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FOR IMMEDIATE RELEASE

Public Service Commission of West Virginia approves Mountaineer Gas rate adjustment

Charleston, W.Va., November 1, 2001—Mountaineer Gas Company, doing business as Allegheny Power, received approval from the Public Service Commission of West Virginia (PSC) to raise natural gas rates, effective Nov. 1, 2001. Allegheny's Mountaineer Gas customers will still enjoy the lowest rates for natural gas service in the state, with an average residential customer using 13 thousand cubic feet (Mcf) per month paying \$97.92 monthly. The rates have been frozen for three prior years through a rate moratorium, which ended on Oct. 31.

The Company filed its rate increase in January 2001, seeking an increase of 39 percent; the new rates represent an average increase of 16.5 percent. Of the total increase, \$5 million (2.4 percent) represents a change in the Company's base rate—those expenses related to operating and maintaining the gas distribution system—and \$23 million (14.3 percent) represents a change in the market price the Company pays its suppliers for natural gas. The amount paid by the Company for its natural gas is passed through to customers with no markup or profit margin. The new purchased gas rates will remain in effect for one year.

“Allegheny Power is committed to keeping natural gas rates as low as possible,” said Jay S. Pifer, President of Allegheny Power. “Given the historic rise in natural gas costs last winter, we are pleased to see market prices coming down, and we want to reassure our customers that we will continue to work hard to purchase natural gas at the lowest possible price. Natural gas remains a good value, and it is a clean, efficient, safe, and reliable source of energy. Additionally, we appreciate the cooperation of the Public Service Commission and all the parties in this rate proceeding to arrive at a fair and equitable price.”

When natural gas prices reached record high levels during the winter of 2000-2001, Mountaineer's rates did not change. In both 1995 and 1998, Mountaineer Gas and the PSC entered into three-year rate agreements known as moratoriums. During those moratoriums, rates were frozen, protecting customers from fluctuations in market prices for natural gas and ultimately saving customers millions of dollars; the average residential customer saved more than \$500 last winter alone. The average cost of natural gas for residential customers last winter averaged \$9.49 per Mcf, while Mountaineer's customers paid \$6.45, or 32 percent less than the national average.”

To help reduce heating and cooling costs for low-income families, Allegheny Power will contribute \$150,000 annually for the next three years to the West Virginia Community Action Director's Association for its Weatherization Program. The program works to improve the energy efficiency of homes while ensuring the health and safety of family members, particularly the elderly, children, and people with disabilities. For home energy efficiency tips, customers can check Allegheny Power's internet site at www.alleghenypower.com or call our Customer Service Center at 1-800-Allegheny (1-800-255-3443) and request a copy of the brochure *100 Ways to Help Control Your Energy Bill*.

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.