



NEWS RELEASE

For Media, contact:

Cynthia A. Shoop
Vice President, Corporate Communications
10435 Downsview Pike
Hagerstown, MD 21740-1766
Phone: 301-665-2718
Media Hotline: 1-888-233-3583
E-Mail: cshoop@alleghenyenergy.com

For Investor Relations, contact:

Gregory L. Fries
General Manager, Investor Relations
10435 Downsview Pike
Hagerstown, MD 21740-1766
Phone: (301) 665-2713
E-Mail: gfries@alleghenyenergy.com

M. Beth Straka
General Manager, Investor Relations
4350 Northern Pike
Monroeville, PA 15146-2841
Phone: (412) 856-3731
E-Mail: mstraka@alleghenyenergy.com

FOR IMMEDIATE RELEASE

Allegheny Energy Files with the SEC for Approval to Provide Collateral; Company Intends to Reduce Dividend

Hagerstown, Md., October 9, 2002 – Allegheny Energy, Inc. (NYSE: AYE) announced today that it has filed with the United States Securities and Exchange Commission (SEC) an application seeking approval for its subsidiary, Allegheny Energy Supply Company, LLC, to provide collateral to support additional borrowings. This application seeks authorization for Supply to borrow up to \$2 billion on a secured basis. As a part of the filing, Allegheny Energy disclosed that it intends to reduce its dividend to between 0 percent and 50 percent of the current dividend level through at least the fourth quarter of 2003. No determination has been made by the Board of Directors as to the actual future dividend level within this range.

Allegheny said the SEC filing was part of its ongoing effort to obtain the liquidity necessary to cure existing default conditions and to resume posting collateral to trading counterparties. “We are engaged in active discussions with our banks regarding our position and are working to obtain additional liquidity as quickly as is possible,” said Alan J. Noia, Allegheny Energy Chairman, President, and Chief Executive Officer.

With headquarters in Hagerstown, Md., Allegheny Energy is an integrated *Fortune* 500 energy company with a balanced portfolio of businesses, including Allegheny Energy Supply, which owns and operates electric generating facilities and supplies energy and energy-related commodities in selected domestic retail and wholesale markets; Allegheny Power, which delivers low-cost, reliable electric and natural gas service to about three million people in Maryland, Ohio, Pennsylvania, Virginia, and West Virginia; and a business segment offering fiber-optic and data services, energy procurement and management, and energy services. More information about the Company is available at www.alleghenyenergy.com.

Certain statements contained herein constitute forward-looking statements with respect to Allegheny Energy, Inc. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of Allegheny Energy to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors may affect Allegheny Energy’s operations, markets, products, services, prices, capital expenditures, development activities, and future plans. Such factors include, among others, the following: changes in general, economic, and business conditions; changes in the price of electricity and natural gas; changes in industry capacity; changes in technology; changes in financial and capital market conditions; changes in political and social conditions, deregulation activities and the movement toward competition in the states served by our operations; the effect of regulatory and legislative decisions; regulatory approvals and conditions; the loss of any significant customers; litigation; and changes in business strategy or business plans.