

FOR IMMEDIATE RELEASE

Passage of West Virginia Electric Deregulation Plan Allows Transfer of Allegheny Energy's Generating Assets to Non-Regulated Affiliate

HAGERSTOWN, Md., Mar. 13, 2000 – Allegheny Energy, Inc. (NYSE: AYE) announced today that the Public Service Commission of West Virginia (PSC) electric deregulation plan which was passed by the State Legislature on March 11, 2000, will allow the Company to transfer approximately 2,500 megawatts (MW) of its West Virginia jurisdictional generating assets to Allegheny Energy Supply Company LLC, its non-regulated affiliate.

“We are pleased that the West Virginia Legislature has agreed to restructure the state’s electric industry,” said Michael P. Morrell, Allegheny Energy’s Senior Vice President and Chief Financial Officer. “With electric restructuring laws passed in Pennsylvania, Maryland, Virginia, Ohio, and now West Virginia, customers in all of our states will be able to choose their electricity supplier.”

Morrell said that when the transfer of the West Virginia jurisdictional generating assets is completed, nearly all of Allegheny Energy’s current 8,593 MW of generating assets will have been transferred to Allegheny Energy Supply.

“With restructuring approved in all our states, Allegheny Energy is positioned as one of the nation’s leading competitive electric generation suppliers,” Morrell stated.

Under the PSC plan, Allegheny Energy will be permitted to transfer all of its West Virginia jurisdictional generating assets of its Monongahela Power subsidiary to Allegheny Energy Supply at book value as early as Jan. 1, 2001. The West Virginia jurisdictional assets of the Company’s Potomac Edison subsidiary can be transferred on July 1, 2000, the same time that Maryland law allows generating assets to be transferred to an affiliate. Allegheny Energy Supply can operate as a competitive generation supplier within and outside of the Company’s West Virginia service area.

Drafted with input from a broad range of stakeholders, including Allegheny Energy's West Virginia subsidiaries, the deregulation plan was submitted to the State Legislature in January 2000, after extensive discussions and public hearings over the last three years. The plan, known as House Concurrent Resolution 27, will allow all of Allegheny Power's 460,000 West Virginia electricity customers to shop for an electricity supplier as early as Jan. 1, 2001.

The PSC's deregulation plan received input from a stakeholder group that included representatives of the state's utilities, the Consumer Advocate, the PSC staff, commercial and industrial customers, labor, consumer groups, environmentalists, marketers, and community action agencies.

The plan includes the following components:

- Customer choice will begin for all customers as early as Jan. 1, 2001.
- Rates for electricity service will be unbundled at current levels and capped through 2004.
- Allegheny will be permitted to transfer West Virginia jurisdictional generating assets of its Monongahela Power subsidiary to its non-regulated generation company at book value as early as Jan. 1, 2001. The West Virginia jurisdictional assets of the Company's Potomac Edison subsidiary will be transferred six months earlier, during mid-2000 – at the same time that Maryland law allows generating assets to be transferred to non-regulated ownership.
- The Company will recover the cost of its non-utility generation contracts through a series of surcharges applied to all customers through 2010.
- Large business customers will receive a three percent rate reduction each year until 2005.
- A special interest-bearing "Rate Stabilization" account will be set aside for residential and small business customers and will be used to reduce the amount of their electric bills after 2010, when the transition period to customer choice will end and market prices will take effect. The fund will help offset any increase in the market price for electricity that might occur during that period of time.

Allegheny Energy, Inc. is a diversified energy company headquartered in Hagerstown, Md. The Allegheny Energy family includes *Allegheny Power*, which delivers electric energy and natural gas to about three million people in parts of Maryland, Ohio, Pennsylvania, Virginia, and West Virginia; *Allegheny Energy Supply Company, LLC*, which operates and markets competitive retail and wholesale electric generation and operates regulated electric generation for its affiliates; and *Allegheny Ventures*, which actively invests in and develops energy-related and telecommunications projects. For more information, check our web site at www.alleghenyenergy.com.