



NEWS RELEASE

For Media, contact:

Janice D. Lantz
Manager, Communications (Supply)
4350 Northern Pike
Monroeville, PA 15146-2841
Phone: 412-858-1630
Media Hotline: 1-888-233-3583
E-Mail: jlantz@alleghenyenergy.com

For Investor Relations, contact:

Gregory L. Fries
General Manager, Investor Relations
10435 Downsville Pike
Hagerstown, MD 21740-1766
Phone: (301) 665-3713
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 and Subsidiary Request Various Approvals Relating to CDWR Contract Sale

Hagerstown, Md., August 23, 2003 – Allegheny Energy, Inc. (NYSE: AYE) announced today that it and subsidiary Allegheny Energy Supply Company, LLC, are seeking approval from lenders for the sale of Allegheny Energy Supply's energy supply contract with the California Department of Water Resources (CDWR) and certain related hedges. As part of the request, waivers and amendments to their existing credit facilities are being sought which would also allow the Company to place proceeds from the CDWR contract sale, less costs associated with the elimination of related tolling agreements and other hedges, into a pledged account. This account would be held in the name of the collateral agent until the earlier of December 31, 2003, or until such time that these credit facilities would be repaid or refinanced. Allegheny Energy Supply's current financing agreements require the Company to use 75 percent of the CDWR net sale proceeds to prepay Allegheny Energy Supply debt. In addition, Allegheny Energy and Allegheny Energy Supply are requesting waivers of their financial covenants with respect to the third quarter of 2003.

These requests, if approved, would allow Allegheny to move forward in the process of completing an important transaction and would allow the Company greater flexibility to improve its liquidity position. They also would facilitate a possible refinancing of the Company's credit facilities.

With headquarters in Hagerstown, Md., Allegheny Energy is an integrated 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, and 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. 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.