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FOR IMMEDIATE RELEASE

**Allegheny Energy Subsidiary to Construct \$540-Million Power Plant in Arizona
*1,080-MW Merchant Facility Will Begin Operations in 2005***

Hagerstown, Md., October 18, 2000 – Allegheny Energy, Inc. (NYSE: AYE), announced today that its unregulated generation subsidiary, Allegheny Energy Supply Company, LLC, plans to construct a 1,080-megawatt (MW) natural gas-fired merchant generating facility in La Paz County, Arizona, approximately 75 miles west of Phoenix.

The facility will be accretive to earnings in the first year of operation and will give the Company about 11,000 MW of total generating capacity. It marks a major step forward in a corporate strategy that includes becoming a national energy supplier, said Alan J. Noia, Chairman, President, and Chief Executive Officer of Allegheny Energy.

“This facility will give us our first generating capacity in the western United States and shows we are making significant progress toward becoming a national energy supplier,” Noia said. “This fits perfectly with our long-term corporate strategy and will be a positive benefit for our Company and our shareholders.”

Construction is expected to begin on the \$540-million combined-cycle facility in 2002. When completed in 2005, the facility will allow Allegheny Energy Supply to sell generation into Arizona and other states served by the Western System Power Pool, including all or parts of California, western Canada, Colorado, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

“This facility will allow Allegheny Energy Supply to supply generation to the state of Arizona and throughout the Southwest region to meet the growing demand for electricity,” Noia said.

The La Paz County Board of Supervisors applauded Allegheny Energy Supply’s announcement.

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“We are delighted with Allegheny Energy Supply’s choice of locations for its facility,” said Joyce Barker, La Paz County Supervisor. “Allegheny Energy Supply has an excellent reputation in the East, and our county will see a big boost in the economy during construction, as well as several million dollars in increased tax revenue once it is complete.”

Allegheny Energy Supply has also announced construction of another 540-MW combined-cycle facility in Springdale, Pa., and is installing five 44-MW simple-cycle combustion turbines throughout Pennsylvania.

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.

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