

Allen Stagers
Manager, Communications
Phone: 724-830-5433
Media Hotline: 1-888-233-3583

FOR IMMEDIATE RELEASE

Allegheny Power offers business customers incentives for energy reduction

Program will manage peak electric energy demand this summer

Greensburg, Pa., June 26, 2001--Allegheny Power, the energy delivery business of Allegheny Energy Inc. (NYSE: AYE), is offering a program to its large commercial and industrial customers to reduce electric demand during periods of high demand or prices through its Generation Buy-Back Program. To date, large businesses have committed more than 189 megawatts of energy to the program advancing the Company's strategy of facilitating the development of a competitive retail market for electric energy.

The Generation Buy-Back Program is a voluntary, peak load reduction plan that offers financial rewards to customers that can reduce their power consumption during periods of high demand or high market prices. The businesses can achieve these reductions by either utilizing on-site generation or reducing their demand for electricity. The business, in return for agreeing to reduce energy consumption, are paid a percentage of the wholesale cost of power as a credit on their next bill, which lowers their overall energy costs.

"Generation Buy-Back is another example of how Allegheny Power is working to creatively reduce the demand for electricity in high-demand periods, encourage retail market development, and offer our customers another choice in managing their energy usage," stated Ronald A. Magnuson, Allegheny Power's Vice President of Customer Affairs. "The price of electricity during peak demand periods significantly affects the annual average market price. Reducing the peak demand during high-priced, peak demand periods will help lessen the effect those prices have on the wholesale market prices for power. Participating businesses will benefit through lower operating costs."

Commercial and industrial customers with loads of more than 300 kilowatts and that have the ability to shift periods of peak use or have operating on-site generation are eligible for the program. For more information, customers can contact Jason Wojciechowicz with Allegheny Power at (724) 838-6189.

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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