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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 Makes Initial Payment to Terminate
Tolling Agreement with Williams**

Hagerstown, Md., September 18, 2003 – Allegheny Energy Supply Company, LLC, a subsidiary of Allegheny Energy, Inc. (NYSE: AYE), and its Allegheny Trading Finance (ATF) unit today paid the initial \$100-million installment under an agreement to terminate its 1,000-megawatt (MW) tolling agreement with Williams Power Company, Inc., a unit of Williams (NYSE: WMB). The termination of this tolling agreement, along with the recently completed sale of ATF's energy supply contract with the California Department of Water Resources and the termination of a second tolling agreement, are part of Allegheny's strategy to exit the western energy markets and refocus on its core assets.

As previously announced on August 1, 2003, Allegheny will suspend payments under the Williams tolling agreement as of this initial payment. Following the initial payment, Allegheny will pay Williams two \$14-million installments -- one 6 months after the initial payment and the other 12 months after the initial payment. Termination of the tolling agreement will occur when the final \$14-million payment is made.

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.