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**FOR IMMEDIATE RELEASE**

**Allegheny Energy, Inc. Third Quarter 2000 Earnings Per Share  
Up 9.5% Over 1999**

**Hagerstown, Md., October 26, 2000** – Allegheny Energy, Inc. (NYSE: AYE) today reported record third quarter operating earnings of \$76.1 million (\$.69 per share), compared to 1999 third quarter earnings of \$71.3 million (\$.63 per share), an increase of 9.5 percent in earnings per share. The increase in operating earnings was driven by improved performance by the Company's regulated business and its recent acquisition of two energy distribution companies.

According to Michael P. Morrell, Senior Vice President and Chief Financial Officer, the Company remains well-positioned to take advantage of changes in the energy marketplace.

“Allegheny Energy continues to execute its growth strategy. Our recent acquisitions of Mountaineer Gas and West Virginia Power are helping to deliver stable earnings growth, while our unregulated businesses--Allegheny Energy Supply and Allegheny Ventures--continue to perform well in the competitive marketplace. Although their performance for the quarter lagged that of the previous third quarter, our unregulated businesses posted year-to-date earnings per share that were more than 26 percent higher than the same period last year. Our supply business, in particular, achieved strong year-to-date earnings growth despite one of the mildest summers on record in our region,” added Morrell.

“Our Company continues to make progress toward our goal of growing earnings from operations by more than 10 percent per year over the 2000-2004 time frame,” he said. “With our solid third quarter results, we believe we are well-positioned to meet our earnings target for the year.”

Earnings for the nine months ended September 30, 2000, were \$233.9 million (\$2.12 per share), excluding the first quarter extraordinary charge of \$70.5 million (\$.64 per share). The earnings for the nine months ended September 30, 1999, were \$233.6 million (\$1.98 per share). The increase in the year-to-date earnings per share reflects higher net revenue in the regulated operations business and a lower number of average shares of common stock outstanding as a result of the Company's 1999 stock repurchase program.

Excluding the extraordinary charges and other transactions as shown on the following chart, earnings for the twelve months ended September 30, 2000, were \$305.7 million (\$2.77 per share), compared to \$305.5 million (\$2.56 per share) for the twelve months ended September 30, 1999. The increase in earnings per share is primarily attributed to the Company's 1999 stock repurchase program.

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Per share earnings for comparable 2000 and 1999 periods are:

	<u>Third Quarter</u>		<u>9 Months</u>		<u>12 Months</u>	
	<u>2000</u>	<u>1999</u>	<u>Ended September</u>	<u>Ended September</u>	<u>Ended September</u>	<u>Ended September</u>
			<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Earnings before extraordinary and other transactions	\$ .69	\$ .63	\$ 2.12	\$ 1.98	\$ 2.77	\$ 2.56
Extraordinary charges for West Virginia, Maryland, Pennsylvania restructuring			(.64)		(.79)	(.08)
Extraordinary charge for call premiums					(.09)	
Merger-related costs					(.11)	
Cancelled pumped-storage project costs					(.07)	
Pennsylvania settlement costs						<u>(.20)</u>
<b>Reported earnings</b>	<u>\$ .69</u>	<u>\$ .63</u>	<u>\$ 1.48</u>	<u>\$ 1.98</u>	<u>\$ 1.71</u>	<u>\$ 2.28</u>

The 2000 extraordinary charge reflects write-offs by the Company's subsidiaries, Monongahela Power Company and The Potomac Edison Company, as a result of Maryland and West Virginia restructuring legislation. The 1999 extraordinary charge and the Pennsylvania settlement costs reflect write-offs by the Company's subsidiary, West Penn Power Company, of costs determined to be unrecoverable due to deregulation proceedings in Pennsylvania.

Allegheny Energy remained active during the third quarter on a variety of fronts aimed at increasing revenue and adding to shareholder value. Some of the highlights of the quarter include:

**Allegheny Will Lead the Formation of PJM West**

Allegheny Power and the Pennsylvania-New Jersey-Maryland (PJM) Interconnection, LLC, announced the execution of an agreement in principle to develop a new electric transmission system affiliation which will expand the Mid-Atlantic energy market, enabling the Company to take advantage of opportunities in one of the country's most liquid and active competitive energy markets. We will lead development of the new initiative, known as PJM West, which will provide transmission service to all market participants in accordance with the requirements of the Federal Energy Regulatory Commission (FERC) Order 2000, while simultaneously expanding the PJM market.

**Allegheny Plans to Build New Power Plant in Arizona**

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. Development of this new power plant marks a major step forward in our corporate strategy that includes 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 boost Allegheny's generating fleet to about 11,000 MW.

### **Mountaineer Gas Joins the Allegheny Energy Family, Adding 200,000 New Customers**

We have successfully completed our \$323 million purchase of Mountaineer Gas Company-- West Virginia's largest natural gas provider--from Energy Corporation of America. The addition of Mountaineer Gas to the Allegheny Energy family is another step in our strategy of diversifying our energy business and growing through acquisitions, broadening our reach into new markets. This acquisition expands Allegheny's service territory to more than 31,000 square miles and our customer base to 1.6 million customers. It also provides us with 11.7 billion cubic feet of gas storage and 200,000 new natural gas customers in a region where we already provide energy services.

### **New Director Elected to Allegheny Energy Board**

Lewis B. Campbell, Chairman and Chief Executive Officer of Textron, Inc. (NYSE: TXT), has been elected to the Allegheny Energy Board of Directors. Throughout his career, Campbell has held a number of leadership positions at Textron, as well as at General Motors. His extensive experience and background in market-driven businesses will be a real asset for Allegheny Energy as we move forward with our growth initiatives in competitive markets.

Allegheny Energy invites investors, the news media, and others to listen to a live internet broadcast of the Company's analyst conference call to discuss third quarter earnings on October 27 at 11 a.m. (EST). The call will be available by visiting [www.alleghenyenergy.com](http://www.alleghenyenergy.com) or [www.streetevents.com](http://www.streetevents.com) and clicking on an available audio link. The call will also be archived on both web sites for replay purposes for 10 working days after the live broadcast.

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 telecommunications and energy-related projects. For more information, visit our web site at [www.alleghenyenergy.com](http://www.alleghenyenergy.com).

*Certain statements above constitute forward-looking statements with respect to Allegheny Energy, Inc. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of Allegheny Energy to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors may affect Allegheny Energy's operations, markets, products, services, and prices. Such factors include, among others, the following: general and economic and business conditions; industry capacity; changes in technology; changes in political, social, and economic conditions; regulatory matters; integration of the operations of Allegheny Energy; regulatory conditions applicable to the transaction; the loss of any significant customers; and changes in business strategy or business plans.*