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FOR IMMEDIATE RELEASE

Allegheny Power launches Renewable Energy Pilot Program

Greensburg, Pa., August 12, 2002 – Allegheny Power, the energy delivery business of Allegheny Energy, Inc. (NYSE: AYE), today announced the launch of a new pilot program for its Pennsylvania residential customers. The Renewable Energy Pilot Program, the result of electric utility restructuring in Pennsylvania, provides a unique opportunity for income-eligible, single-family homes to receive solar water heating and/or photovoltaic energy systems.

Allegheny Power has allocated \$671,000 in funding for the two-year pilot program, which includes program administration and the purchase and installation of 28 photovoltaic and 26 solar water-heating systems. The first system was installed in July when the panels of a one-kilowatt photovoltaic system were mounted on a sunny roof of a single-family home in Dunbar, Pa., in Fayette County. The program is being phased-in as other units are installed.

“We are excited about this new initiative to assist primarily low-income families while increasing and promoting the use of renewable energy in Pennsylvania, says Ron Magnuson, Vice President, Customer Affairs. “This program gives consumers an opportunity to save money on their electric bills while learning about renewable energy. Participants are also encouraged to practice energy conservation to help them understand how their lifestyle can influence the energy savings achieved.”

A one-kilowatt photovoltaic system in Pennsylvania will generate an average of 4.3 kilowatt-hours of electricity per day, making more electricity in the summer and less in the winter. The home remains connected to Allegheny Power’s distribution system, so using this technology will not affect the home’s comfort level. When the customer needs extra electricity, it comes from Allegheny Power’s grid. When the photovoltaic system makes more electricity than the homeowner needs, it flows out to the grid, and the customer can receive credit on his energy bill.

The installed systems will be evaluated over a two-year period to determine customer acceptance and the cost-effectiveness of renewable technologies. At the conclusion of the two-year pilot, program participants own the installed equipment. Allegheny Power will provide free maintenance on the system for an additional three years following the pilot.

Allegheny Power solicited pilot participants from customers who have participated in the Company's Low Income Usage Reduction Program (LIURP) and have received weatherization measures from the Company in the past.

The Company plans to offer a renewable energy package, including photovoltaic or solar water heating systems and program financing, to all Allegheny Power customers. Details of the program are incomplete, but, for more information, interested consumers can call Keith March, Regional Sales Manager, at 724-838-5355.

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 Power, visit our web site at www.alleghenypower.com.

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