

Visit our Online Newsroom at www.alleghenyenergy.com/newsroom.

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 Downsview Pike
Hagerstown, MD 21740-1766
Phone: (301) 665-2713
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 Supply Moves to Dismiss California Lawsuit

Hagerstown, Md., March 4, 2003 - Allegheny Energy Supply, a subsidiary of Allegheny Energy (NYSE: AYE), asked the Sacramento Superior Court to dismiss a lawsuit brought by the California Department of Water Resources (CDWR) because the contract is currently under review by the Federal Energy Regulatory Commission (FERC), the federal agency with exclusive jurisdiction over the Allegheny contract. The motion filed also asserts that the CDWR failed to state a valid claim against Allegheny.

“This lawsuit is just one of the CDWR’s repeated attempts to invalidate a fair and binding contract,” said Michael P. Morrell, President, Allegheny Energy Supply. “We believe that the proper forum for deciding this matter is with the FERC, and we are confident that the FERC will uphold the sanctity of our contract with California. We believe the Superior Court should dismiss the CDWR action or at a minimum wait to hear the FERC’s decision in this matter before taking further action.”

In the filing, Allegheny Energy Supply, and its subsidiary Allegheny Trading Finance Co., responded to the Jan. 29 lawsuit brought by the CDWR, which seeks to dissolve the state agency’s electricity supply contract with the Company. The CDWR, through its sister agencies the California Electricity Oversight Board and the California Public Utilities Commission, previously brought a related complaint at the FERC against Allegheny Energy Supply and other electricity suppliers, and a decision on that matter is currently pending before the federal agency following a lengthy hearing process.

The Allegheny motion filed in Superior Court cited the FERC’s jurisdictional exclusivity in deciding this matter. The filing also pointed to the CDWR’s failure to allege the required elements of a breach of contract claim.

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 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. More information about the Company is available at www.alleghenyenergy.com.