



ALLEGHENY ENERGY SICK PAY PLAN

Summary Plan Description

Revised 3/31/2000

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SECTION 2 – GLOSSARY OF TERMS

The following terms are used throughout this SPD and when used in the text are capitalized.

Company – As used herein, Allegheny Energy Service Corporation, Monongahela Power Company, The Potomac Edison Company, West Penn Power Company, and their subsidiaries; Allegheny Ventures, Inc. and its subsidiaries; Allegheny Energy Unit 1 and Unit 2, L. L. C.; and such direct and indirect subsidiaries of Allegheny Energy, Inc. as the Board of Directors of Allegheny Energy, Inc. may designate from time to time, their successors and assigns, shall be referred to collectively as Allegheny Energy, Inc.

Compensation - All *base* wages and salaries payable by the Company during any Plan Year determined prior to all pre-tax contributions made to any Company-sponsored plan. Compensation for purposes of this Plan excludes:

- overtime pay
- shift differential
- premium pay
- commissions
- bonuses
- non-cash awards
- lump sums made under the Company's base salary administration program
- payments under a nonexecutive variable or incentive compensation plan
- payments for relocation expenses
- payments for educational assistance
- the imputed value of life insurance
- such other similar items as the Employee Benefits Committee may determine

Employee – Any person employed by the Company. Employee shall not include (1) any leased employee, as defined in Section 414(n) of the Internal Revenue Code, (2) an employee who is covered by a collective bargaining agreement and is not eligible to participate in the Plan as a result of collective bargaining, and (3) an individual retained by the Company to perform services for the Company (for either a definite or indefinite duration) and is characterized thereby as in the capacity of a fee-for-service worker or independent contractor or in a similar capacity (rather than the capacity of an employee), regardless of such individual's status under common law and regardless of whether any such individual who is or has been determined by a third party, including, without limitation, a government agency or board or court or arbitrator, to be an employee of the Company for any purpose.

Employee Benefits Committee – The Plan Administrator with the primary responsibility of overseeing the administration of the Plan. The Employee Benefits Committee consists of not less than three or more than five members appointed by the Finance Committee of the Board of Directors of Allegheny Energy, Inc.

Employee Retirement Income Security Act of 1974, as amended (ERISA) – The Federal law which covers pension and welfare benefits and which was enacted to protect employees' rights with regards to these benefits.

Plan – The Allegheny Energy Sick Pay Plan.

Plan Year – The calendar year beginning January 1 and ending December 31.

SECTION 3 – PLAN HIGHLIGHTS

The following are some of the key features and provisions of the Plan:

- ✓ Employees are eligible to participate in the Plan upon the attainment of regular full-time employment status.
- ✓ The Plan provides income replacement for eligible Employees who are unable to work due to an injury or illness.
- ✓ The duration of benefits is based on an Employee's credited years of service with the Company.
- ✓ The Company pays the full cost of the benefits provided under the Plan.

SECTION 4 – PLAN PROVISIONS

Eligibility

Regular full-time Employees, who are not members of a unit covered by a collective bargaining agreement or are members of such a unit with an agreement providing for their participation are eligible to participate in the Sick Pay Plan.

Employees of Appalachian Heating are not eligible to participate in this Plan.

An Employee who becomes a Participant of the Plan and subsequently becomes a member of a unit covered by a collective bargaining agreement will no longer be permitted to be a Participant while included in such unit, unless the unit's collective bargaining agreement provides otherwise.

Employees represented by a collective bargaining agreement should refer to their specific contract for their sick pay benefits.

Enrollment

An Employee is automatically enrolled in the Plan after meeting the eligibility requirements. Employees do not have to complete any forms to enroll in the Plan.

Contributions

No contributions are required by the Employee. The Company provides benefits at no cost to the Employee.

Commencement of Benefits

An eligible Employee will receive benefits under this Plan beginning on the first day he/she is absent from work based on the Employee's inability to work due to a qualifying illness or injury.

An Employee's eligibility to receive sick pay is determined by Human Resources in accordance with the terms of this Plan or any applicable union contract.

How to File a Claim

No claim forms are required. Claims for this Plan are originated by the Company on behalf of the Employee, based on the information entered into an Employee's applicable timesheet, if any.

Schedule of Benefits

Employees eligible to receive benefits under the Plan as shown in the following Schedule of Benefits. Eligible Employees are paid at the full rate of Compensation followed by the one-half rate of Compensation for specific periods depending on their years of credited service and work schedule.

Schedule of Benefits

Years of Credited Service	Months Paid at Full Rate of Compensation	Months Paid at Half Rate of Compensation
½ - 1	½	0
1 - 2	½	½
2 - 3	¾	¾
3 - 4	1	1
4 - 5	1 ¼	1 ¼
5 - 6	1 ½	1 ½
6 - 7	1 ¾	1 ¾
7 - 8	2	2
8 - 9	2 ¼	2 ¼
9 - 10	2 ½	2 ½
10 - 11	2 ¾	2 ¾
11 - 12	3	3
12 - 13	3 ¼	3 ¼
13 - 14	3 ½	3 ½
14 - 15	3 ¾	3 ¾
Over 15	4	4

Determination of an eligible Employee's benefits for one month will be as follows:

- for employees on a 2,080 hour schedule: 2,080 hours divided by 12 (173.333 hours) rounded up to the nearest whole hour.
- for employees on a 2,184 hour schedule: 2,184 hours divided by 112 (182 hours) rounded up to the nearest whole hours. An Employee must work at least 520 hours of a 2,184 schedule to be eligible for benefits under the Plan.

Sick Pay is charged on an hour-per-hour basis against an eligible Employee's Sick Pay benefits accrued under the Plan. Benefits accrued under the Plan are reduced by any benefits received within the last twelve consecutive months. Application of Sick Pay is based on a running 12-month period, ending with the current pay period.

Increases in Sick Pay become effective at the beginning of the pay period in which the Employee's employment anniversary occurs, unless the Employee is off work without pay. If the Employee is off

work without pay on the employment anniversary, the Employee is not entitled to increases in Sick Pay until the Employee returns to work for at least eight consecutive hours.

An Employee's vacation accrual is not reduced by any benefits received under the Sick Pay Plan.

Circumstances Resulting in Loss or Reduction of Benefits

An Employee's benefits under the Plan will cease when the Employee has recovered, used up the his/her accrued benefits, or returned to work.

An eligible Employee's Sick Pay benefits may be reduced by any Workers' Compensation benefits received.

Termination of Coverage

Coverage under the Plan ceases upon termination of employment with the Company, including retirement.

Questions

Employees should direct *all* questions and inquiries, such as (1) how to file a claim, and (2) the benefits payable under the Plan, directly to Human Resources.

SECTION 5 – IMPORTANT INFORMATION ABOUT THE PLAN

The following is important information regarding the Plan:

Plan Name

The official name of the Plan is the Allegheny Energy Sick Pay Plan.

Type of Plan

The Allegheny Energy Sick Pay Plan is an employee welfare benefit plan, as defined by ERISA.

Plan Sponsor

The name and address of the Plan Sponsor is:

Allegheny Energy, Inc.
10435 Downsville Pike
Hagerstown, Maryland 21740
Employer Identification Number 13-5531602

Plan Administrator

The name and address of the Plan Administrator is:

Employee Benefits Committee
c/o Human Resources
Allegheny Energy, Inc.
800 Cabin Hill Drive
Greensburg, PA 15601
Phone: (724) 837-3000

Claims Administrator

The name and address of the Claims Administrator is:

Human Resources
Allegheny Energy, Inc.
800 Cabin Hill Drive
Greensburg, PA 15601
Phone: (724) 837-3000

Funding

Benefits under the Plan are paid from the general assets of the Company.

Legal Process

The agent for service of legal process is:

Sr. Vice President & Chief Financial Officer
Allegheny Energy, Inc.
10435 Downsville Pike
Hagerstown, MD 21740

Plan Number 502

Plan Records and Plan Year

The Plan and all of the appropriate records are maintained on a calendar year basis, beginning on January 1 and ending on December 31 of each year.

Expenses

Expenses incurred for the administration of the Sick Pay Plan are paid from the general assets of the Company.

Amendment or Termination of Plan

The Company expects to continue all benefits plans, but reserves the right to amend or terminate any plan at any time. Any action to change or terminate a plan may be by resolution of the Board of Directors of Allegheny Energy, Inc. or by any person or persons duly authorized by said Board of Directors.

The decision to change or terminate a plan may be for any reason including, but not limited to, changes in federal or state laws governing benefits plans (including the requirement of the Internal Revenue Code or the Employee Retirement Income Security Act of 1974 (ERISA)), or the provisions of a contract or policy involving a claims administrator or insurance company.

Your Legal Rights**How to Make a Claim**

If a Participant or his/her beneficiary believes they are entitled to receive a benefit under the Plan which has not been received, a written claim may be filed with the Plan Administrator for this benefit specifying the basis for the claim and all pertinent facts in making the claim. The Participant, their beneficiary, or an authorized representative must sign the claim.

How to Appeal a Claim Denial

The following is an explanation of the steps a Participant may take in addition to those outlined in the ERISA Rights Statement:

If a claim is denied, the Participant will be notified in writing of the reason for denial. The Participant may review any pertinent documents. The Participant, or another person on his/her behalf, may request a review of a denied claim by writing, within 60 days of receipt of the denial notice, to the Employee Benefits Committee that notified the participant of the claim denial. A written request for review should state the reasons why the claim should not have been denied and should include any additional documentation, which the Participant feels support the claim and any additional questions, or comments, which are appropriate. Under normal circumstances the Participant will be notified of the final decision within 60 days of the date the request for review is received. If there are special circumstances requiring delay, the Participant will be notified of the final decision no later than 120 days after the request for review is received.

Your Rights as a Plan Participant

Participants of the Allegheny Energy Sick Pay Plan are entitled to certain rights and protections under the Employee Retirement Income and Security Act of 1974 (ERISA). ERISA provides that all plan Participants be entitled to:

- Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all Plan documents, including insurance contracts, collective bargaining agreements, and copies of all

documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports and plan descriptions.

- Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report.

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate the plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of all Plan Participants and beneficiaries. No one, including the employer, the Participants' union, or any other person, may fire the Participants or otherwise discriminate against the Participants in any way to prevent them from obtaining a benefit or exercising their rights under ERISA. If any Participant's claim for a benefit is denied in whole or in part, the Participant must receive a written explanation of the reason for the denial. The Participant has the right to have the plan review and reconsider the claim.

Under ERISA, there are steps a Participant can take to enforce the above rights. For instance, if a Participant requests materials from the plan and does not receive them within 30 days, the Participant may file suit in a federal court. In such case, the court may require the Plan Administrator to provide the materials and pay the Participant up to \$110 a day until the Participant receives the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If the Participant has a claim for benefits which is denied or ignored, in whole or in part, the Participant may file suit in a state or federal court. If it should happen that plan fiduciaries misuse the Plan's money or if a Participant is discriminated against for asserting his/her rights, the Participant may seek assistance from the U.S. Department of Labor, or may file in a federal court. The court will decide who should pay court costs and legal fees. If the Participant is successful the court may order the person sued to pay these costs and fees. If the Participant loses, the court may order the Participant to pay these costs and fees, for example, if it finds the Participant's claim is frivolous.

If a Participant has any questions about the Plan, he/she should contact the Plan Administrator. If a Participant has any questions about this statement or about his/her rights under ERISA, he/she should contact the nearest Area Office of the U.S. Labor-Management Services Administration, Department of Labor.

Plan Document

This summary plan description and the payment of benefits described herein are subject to the provisions of the underlying Plan document, and applicable insurance contracts. If there is any inconsistency between this summary plan description and the official Plan document, the Plan document will govern. The Participant should not take any action in reliance on availability or the amounts of benefits shown without verification of such benefits by Human Resources. Copies of the Plan document and the latest annual report for the Plan as required by ERISA are available for inspection during normal company business hours in Human Resources or at the office of the Plan Sponsor. The Participant may obtain a copy of the Plan document and a copy of the latest annual report by written request to:

The Employee Benefits Committee
c/o Human Resources
Allegheny Energy, Inc.
800 Cabin Hill Drive
Greensburg, PA 15601

Delivery will be made within thirty days following receipt of the request. The Participant will be charged no more than a reasonable charge as prescribed by ERISA (not to exceed twenty-five cents per page); and no other charges for furnishing documents, such as handling and postage charges will be made.



Allegheny Energy Supply

ALLEGHENY ENERGY SUPPLY ATTENDANCE GUIDELINES IMPLEMENTATION GUIDELINES

This information is intended to summarize and clarify the guidelines for supervision.

The attendance guidelines generally are applied in the following manner:

1. Eighty hours of missed work or three occasions in one year is considered "excessive absenteeism."
2. Two years of excessive absenteeism out of three years is considered "chronic absenteeism."
3. Employees should be counseled after each year of excessive absenteeism.
4. Employees with a year of excessive absenteeism should be counseled and notified that the next year of excessive absenteeism may convert their absenteeism to chronic.
5. Employees with chronic absenteeism will be counseled and required to provide a medical form (Form 23-126) after each absence. Medical forms will not be required after two consecutive years without excessive absenteeism.
6. Employees may be counseled and assigned a Case Management Nurse if they have three occasions or eighty hours of missed work during the six months after reaching chronic absenteeism.

Case Management Nurses work with individual employees to improve their attendance. Together, they review the reasons for past absenteeism and establish and communicate a plan for improvement.

7. Following the three occasions or eighty hours of missed work during the six months after reaching chronic absenteeism, employees will receive corrective action, up to and including discharge, for each additional occasion or hours of missed work.

All counseling sessions and corrective action will be documented with copies placed in the employee's personnel files.

We aim to be fair, consistent and flexible in the application of these guidelines. Certain absences may require satisfactory assurance of inability to work due to an illness or injury (Form 23-126) as addressed in Business Practices A64-23 Sick Pay Allowance and A64-02 Medical Examination even if the employee is not considered excessive or chronic. Each absence will be evaluated on a case-by-case basis and in full compliance with the law and Allegheny policy.

Generally, absences for the following reasons will not be counted towards excessive or chronic absenteeism:

Extended hospital stays and related recovery, e.g., heart attacks, stroke, body injuries, pneumonia, etc.

Recurring or regular treatment and related recovery, e.g., chemotherapy and other cancer treatments, kidney dialysis, HIV/AIDS treatment, fertility treatment, etc.

Typically, the following conditions fall into one or both of the above categories. This is not intended to be a complete list; it is a guideline to follow when evaluating an individual's absence.

- AIDS/HIV
- Arthritis
- Blindness
- Body injuries, e.g., ankle, arm, back, elbow, hip, knee, leg, neck, etc.
- Bowel disorders, e.g., colitis
- Cancer
- Carpal Tunnel Syndrome
- Deafness
- Depression
- Diabetes
- Heart attacks, diseases or disorders
- Hypertension
- Kidney diseases or disorders
- Lung diseases, e.g., emphysema
- Multiple Sclerosis
- Muscular Dystrophy
- Paralysis
- Pregnancy
- Post Traumatic Stress Disorder
- Seizures
- Sleep disorders, e.g., Apnea, Narcolepsy
- Such other conditions as may be approved

This is a brief summary of the Implementation Guidelines. Please contact the Supply HR group if you have any questions about the exclusions listed above.



ATTENDANCE GUIDELINES

The following guidelines are established to assist in the management of absenteeism among Allegheny Energy Supply employees; as well as stay in compliance with Federal laws; including the Family Medical Leave Act (FMLA), Americans with Disabilities Act (ADA); and the Health Insurance Portability and Accountability Act (HIPAA).

- Employees on long-term illnesses or injuries should be given a copy of Business Practice A64-39 (Family and Medical Leaves of Absence) by their supervisor. This Business Practice explains FMLA policy of the Company.
- If employee is away from work due to an illness or injury that may affect employee's ability to perform essential functions of his/her job, a Physician Statement/Release (Form 23-126) should be completed by employee's physician and returned to Medical Services (Greensburg CC) before employee returns to work. Completed form should not be given to supervisor or other Supply employee. Medical Services will forward supervision any medical restrictions documented by employee's physician/health care provider.
- A Sick Leave Documentation form should be completed for employee who is absent for more than three (3) consecutive workdays unless one of the following conditions is met:
 - Employee was on approved FMLA absence due to their own serious health condition;
 - Employee returned from sick leave which was taken to recover from childbirth;
 - Employee received treatment for a serious health condition.

This confidential documentation will assist management in determining if employee has a potential FMLA event.

Supervisor interviews employee and completes form based on employee's responses. Form is reviewed for accuracy by employee and is signed by both the employee and the supervisor.

Completed form is forwarded to the location's Regional Manager, Administration. Employee may be provided a copy of the form if they have signed the Employee's Certification Statement. The need for additional information and/or a Physician Statement/Release (Form 23-126) will be determined through

a discussion between the Regional Manager, Administration and Medical Services on a case-by-case basis.

EXCESSIVE AND CHRONIC ABSENTEEISM

- Absenteeism report produced by Human Resources should be reviewed by location's Regional Manager, Administration on a quarterly basis for employees with excessive/chronic absenteeism.
 - "Excessive absenteeism" is defined as eighty hours of missed work or three incidents in one year;
 - "Chronic absenteeism" is two years of excessive absenteeism out of three years.

For definition purposes, an "incident" does not include an approved FMLA event, childbirth, medically treated condition, or an absence supported by Sick Leave Documentation form where the employee visited a physician or health care provider.

- Employees with chronic absenteeism are required to provide a Physician Statement/Release (Form 23-126) after each absence,
- Employees may be assigned a Case Management Nurse if they have three occasions or eighty hours of missed work during the six months after reaching chronic absenteeism. Case Management Nurses work with individual employees to improve their attendance. Together, they review the reasons for past absenteeism and establish and communicate a plan for improvement.
- Following three occasions or eighty hours of missed work during the six months after reaching chronic absenteeism, employees may receive corrective action, up to and including discharge, for each additional occasion or hours of missed work.
- With approval of the appropriate Regional Director, more stringent rules may be adopted for a particular Supply location.

HARRISON/RIVESVILLE REGION ATTENDANCE GUIDELINES REVIEW

REVIEW GUIDELINES:

- § NOTE SECTION "ATTENDANCE POLICY (SUPERVISOR)" SECTION IN YOUR SUPERVISOR'S MANUAL.
- § REFERENCE MEMO DATED MAY 25, 2002 ENTITLED "ALLEGHENY ENERGY SUPPLY ATTENDANCE GUIDELINES".
- § SUPERVISORS ARE REQUIRED TO COMPLETE THE "REPORTING OFF SICK FORM" FOUND IN THIS SECTION. COMPLETION OF THIS FORM WILL PROVIDE VALUABLE INFORMATION CONCERNING ATTENDANCE.

CHRONIC CONDITIONS:

1. WOULD REQUIRE DOCUMENTATION FROM TREATING PHYSICIAN AND COMPLETION OF A PHYSICIAN STATEMENT/RELEASE (FORM 23-126).
2. PHYSICIAN DOCUMENTATION/PHYSICIAN STATEMENT RELEASE WOULD BE REQUIRED UPDATED ANNUALLY UNLESS MORE FREQUENT REVIEW IS REQUIRED.
3. DURING AN EXTENDED ABSENCE EMPLOYEE SHALL CONTACT HIS SUPERVISOR OR DESIGNEE ON A WEEKLY BASIS.