



FOR IMMEDIATE RELEASE

Contacts:

Allen Staggers
Allegheny Power
724-830-5433
Media Hotline: 1-888-233-3583



PJM News, toll free at
866-PJM-NEWS (756-6397) or
610-666-2200

FERC Approves the Formation of PJM West

Greensburg, Pa., and Valley Forge, Pa., March 1, 2002—Allegheny Power, the energy delivery business of Allegheny Energy, Inc. (NYSE: AYE), and PJM, the electric grid operator for the mid-Atlantic region, announced today that PJM West, an extension of the PJM energy market, will become operational on April 1, 2002. Allegheny Power and PJM set an operational date based on a clarification by the Federal Energy Regulatory Commission (FERC) of its prior order related to Allegheny Power's wholesale rates.

PJM West will broaden PJM's regional scope, demonstrate the ability of its energy market and congestion management systems to function over multiple control areas and regional reliability councils, and expand the mid-Atlantic energy market. Customers in the region will benefit from the expanded energy market and continued excellent transmission system reliability. Additionally, the PJM West arrangement is open to, and structured to accommodate, additional energy delivery participants.

"The approval to create PJM West is a milestone event for our Company and the region's energy customers," said Jay S. Pifer, president of Allegheny Power. "We are excited to be part of PJM, which is widely recognized as the most successful regional transmission organization in the world. Now, Allegheny's customers throughout our five-state service area will benefit from enhanced reliability and expanded wholesale markets."

"We're delighted to have such a customer-focused company like Allegheny Power become a part of PJM," said Phillip G. Harris, president and chief executive officer of PJM. "PJM West is an exceptional example of how 'one-stop shopping' can benefit customers and stakeholders using the electric power grid. PJM West is the proof of concept for the planned joint and common wholesale energy market recently announced by the Midwest Independent System Operator, PJM and Southwest Power Pool."

PJM West will provide transmission service to all market participants in accordance with the requirements of FERC Order 2000, while simultaneously enlarging the PJM market. When complete, for the first time nationally two separate control areas will operate under a single energy market and a single governance structure across multiple North American Electric Reliability Councils.

--more--

Allegheny Power/PJM
Page two

The timeline approved by FERC sets April 1, 2002, as the target date for PJM West to be operational. The PJM West offices located at Greensburg, Pa., will provide transmission and generation coordination for the PJM West area. Once operational, PJM and PJM West will be run as a single integrated market.

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 www.alleghenypower.com.

PJM, the country's first fully functioning regional transmission organization, operates the world's largest competitive wholesale electricity market and one of North America's largest power grids. The company currently coordinates a pooled generating capacity of more than 59,000 megawatts and operates a wholesale electricity market with more than 200 market buyers, sellers and traders of electricity. PJM has administered more than \$6.5 billion in energy and energy service trades since the regional markets opened in 1997. More than 70 nations have sent delegates to PJM to learn about the market model and the operation of the grid in the mid-Atlantic states, including all or parts of PA, NJ, MD, DE, VA and the District of Columbia. Visit PJM at www.pjm.com.

--###--