



## NEWS RELEASE

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### For Immediate Release

#### **Allegheny Energy, Inc. Reports Record First Quarter 2001 Earnings of \$.91 Per Share**

**Hagerstown, Md., April 23, 2001** – Continuing to build on its positive earnings growth story from 2000, Allegheny Energy, Inc. (NYSE: AYE) today reported record first quarter 2001 earnings of \$.91 per share (\$100.5 million), before the cumulative effect of an accounting change. This represents an increase in earnings per share of 17 percent, compared to first quarter 2000 earnings per share of \$.78 (\$86.4 million), before an extraordinary charge. Drivers of the increased earnings were higher sales and greater net revenues from unregulated businesses that are expanding into the national energy marketplace.

"The 17 percent increase is only part of our positive story. Allegheny Energy's unregulated earnings grew by 80 percent, compared to the first quarter of 2000, reflecting our diligence in executing a high-level growth strategy that continues to provide positive results for shareholders," said Alan J. Noia, Chairman of the Board, President, and Chief Executive Officer. "We continue to capture market opportunities that have translated into very satisfying overall results. The addition in this quarter of Allegheny Energy Global Markets – our new energy marketing and trading arm – to our portfolio of high-performing businesses has provided us with another dimension of earnings power that we expect will create even greater value in the future."

First quarter 2001 net income included a charge of \$.28 per share (\$31.1 million, net of taxes) from the cumulative effect of an accounting change due to the adoption of the Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." First quarter 2000 net income included an extraordinary charge of \$.64 per share (\$70.5 million, net of taxes) as a result of electric utility restructuring in West Virginia.

Excluding the accounting change, extraordinary, and other charges as shown on the following chart, earnings for the twelve months ended March 31, 2001, were \$327.8 million (\$2.97 per share), compared to \$295.8 million (\$2.61 per share) for the twelve months ended March 31, 2000. This increase in earnings per share of 14 percent was also due to higher net revenues.

"Our results are right on track with projected earnings," added Noia. "This keeps us on a clear path toward meeting our 2001 earnings guidance of \$3.80-\$4.10 a share. We continue to advance our strategy to grow as a national energy merchant, and our portfolio of strong energy businesses are focused intently on providing shareholder value today and into the future."

Per share earnings for comparable 2001 and 2000 periods were:

First Quarter		12 Months Ended March	
2001	2000	2001	2000

Income before accounting change, extraordinary, and other charges	\$ .91	\$ .78	\$ 2.97	\$ 2.61
Accounting change: adoption SFAS 133	(.28)		(.28)	
Extraordinary charges for electric utility restructuring orders		(.64)	(.06)	(.77)
Extraordinary charge for reacquired debt				(.09)
Merger-related costs				(.10)
Cancelled pumped-storage project costs				(.09)
Reported earnings per share	\$ .63	\$ .14	\$ 2.63	\$ 1.56

During the first quarter of 2001, Allegheny Energy actively pursued a number of opportunities aimed at increasing revenue and improving shareholder value. The following are some of the quarter's milestones:

#### **Generating assets, marketing, and trading**

- Allegheny Energy Supply Company completed its acquisition of an energy commodity marketing and trading unit from Merrill Lynch, solidifying Allegheny Energy's position as a national energy merchant. The new Allegheny Energy Supply subsidiary, Allegheny Energy Global Markets, operates out of New York City and is actively marketing and trading electricity, natural gas, and other energy commodities.
- Allegheny Energy Supply signed a long-term, fixed-price power sales agreement with the California Department of Water Resources, the electricity buyer for the state of California. Under terms of the \$4.5-billion, 10-year contract, Allegheny Energy Supply 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 Allegheny Energy Global Markets.
- Allegheny Energy Supply expects to close on its acquisition of 1,710 MW of generating capacity in the Midwest in early May. To help finance this acquisition, Allegheny Energy, Inc. plans to issue approximately 10 million shares of common stock next month.
- Allegheny Energy Supply announced plans to construct a 630-MW natural gas-fired merchant generating facility in St. Joseph County, Ind. The \$400-million facility, combined with other acquisitions and projects, will give Allegheny Energy nearly 14,000 MW of total owned or controlled generating capacity by 2005. In addition, the Company closed on the purchase of 83 MW of coal-fired generating capacity in the Conemaugh Generating Station near Johnstown, Pa.

#### **Regulated Operations**

- Allegheny Energy, the energy delivery business of Allegheny Energy, and PJM Interconnection, LLC, filed documents with the Federal Energy Regulatory Commission to expand PJM through the creation PJM West. The filing represents collaboration between Allegheny Power, PJM, and numerous stakeholders. PJM West will develop a new electric transmission system affiliation that will expand the Mid-Atlantic energy market.

#### **Unregulated businesses**

- Subsidiary Allegheny Energy Solutions opened new offices in the New York metropolitan area, advancing its strategy of becoming a national energy solutions provider and meeting customer demands in the growing distributed generation market.
- Allegheny Ventures, Allegheny Energy's business development arm, acquired a 10 percent equity interest in Utility Associates, an emerging software development company that specializes in creating integrated mobile computing solutions for the utility industry. This investment was another step in Allegheny Energy's strategy to add value for shareholders by seizing investment opportunities in emerging growth companies.

### **Other highlights**

- Alan J. Noia, Chairman of the Board, President, and Chief Executive Officer, was elected to serve on the Electric Power Research Institute's Board of Directors for a four-year term.
- Allegheny Energy announced the appointment of Bruce E. Walenczyk as Senior Vice President and Chief Financial Officer. Walenczyk will lead Allegheny Energy's financial and treasury functions, as well as take a leadership role in developing and executing the Company's ongoing financial growth strategy to drive shareholder value and meet the challenges of the changing energy industry. Walenczyk replaces former Chief Financial Officer Michael P. Morrell, who was appointed President and Chief Operating Officer of Allegheny Energy Supply Company earlier this year.
- Record-breaking financial performance for 2000 landed Allegheny Energy a place on the Fortune 500 list of America's largest corporations, the Forbes "Platinum 400" list, and the Standard & Poor's (S&P) 500 index. Allegheny Energy ranked 417th overall on the Fortune 500 list, which features the largest U.S. companies based on revenue. In addition, the Company was ranked 28th among the gas and electric utilities group. The "Platinum 400" list features companies that are industry leaders in long- and short-term return on capital, have annual sales of at least \$1 billion, and show growth in both sales and earnings over the past five years. The S&P 500 index is widely regarded as the standard for measuring large-capitalization U.S. stock performance and consists of 500 stocks chosen for market size, liquidity, and industry group representation.

Allegheny Energy, Inc. is a diversified energy company headquartered in Hagerstown, Md. We have been named to the Fortune 500 list, the Standard and Poor's 500 index, and the Forbes "Platinum 400" list. The Allegheny Energy family includes Allegheny Energy, 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).

Allegheny plans to hold its analyst conference call to discuss earnings results at 11:00 a.m. (Eastern Time) on April 24, 2001. Investors, the news media, and others may listen to a live internet broadcast of the call at [www.alleghenyenergy.com](http://www.alleghenyenergy.com) or [www.streetevents.com](http://www.streetevents.com) by clicking on an available audio link. The call will also be archived for replay purposes for 10 business days after the live broadcast on both of these web sites. Supporting financial data will also be available on the Company's web site for review.

*Certain statements within constitute forward-looking statements with respect to Allegheny Energy, Inc. ("AYE" or the "Company"). Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of AYE to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors may affect AYE's operations, markets, products, services, and prices. Such factors include, among others, the following: weather and natural phenomena; general and economic and business conditions; industry capacity; changes in technology; changes in political, social, and economic conditions; changes in the price of electricity and gas; changes in environmental and other laws; regulatory matters; litigation involving AYE; regulatory conditions applicable to AYE; the loss of any significant customers; and changes in business strategy or development plans.*