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FOR IMMEDIATE RELEASE

**Allegheny Energy Subsidiary Completes Sale of
California Contract to Goldman Sachs**

Hagerstown, Md., September 15, 2003 - Allegheny Energy, Inc.'s (NYSE: AYE) subsidiary, Allegheny Energy Supply Company, LLC, and its Allegheny Trading Finance unit announced today that they have completed the sale of the energy supply contract with the California Department of Water Resources (CDWR) and associated hedge transactions to J. Aron & Company, a subsidiary of The Goldman Sachs Group (NYSE: GS), for approximately \$354 million. Much of the adjustment from the estimated sale price of \$405 million, announced on July 28, 2003, was attributable to contracts with one counterparty, valued at \$38.6 million, which were removed from the sale by mutual agreement of the parties. Changes in the mark-to-market value of the remaining contracts at closing and a reduction in the number of remaining trades assumed by J. Aron accounted for the rest of the adjustment.

The proceeds to Allegheny Energy Supply from the sale of the CDWR contract and associated hedge transactions will be applied, in large part, to fund the termination of the Williams and Las Vegas Cogeneration II tolling agreements and certain related hedging arrangements. Allegheny has obtained from its creditors authorization to deposit the remainder of the proceeds into a cash collateral account instead of using those funds to redeem secured debt as otherwise required by the Company's Borrowing Facilities.

Paul J. Evanson, Chairman, President, and Chief Executive Officer of Allegheny Energy, said, "The completion of this sale is a major step in strengthening our financial position. The closing effectively achieves our goal of exiting the Western energy markets, thereby significantly reducing our financial risk profile. We will now focus our trading on optimizing our core generation assets."

Twenty percent of the proceeds of the CDWR contract sale and associated hedges will be held in escrow. The escrow will be subsequently delivered to Allegheny Energy Supply when the Securities and Exchange Commission approves a parent guarantee by Supply to back up Allegheny Trading Finance's (ATF) obligation to indemnify J. Aron or when ATF is merged into Allegheny Energy Supply. The escrow is expected to be released before the end of the year.

Citigroup served as Allegheny's financial advisor for the transaction.

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.