



**Allegheny Energy Supply**

an Allegheny Energy company

**NEWS RELEASE**

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**FOR IMMEDIATE RELEASE**

**Allegheny Energy Supply selected as electric generation supplier  
by eight New Jersey boroughs**

**Monroeville, Pa., July 31, 2001** – Allegheny Energy Supply, the unregulated generating subsidiary of Allegheny Energy, Inc. (**NYSE: AYE**), has been named the new electric generation supplier for eight boroughs in New Jersey that own and operate electric utilities as departments of municipal government. This contract builds on Allegheny's ongoing and successful strategy of providing savings to customers through government aggregation programs.

“We are pleased to have the opportunity to serve the citizens of these New Jersey boroughs,” said David Coulter, Sales Manager, Allegheny Energy Supply. “When we begin to supply the accounts in January 2002, these new customers will find that the superior customer service and the competitively priced electric generation supply they receive from Allegheny Energy Supply is second to none.”

The following eight New Jersey Boroughs have signed up with Allegheny Energy Supply: Madison, Butler, Milltown, Seaside Heights, South River, Pemberton, Park Ridge, and Lavallette. Each borough owns and operates a municipal electric distribution system and has the responsibility of purchasing generation for residents and businesses within the borough.

“By working together, the boroughs were able to attract more interest and obtain lower prices than if they had acted alone,” said Jim Jablonski, President of the Public Power Association of New Jersey (PPANJ), a non-profit organization made up of all public power systems in New Jersey. Jill Barker of Betts & Holt, attorneys to the group of eight boroughs for this purchase, said that Allegheny Energy Supply was the winning supplier due primarily to its willingness to provide “flexible start dates, time of use, and seasonal pricing.”

The multi-year contract is slated to begin in January 2002 for two of the municipalities, with the remaining six scheduled to begin in June 2002. The contract, which will supply 150 megawatts (MW) of electricity to the boroughs, is scheduled to run through 2004.

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The addition of these boroughs builds on Allegheny's already successful relationship with communities in New Jersey, Ohio, and Pennsylvania. The Company was able to structure a deal that offered savings to the residents of Middlesex County, N.J., and members of the South Jersey Power Cooperative.

In Ohio, Allegheny Energy Supply was chosen to provide electricity through government aggregation programs for residents in the cities of Aurora, Munroe Falls, Parma, Silver Lake, and Stow. Through Allegheny's program, residential customers in these cities are enjoying savings of 17 percent or more over the average customer of other providers.

Allegheny has also had much success working with municipalities in Pennsylvania, both on an individual basis and through organizations such as the Municipal Utility Alliance, a non-profit corporation formed by the Pennsylvania League of Cities and Municipalities. From the beginning of deregulation in Pennsylvania in 1997 through May 2001, Allegheny has saved energy consumers in the state tens of millions of dollars on their monthly electric bills.

"Allegheny Energy Supply works with local governments, businesses, and residential customers to save people money on their electric bills," said Coulter. "Our Company has an excellent track record for saving customers money, and our employees have extensive experience in generation operations and customer service."

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 14,500 MW, with assets strategically located throughout the United States. For more information about Allegheny Energy Supply, visit our web site at [www.alleghenyenergysupply.com](http://www.alleghenyenergysupply.com).