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**FOR IMMEDIATE RELEASE**

**Allegheny Energy Supply to Build Generating Facility in Guilford Township, Pa.  
*Local power supply will be enhanced by 88 megawatts***

**Hagerstown, Md., August 1, 2001** – Allegheny Energy Supply, the unregulated generating subsidiary of Allegheny Energy, Inc. (NYSE:AYE), announced today that it will build 88 megawatts (MW) of natural gas-fired merchant generating capacity in Guilford Township, near Chambersburg, Pa. The new facility will add to the Company's more than 14,500 MW of generating capacity that it will own or control by 2005 and will help enhance the power supply of the Franklin County area, creating enough capacity to light up to 88,000 homes.

Two 44-MW General Electric LM6000 combustion turbines will be constructed on approximately five acres of property along Interstate-81, north of the village of Marion, Pa. The state-of-the-art equipment will be fired by natural gas, the cleanest burning of all the fossil fuels, and will operate primarily at times of peak electrical demand – typically on the hottest and coldest days of the year.

“Allegheny Energy Supply is pleased to announce construction of its newest generating facility in Guilford Township,” said Michael P. Morrell, President, Allegheny Energy Supply. “The facility will give us access to East Coast markets for electricity and it will help enhance the power supply in the local area.”

Morrell noted that the facility will meet all state and federal environmental regulations.

“Allegheny's goal with all of its generating facilities is to be a good corporate neighbor and environmental steward,” he said. “The Guilford Township Generating Facility will meet or exceed all existing environmental regulations.”

Allegheny Energy Supply received the air permit for the facility from the Pennsylvania Department of Environmental Protection on June 26. Construction began the week of July 16, and the units are expected to be in commercial operation by the end of this year.

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.