It was a testament to the era's spirit of consolidation and efficiency, a trend seen across various industries, including the rise of giants like Standard Oil and Ford Motor Company, both founded around the same period. However, unlike these industrial behemoths, the Public Service Corporation was born out of a fundamental need for public welfare, aiming to deliver essential services rather than cornering a market for a single product.

In its nascent stages, the Public Service Corporation's revenue streams were as diverse as its origins. The company generated income from street railways, gas manufacturing and sales, and the burgeoning electricity business. These initial revenue sources reflected the technological landscape of the early 20th century, where gas lighting was still prevalent, and electric power was rapidly expanding its reach. The street railways, in particular, were a vital component of urban life, providing the backbone of public transportation in New Jersey's growing cities.

The integration of these varied businesses under one management promised significant advantages. Economies of scale could be achieved, leading to lower operating costs and potentially more stable and affordable rates for consumers. Furthermore, a unified infrastructure would allow for better planning and expansion, ensuring that essential services could keep pace with New Jersey's rapid development. The ambition was not merely to combine companies, but to forge a modern, efficient engine for progress in the Garden State.

Under McCarter's leadership, which would span an impressive 36 years, the Public Service Corporation began to weave these disparate threads into a coherent fabric. His vision extended beyond mere amalgamation; he sought to establish a robust and forward-looking enterprise that would truly serve the public good. This foundational period was critical in establishing the corporate culture and operational principles that would guide the company for decades to come.

The initial years of the Public Service Corporation were characterized by an intense focus on integrating operations, standardizing services, and expanding infrastructure. This involved not just the physical merging of assets like power lines and gas pipes, but also the daunting task of harmonizing administrative processes, billing systems, and employee relations across hundreds of previously independent entities. It was a complex managerial challenge that demanded meticulous attention to detail and

unwavering dedication.

The company's commitment to innovation was evident even in its early years. The Public Service Corporation played a vital role in developing New Jersey's energy infrastructure, pioneering advancements that would shape the future of urban transport and power delivery. This proactive approach to technological adoption set a precedent for the company's future endeavors, illustrating an early understanding that staying at the forefront of innovation was crucial for long-term success.

The blend of services offered by the Public Service Corporation in its infancy—street railways, gas, and electricity—underscored its essential role in the everyday lives of New Jersey residents. It was more than just a utility company; it was an integral part of the fabric of modern life, facilitating commerce, connecting communities, and literally lighting up homes and businesses. This multifaceted service offering distinguished it from many other emerging corporations of the time, whose focus might have been narrower.

The formation of the Public Service Corporation represented a crucial step in the evolution of modern utilities in the United States. It moved beyond the ad-hoc, localized approach to public services and embraced a more centralized, systematic model. This change was not just about corporate efficiency; it was about laying the groundwork for the reliable, widespread access to essential services that we often take for granted today. The visionaries behind this consolidation understood that a well-organized infrastructure was paramount to societal progress.

Thomas McCarter's early and sustained leadership was a defining factor in the company's genesis. His personal commitment to the project, leaving a high-profile state position to spearhead this private enterprise, speaks volumes about the perceived importance and potential of the Public Service Corporation. He was not just an executive; he was an architect of a new industrial order, shaping the very way New Jersey would function.

The financial underpinnings of such a large-scale consolidation were, naturally, complex. The company's revenue in 1903, at the very beginning of its operations as a consolidated entity, was already significant, a testament to the breadth of its acquired assets and the essential nature of the services it provided. These early financial results hinted at the immense economic power that such a unified utility could wield and the potential for long-term stability and growth.

The legacy of these foundational years extends far beyond the financial statements. The Public Service Corporation, under McCarter, began to cultivate a public-service ethos, even as it operated as a private entity. The name itself—Public Service Corporation—reflected this dual ambition: to be a successful corporation that fundamentally served the public. This emphasis on public welfare, alongside

commercial success, would become a defining characteristic of the company's identity for over a century.

This period also saw the initial interactions between the nascent Public Service Corporation and the regulatory environment. As a provider of essential services, the company was inherently subject to public scrutiny and government oversight. The framework for utility regulation in the United States was still evolving, and the sheer size and scope of the Public Service Corporation would undoubtedly play a role in shaping those regulatory relationships in New Jersey and beyond.

The story of the Public Service Corporation's founding is not just a dry account of corporate mergers; it is a narrative of ambition, foresight, and the relentless drive to bring order and efficiency to a rapidly modernizing society. It set the stage for a company that would not only endure through major economic shifts and technological revolutions but would also adapt and lead, continually redefining its role in powering the lives of millions. The seeds planted in 1903 would blossom into a sprawling enterprise, an indispensable part of New Jersey's landscape, and a significant player in the broader American energy sector.

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