



NEWS RELEASE

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 Subsidiary Reaches Agreement to Terminate Tolling Agreement with Las Vegas Cogeneration II

Hagerstown, Md., August 20, 2003 - Allegheny Energy, Inc. (NYSE: **AYE**) announced today that its subsidiary, Allegheny Energy Supply Company, LLC, has signed an agreement to terminate its 222-megawatt (MW) tolling agreement with Las Vegas Cogeneration II, a unit of Black Hills Corporation (NYSE: **BKH**).

Paul J. Evanson, Chairman, President, and Chief Executive Officer of Allegheny Energy, said, "With the signing of this agreement, we have substantially achieved our goal of exiting the Western energy markets, thereby significantly reducing our financial exposure to energy trading. We can now refocus fully on optimizing our core generation assets."

Under this agreement, Allegheny will make a \$114-million payment to Las Vegas Cogeneration II after closing the previously announced sale of its long-term energy supply contract with the California Department of Water Resources (CDWR) and obtaining the consent of a majority of its lenders. Allegheny's payments under the tolling agreement will continue until the tolling agreement is terminated upon payment of the \$114 million.

Allegheny Energy Supply entered into the 15-year tolling agreement with Las Vegas Cogeneration II in May 2001. The 222-MW natural gas-fired generating facility went into commercial service in January 2003.

-more-

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.