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FOR IMMEDIATE RELEASE

**Allegheny Energy Supply Agrees to Provide Long-Term Power
To California Energy Market**

Hagerstown, Md., March 22, 2001 – Allegheny Energy, Inc. (NYSE:AYE) announced today that its electric generation subsidiary, Allegheny Energy Supply Company, LLC, has signed a long-term, fixed-price power sales agreement with the California Department of Water Resources (CDWR), the electricity buyer for the state of California. The \$4.5-billion contract is for a 10-year period.

Under the terms of the contract, Allegheny has committed to sell up to 1,000 megawatts (MW) of competitively priced electricity (enough to supply 1 million homes) from supply contracts it has secured from generating plants in the Western Systems Coordinating Council Region through its energy marketing, trading, and risk management subsidiary, Allegheny Energy Global Markets (formerly the Merrill Lynch Global Energy Markets business). Deliveries will begin immediately, with contract volumes increasing from 150 MW to 1,000 MW over the life of the contract.

Michael P. Morrell, President, Allegheny Energy Supply, said, “This is a win-win for both the state of California and Allegheny Energy. It provides a long-term source of fixed-price energy and should help to stabilize prices in California.”

About Allegheny Energy Supply

Allegheny Energy Supply operates and markets competitive retail and wholesale generation in markets throughout the United States and operates regulated generation for its affiliates. With its recently announced acquisitions and expansion plans, Allegheny Energy Supply will have ownership or control of generating capacity of more than 14,000 MW, with assets strategically located throughout the United States.

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About Allegheny Energy

An S&P 500 company, 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.

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