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FOR IMMEDIATE RELEASE

Allegheny Power President says that reliable electric service will continue

Greensburg, Pa., March 7, 2001 – Allegheny Power President Jay S. Pifer, in testimony today before the House Consumer Affairs Committee in Harrisburg, Pa., assured government officials that Pennsylvania’s deregulated electric energy market is distinctly different from California’s and that the Commonwealth’s customers will continue to receive reliable electric service.

“We have been witnessing serious supply shortages in California for the past few months, and many people have blamed deregulation as the culprit,” said Pifer. “Pennsylvania’s Electricity Generation Customer Choice and Competition Act is nationally regarded as one of the best models of electric restructuring and deregulation.”

Pifer told Committee members that Pennsylvania’s energy situation is very different from circumstances existing in California. “Pennsylvania is not California,” Pifer testified. “California’s electric dilemma is a classic supply and demand imbalance exacerbated by many complex market and regulatory issues. California is a net importer of power. Pennsylvania is a net exporter of electricity. In the mid-Atlantic region, it is expected that there is enough electric generating capacity installed and under development to meet customers’ needs.”

Pifer said that California has experienced demand growth of 12 percent from 1996 through 1999, but has not added generation plants in nearly 10 years. “The demand growth in Pennsylvania has been much lower and, with our deregulated framework, we are seeing electric suppliers announcing plans for or building generation throughout the region,” he said.

In his testimony, Pifer emphasized Allegheny Power’s commitment to ensuring reliable service through operational procedures, the investment of more than \$38 million in technology to meet customer needs, membership in a regional reliability coordination council, the plans to form PJM West, and the completion of a long-term energy supply contract for those customers not participating in the competitive supply market.

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In addition, Pifer stated the Company is also investigating innovative ways for customers to benefit from the competitive supply market, such as assisting with the infrastructure needs to permit automated load control by customers. The program will enable customers to receive better prices from electric generation suppliers by managing their loads in a way to optimize their shopping opportunities. “Allegheny Power is committed to assisting its customers in a deregulated environment while maintaining quality customer service, ensuring the reliable delivery of energy, and responding promptly to any emergency condition that would affect the delivery of electricity,” said Pifer.

Allegheny Power, an Allegheny Energy company, delivers low-cost energy to three million people in parts of Maryland, Ohio, Pennsylvania, Virginia, and West Virginia. For more information about Allegheny, visit our web site at www.alleghenypower.com.

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