



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy Receives SEC Approval for Debt Issuance

Hagerstown, Md., February 4, 2004 – Allegheny Energy, Inc. (NYSE: AYE) today announced that the Securities and Exchange Commission (SEC) has approved the Company's request to issue up to \$1.6 billion of indebtedness for it and its subsidiary, Allegheny Energy Supply Company, LLC, in order to refinance existing debt. There is no assurance that Allegheny will be able to consummate a refinancing on terms satisfactory to it.

The SEC also approved the Company's request to issue certain guarantees that will allow the release of approximately \$76 million currently held in escrow. These funds are expected to be used for reduction of existing debt. In addition, the SEC approved Allegheny Energy, Inc.'s request for issuance of up to \$350 million in equity, although the Company has no immediate plans to do so.

"This is very positive news for Allegheny Energy," said Paul J. Evanson, Chairman and CEO. "The SEC's approval will allow us to move forward with steps for improving our liquidity and strengthening our balance sheet. We appreciate the fine efforts of the SEC staff and others with respect to this prompt approval."

Allegheny Energy is an integrated energy company with a portfolio of businesses, including Allegheny Energy Supply, which owns and operates electric generating facilities, and Allegheny Power, which delivers low-cost, reliable electric and natural gas service to about four million people in Pennsylvania, West Virginia, Maryland, Virginia and Ohio. More information about the Company is available at www.alleghenyenergy.com.

Forward-Looking Statements

In addition to historical information, this release contains a number of "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Words such as anticipate, expect, project, intend, plan, believe, and words and terms of similar substance used in connection with any discussion of future plans, actions, or events identify forward-looking statements. These include statements with respect to: regulation and the status of retail generation service supply competition in states served by Allegheny Energy's delivery business, Allegheny Power; the closing of various agreements; execution of restructuring activity and liquidity enhancement plans; results of litigation; financing requirements and plans to meet those requirements; demand for energy and the cost and availability of inputs; demand for products and services; capacity purchase commitments; results of operations; capital expenditures; regulatory matters; internal controls and procedures and outstanding financial reporting obligations; and stockholder rights plans. Forward-looking statements involve estimates, expectations, and projections and, as a result, are subject to risks and uncertainties. There can be no assurance that actual results will not materially differ from expectations. Actual results have varied materially and unpredictably from past expectations. Factors that could cause actual results to differ materially include, among others, the following: execution of restructuring activity and liquidity enhancement plans; complications or other factors that render it difficult or impossible to obtain necessary lender consents or regulatory authorizations on a timely basis; general economic and business conditions; changes in access to capital markets; the continuing effects of global instability, terrorism, and war; changes in industry capacity, development, and other activities by Allegheny's competitors; changes in the weather and other natural phenomena; changes in technology; changes in the price of power and fuel for electric generation; the results of regulatory proceedings, including those related to rates; changes in the underlying inputs, including market conditions, and assumptions used to estimate the fair values of commodity contracts; changes in laws and regulations applicable to Allegheny, its markets, or its activities; environmental regulations; the loss of any significant customers and suppliers; the effect of accounting policies issued periodically by accounting standard-setting bodies; additional collateral calls; and changes in business strategy, operations, or development plans. Additional risks and uncertainties are identified and discussed in Allegheny Energy's reports and registration statements filed with the Securities and Exchange Commission.

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