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FOR IMMEDIATE RELEASE

**Allegheny Energy Supply celebrates two West Virginia environmental initiatives
with groundbreaking of biomass project and dedication of gypsum facility**

Willow Island, W.Va., October 19, 2000 – Allegheny Energy Supply, the unregulated generating subsidiary of Allegheny Energy, Inc. (NYSE: AYE), today celebrated the groundbreaking of a unique biomass project at Willow Island Power Station in Pleasants County, W.Va., while also dedicating a facility at its adjacent Pleasants Power Station that manufactures gypsum using a flue gas scrubbing process by-product.

Speaking at the groundbreaking/dedication ceremony, West Virginia Governor Cecil Underwood praised both projects and commended Allegheny Energy Supply for its commitment to West Virginia, the economy, and the environment.

“Allegheny Energy Supply is to be commended for its high standards of environmental stewardship and its exemplary efforts as a good corporate citizen,” said Underwood. “With creative environmental initiatives such as the Biomass Co-firing Project and the Gypsum Processing Plant, coal combustion by-products and wood waste are being used in ways that improve and enhance the environment in which we live and work. These are the very types of projects which this administration has been promoting to enable us to continue using West Virginia coal in an economical and environmentally sound manner.”

Peter J. Skrgic, President, Allegheny Energy Supply, said the projects are examples of the Company’s steadfast commitment to the region’s economy, while continuing its efforts to preserve and protect its natural resources.

“Although these are two distinctly different projects, they have a common thread. Both allow us to use one of the region’s most precious natural resources – coal – to generate electricity, while enhancing the environment in which we live,” Skrgic said.

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The biomass project was made possible by a \$2.4-million research and development cooperative agreement from the U.S. Department of Energy (DOE). The three-year project will adapt the Company's 188-megawatt (MW) Willow Island Unit No. 2 to co-fire sawdust with coal and tire-derived fuel (TDF), reducing fuel costs and nitrogen oxide emissions.

The biomass project is part of the DOE Office of Energy Efficiency and Renewable Energy's Biomass Cofiring Program, managed by the National Energy Technology Laboratory. It will combine 80 percent coal with 10 percent biomass and 10 percent TDF. The output will meet Renewable Portfolio Standards, which include wind, solar, low-head hydro, landfill gas, and biomass, such as crops, trees, and other agricultural and forestry residues.

The \$44-million gypsum project at Pleasants uses a chemical process to turn the waste slurry from the exhaust-gas scrubbing process into gypsum that can be used to make drywall or wallboard. The plant, which began operation in September, is designed to use more than 600,000 tons of waste slurry by-product that would otherwise go to a landfill.

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