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FOR IMMEDIATE RELEASE

**Allegheny Energy, Inc. Receives Approval From Maryland PSC
To Transfer Generating Assets to Non-Regulated Affiliate**

Hagerstown, Md., June 12, 2000 – Allegheny Energy, Inc. (NYSE: AYE) announced today that the Maryland Public Service Commission (PSC) approved the July 1, 2000 transfer of approximately 1,300 megawatts (MW) of the Maryland jurisdictional generating assets of its Potomac Edison subsidiary to Allegheny Energy Supply Company, LLC, its non-regulated energy supply affiliate, at book value. Following completion of the transfer, Allegheny Energy Supply will have more than 5,400 MW of low-cost generating capacity to sell in the deregulated marketplace.

“The decision by the PSC is yet another step in the growth of our portfolio of non-regulated generation and advances our strategy of becoming a national energy supplier,” said Peter J. Skrgic, President, Allegheny Energy Supply. “Allegheny Energy Supply has made substantial progress toward its goal of moving from a regional supplier to a national energy supplier. In 1999, we added 88 MW of generating capacity in Springdale, Pa., and we recently announced construction of another 540 MW at that site. Additionally, we just purchased 83 MW of coal-fired generation at Conemaugh Generating Station near Johnstown, Pa., which provides us with capacity within the New Jersey-Pennsylvania-Maryland Interconnection (PJM). And we are in the process of installing 220 MW of natural gas-fired combustion turbine generation at various sites throughout Pennsylvania this year.”

The Company expects approvals of its Maryland generating assets transfer from the Federal Energy Regulatory Commission (FERC) and the U.S. Securities and Exchange Commission (SEC) later this month, the final approvals of the transfer process. The Company is also awaiting state regulatory decisions on the transfer of an additional 775 MW of the Virginia and West Virginia jurisdictional assets of its Potomac Edison subsidiary to Allegheny Energy Supply later this year.

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.