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FOR IMMEDIATE RELEASE

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

Greensburg, Pa., October 18, 2000 – Allegheny Energy Supply Company, LLC, the unregulated generation subsidiary of Allegheny Energy, Inc. (NYSE: AYE), announced plans today 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 addition will give the Company about 11,000 MW of total generating capacity and marks yet another major step toward the Company's goal of becoming a national energy supplier.

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.

The facility will be accretive to earnings in the first year of operation and will give added value to Allegheny's shareholders, according to Peter J. Skrgic, President, Allegheny Energy Supply.

"This is very significant for Allegheny Energy Supply," said Skrgic. "It not only gives our Company its first generating capacity in the western United States, but it also represents a substantial step on our way to becoming a national energy supplier, which is a positive benefit for our Company and its shareholders."

Skrgic pointed out that the facility would sell generation into the interconnected markets in the Southwest and have benefits for the state of Arizona and the entire region.

"This plant will enable Allegheny Energy Supply to be well-positioned to supply generation in Arizona and throughout the Southwest region to meet the growing demand for electricity," he said. "Additionally, construction of this facility will provide approximately 400 construction jobs and another 30 to 40 permanent jobs."

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 Supply, an Allegheny Energy company, operates and markets competitive retail and wholesale electric generation throughout competitive United States markets and operates regulated generation for its affiliates. For more information about Allegheny Energy Supply, visit our web site at www.alleghenyenergysupply.com.

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