



CANAAN VALLEY INSTITUTE

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FOR IMMEDIATE RELEASE

**Allegheny Energy transfers 3,208 acres in Canaan Valley, W.Va.
to Canaan Valley Institute**

Greensburg, Pa., December 18, 2002 – Allegheny Energy, Inc. (NYSE: AYE), is pleased to announce today the transfer of 3,208 acres of land from a non-utility subsidiary in West Virginia's Canaan Valley to the Canaan Valley Institute (CVI). The property will be managed for fish and wildlife enhancement and public recreation. Demonstration sites, featuring proper land and stream management practices, will be developed to complement CVI's land and water stewardship education program. Under the terms of the agreement, Allegheny Power will receive \$6.9 million for the property.

The agreement was reached with the assistance of Rep. Alan B. Mollohan, D-W.Va., and the National Oceanic and Atmospheric Administration.

"Canaan Valley Institute is a progressive organization that is providing valuable environmental assistance to groups and communities across the Mid-Atlantic Highlands," said Jay S. Pifer, President of Allegheny Power. "CVI's model of sustaining valuable resources and encouraging locally-based solutions for watershed, community, and environmental problems is improving the environment across the region. Allegheny is committed to environmental stewardship and we are excited that our lands in Canaan Valley will allow CVI to expand its environmental mission, reach, and influence."

Mollohan, who established CVI in 1995 and has secured federal appropriations to fund its ongoing work in the region, hailed the agreement.

"This purchase is significant not only to Canaan Valley and West Virginia, but to all of our neighbors in the Mid-Atlantic Highlands. These lands will be the source of creative solutions to environmental problems that challenge our region. Meanwhile, continued public use of the property will help to foster appreciation of this unique resource," Mollohan said.

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“Although it is a young organization, CVI has established a proud tradition of assisting watershed groups in the highlands. I applaud Executive Director Kiena Smith's success in assembling and leading such a talented staff. The CVI team is respected throughout the region as an honest broker and a rich source of relevant scientific information. The former Allegheny Energy property will give us a platform on which to grow the Institute's already-considerable capabilities,” he said.

Mollohan also praised Allegheny Power's president. “Jay Pifer is an outstanding executive and an upstanding corporate citizen. His cooperation in reaching this agreement is a real contribution to the development of the highlands region in a way that accommodates the legitimate interests of all of its stakeholders,” Mollohan said.

Kiena Smith, Executive Director of Canaan Valley Institute said that the organization is extremely fortunate to have the support of Congressman Alan Mollohan in the purchase of this land. Also, without his support over the last seven years CVI would not have been able to build the watershed science and outreach program necessary to assist stakeholders throughout the Mid-Atlantic Highlands. Ms. Smith also commended Allegheny Power's Jay Pifer for his dedication and personal involvement to ensure that this transaction, that will be such a benefit to the promotion of watershed excellence, occurred. “When CVI was created in 1995 with only one employee and five members on the Board of Directors, I did not dream that this would be possible in such a short time,” said Smith when referring to the purchase.

She further stated that in addition to serving as Canaan Valley Institute's new home, the land will continue to be open to public use and local suggestions on the management of the land will be given tremendous consideration.

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 offering fiber-optic and data services, energy procurement and management, and energy services. More information about the Company is available at <http://www.alleghenyenergy.com>.

CVI is a not-for-profit, non advocacy organization committed to helping residents of the Mid-Atlantic Highlands improve their quality of life. Fostering local decision-making in support of sustainable communities in the Mid-Atlantic Highlands is CVI's mission. CVI offers assistance to local groups to help fulfill this mission, and CVI works to aid communities in implementing their own solutions to problems that threaten the economic or environmental resources of their watersheds. More information about the Institute is available at <http://www.canaanvi.org> .