

Media:

Janice Lantz
Manager, Communications (Supply)
Phone: 412-858-1630
Media Hotline: 1-888-233-3583

Investors:

Greg Fries
Manager, Investor Relations
Phone: 301-665-2713

FOR IMMEDIATE RELEASE

Allegheny Energy Supply completes purchase of Midwest assets
Adds 1,700 MW to growing generation fleet

Hagerstown, MD, May 3, 2001 – Allegheny Energy, Inc. (NYSE: AYE) today announced that its unregulated generation subsidiary, Allegheny Energy Supply Company, LLC, has completed the purchase of 1,710 megawatts of natural gas-fired merchant generating capacity in three Midwest states from Enron North America, a wholly owned subsidiary of Enron Corp. (NYSE: ENE). The acquisition gives Allegheny Energy more than 14,000 MW of total generating capacity that it will own or control by 2005 and marks a significant step in the Company's strategic course toward becoming a national energy supplier.

Earlier this year, Allegheny Energy Supply acquired 83 MW of coal-fired generation in the Conemaugh Generating Facility near Johnstown, Pa. Additionally, the Company has announced plans to build a 1,080-MW natural gas combined-cycle plant in La Paz County, Ariz.; a 630-MW natural gas combined-cycle facility near South Bend, Ind.; and a 540-MW natural gas fired combined-cycle generating facility in Springdale, Pa. Another 220 MW of peaking capacity have already been completed in Pennsylvania.

The Midwest acquisition was financed through a combination of debt and equity and will be accretive to Allegheny Energy's earnings in 2001, excluding transaction costs and other costs related to the integration. Yesterday, the Company issued more than 14 million shares of common stock to facilitate the transaction.

Alan J. Noia, Chairman of the Board, President, and Chief Executive Officer of Allegheny Energy, said, "I am pleased to announce the closing of Allegheny Energy's largest generation acquisition to date. It provides our Company with significant generation presence and capability as an energy merchant to sell electricity from efficient natural gas-fired generation facilities in more areas of the country with a growing demand for energy."

Output from the three facilities will be marketed by Allegheny Energy Global Markets.

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“These premium generating assets are designed for operation in times of peak electricity demand,” said Noia. “Because of its national presence, Allegheny Energy Global Markets will be able to market the output from these newly acquired facilities in a wide variety of ways with our portfolio of existing assets and other supply arrangements so that overall operational efficiency and shareholder value is maximized.”

Allegheny Energy Supply’s newly acquired facilities include: the Gleason, Tenn., plant (546 MW), approximately 40 miles north of Jackson, Tenn.; the Wheatland, Ind., plant (508 MW), approximately 70 miles northeast of Evansville, Ind.; and the Lincoln Energy Center plant (656 MW) in Manhattan, Ill., near Chicago. These assets give Allegheny Energy Supply additional generating capacity within the East Central Area Reliability region (ECAR) and initial generation sources in the Mid-America Interconnected Network (MAIN) and the Southeastern Electric Reliability Council (SERC).

Salomon Smith Barney acted as financial advisor and Jones, Day, Reavis & Pogue acted as legal counsel for Allegheny Energy for the acquisition.

About Allegheny Energy

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 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.

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.

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.