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**FOR IMMEDIATE RELEASE**

**Allegheny Energy reaches stipulated agreement  
that allows for transfer of Ohio generation to unregulated subsidiary**

**Hagerstown, Md., June 22, 2000** – The Ohio utility subsidiary of Allegheny Energy, Inc. (NYSE: AYE), which does business as Allegheny Power, has reached a stipulated agreement with major parties on a transition plan to bring electric choice to the Company's 28,000 Ohio customers.

The settlement benefits shareholders by allowing the Company to recover regulatory asset costs through a transition charge and authorizing the transfer of approximately 325 megawatts (MW) of generating capacity to an unregulated affiliate at book value. Allegheny Energy expects to have more than 6,000 MW of low-cost generating capacity in the deregulated marketplace by Jan. 1, 2001.

Customers will benefit from a combination of rate reductions and rate freezes during the transition to competition, called the "market development period." In addition, customers will be able for the first time to shop for the company that supplies their electricity.

"We are pleased that the parties have arrived at this stipulation, which eliminates uncertainty for both our customers and our shareholders and helps Allegheny Energy strengthen its position as a leader in the new, competitive electric industry," said Michael P. Morrell, Allegheny Energy's Senior Vice President and Chief Financial Officer. "We applaud the cooperation of all the parties involved in this case in reaching an agreement that is fair and equitable."

The agreement sets forth the procedures under which the Company's Ohio customers will be allowed to shop for electricity beginning on Jan. 1, 2001, when the generation portion of the electric industry is opened to competition.

The stipulation was filed today with the Public Utilities Commission of Ohio (PUCO). It is hoped that the Commission will approve it during the third quarter of 2000.

The following are highlights of the agreement:

- Allegheny will be permitted to transfer approximately 325 MW of Ohio jurisdictional generating assets to a non-regulated affiliate at book value on Jan. 1, 2001.
- Residential customers will receive a five percent reduction in the generation portion of their electric bills during a five-year market development period beginning on Jan. 1, 2001. These rates will be frozen for five years.
- Allegheny Energy's existing, low generation rates will be frozen for a maximum of three years for large industrial and commercial customers.
- The Company will collect a regulatory asset transition charge through the respective market development periods.
- The Company's unregulated affiliate will be permitted to offer competitive generation service throughout Ohio.
- All additional taxes resulting from competition legislation will be deferred for up to two years.
- Allegheny Energy will participate with the PUCO and Ohio Consumers' Counsel in a statewide consumer education campaign supplemented by a local education effort.

Other parties to the transition case, which was filed with the PUCO in January, include the Commission staff, the Ohio Consumers' Counsel, Industrial Users-Ohio, the Ohio Manufacturing Association, the Ohio Council of Retail Merchants, Ohio Partners for Affordable Energy, Strategic Energy L.L.C., Exelon Energy, PP&L Energy Plus, the Ohio Marketer's Coalition, Columbia Energy Services and Columbia Energy Power Marketing Corp., American Municipal Power-Ohio, Ohio Rural Electric Coops and Buckeye Power, the Ohio Department of Development, Kroger Company, the National Energy Marketers Association, the Corporation for Ohio Appalachian Development, and Mid-Atlantic Power Supply Association.

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

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