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Press Release

FOR IMMEDIATE RELEASE

Allegheny Energy Supply Company, SRP and Sempra Energy Resources Announce Open Season for Proposed Desert Crossing Gas Storage and Transportation System

PHOENIX (Jan. 10, 2002) – The Desert Crossing Gas Storage and Transportation System (Desert Crossing) is holding an Open Season for customers interested in capacity, beginning today and extending through Feb. 8, 2002.

Open Season is a process in which customers interested in acquiring natural gas storage capacity in a storage facility, and/or transmission capacity on a pipeline, submit bids setting out the terms under which they will agree to purchase the capacity.

Upon completion of the project, the Desert Crossing system will include a 10 billion cubic foot, high-deliverability natural gas storage complex and associated pipeline, located in the Hualapai Valley, north of Kingman, Arizona. The associated pipeline, spanning roughly 300 miles from outside of Las Vegas to Southwestern Arizona, is projected to be an 800 million cubic feet per day system that will connect the storage complex with all of the major interstate natural gas pipelines in Arizona and southern Nevada (see map of proposed system at www.desert-crossing.com).

Project sponsors Allegheny Energy Supply Company, the generation and trading subsidiary of Allegheny Energy, Inc. (**NYSE: AYE**); Salt River Project (SRP); and Sempra Energy Resources, a unit of Sempra Energy (**NYSE: SRE**), said that Desert Crossing will provide a consumer-driven, market-responsive storage and pipeline system to serve the growing needs of the southwestern United States for power and peak period gas supplies. Limitations on natural gas transportation and storage in Arizona and southern Nevada, along with past and projected increases in gas demand by consumers in the region, have resulted in market conditions that make this storage and pipeline project attractive.

“As proposed, this project with its north-south pipeline configuration will be uniquely situated to increase shippers’ and consumers’ options for sourcing natural gas and to provide new transportation capacity to the Arizona and southern Nevada markets,” commented Michael Morrell, president, Allegheny Energy Supply Company. “The increased storage and transportation capacity will enhance energy reliability at cost-effective prices, which is good news for consumers and shippers of natural gas.”

SRP’s associate general manager of power, construction & engineering, David Areghini, concurred. “As we continue to diversify our fuel sources by adding new gas-fired power plants, it is important that we increase our ability to obtain the necessary amount of natural gas supplies. The Desert Crossing project will help ensure an economical and clean energy source for consumers and others in the Southwest for many years.”

“The additional natural gas supplies will help balance the region’s escalating energy demands, especially those of electric generators, as well as provide the potential to help reduce future price spikes in the Southwest,” said Dwain Boettcher, vice president of planning and analysis for Sempra Energy Resources. “The hourly scheduling flexibility built into the proposed tariff was designed to transform the way storage service is offered in the future.”

Customers participating in the Open Season and awarded capacity will have unprecedented flexibility with respect to gaining access to the markets and diverse gas supplies in the Southwest. These customers will be able to optimize their portfolios, because Desert Crossing will be situated at the Southwest’s energy crossroads.

The project is subject to obtaining all necessary regulatory approvals and sufficient commitments from third parties during the Open Season. Project scope and costs will be announced at the conclusion of the Open Season.

To participate in the Open Season and for more information about Desert Crossing, visit www.desert-crossing.com.

Allegheny Energy, Inc. is a diversified energy company headquartered in Hagerstown, Md. It has been named to the Fortune 500 list, the Standard and Poor's 500 index, and the Forbes "Platinum 400" list. The Allegheny Energy family includes Allegheny Power, which delivers electric energy and natural gas to about three million people in parts of Maryland, Ohio, Pennsylvania, Virginia, and West Virginia; Allegheny Energy Supply Company, LLC, which develops, owns, and operates electric generating facilities and supplies and trades energy and energy-related commodities in selected domestic retail and wholesale markets; and Allegheny Ventures, which invests in and

develops telecommunications and energy-related projects. For more information, visit our web site at www.alleghenyenergy.com.

SRP is the third-largest public power utility in the nation, serving more than 750,000 electric customers in the greater Phoenix metropolitan area. More information on SRP is available at www.srpnet.com.

Sempra Energy Resources -- a subsidiary of Sempra Energy Global Enterprises, the umbrella for Sempra Energy's growth businesses -- acquires and develops power plants and energy infrastructure for the competitive market.

Sempra Energy (NYSE: SRE), based in San Diego, is a Fortune 500 energy services holding company with annualized 2001 revenues of about \$9.4 billion. The Sempra Energy companies' 12,000 employees serve more than 9 million customers in the United States, Europe, Canada, Mexico, South America and Asia. For more information, visit Sempra Energy Resources' Web site at www.sempraenergyresources.com.

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