



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy Announces Favorable Regulatory Ruling in Transmission Line Project *West Virginia Regulators Approve Plan to Build Line in Segments*

GREENSBURG, Pa., February 17, 2009 – Trans-Allegheny Interstate Line Company (TrAILCo), a subsidiary of Allegheny Energy, Inc. (NYSE: AYE), announced today that the Public Service Commission of West Virginia has issued an order relating to the construction of its 500-kilovolt transmission line project.

Responding to a petition by TrAILCo, the Commission reconsidered two critical aspects of its August 2008 order authorizing construction of the line:

- The Commission will allow TrAILCo to build its transmission line in segments upon filing verifications that various permits and other approvals have been obtained for a specific segment of the line before the start of construction on that segment. The Commission's initial order would have prevented TrAILCo from beginning construction on any West Virginia segment until a hearing was held and a determination made as to whether all pre-construction permits and approvals had been obtained and all pre-construction conditions had been met for the entire length of the line in the state.
- The Commission will not require TrAILCo to install a Static VAR Compensator (SVC) at the Meadow Brook Substation in Virginia. The SVC, with an estimated cost of more than \$58 million, would no longer be necessary to provide voltage benefits once the line is in service.

The Commission's order also denies petitions for reconsideration filed by other parties.

Allegheny Energy

Headquartered in Greensburg, Pa., Allegheny Energy is an investor-owned electric utility with total annual revenues of over \$3 billion and more than 4,000 employees. The company owns and operates generating facilities and delivers low-cost, reliable electric service to approximately 1.6 million customers in Pennsylvania, West Virginia, Maryland and Virginia. For more information, visit our Web site 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: rate regulation and the status of retail generation service supply competition in states served by Allegheny Energy's distribution business,

Allegheny Power; financing plans; demand for energy and the cost and availability of raw materials, including coal; provider-of-last-resort and power supply contracts; results of litigation; results of operations; internal controls and procedures; capital expenditures; status and condition of plants and equipment; capacity purchase commitments; regulatory matters; and accounting issues. 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: plant performance and unplanned outages; changes in the price of power and fuel for electric generation; general economic and business conditions; changes in access to capital markets; complications or other factors that render it difficult or impossible to obtain necessary lender consents or regulatory authorizations on a timely basis; environmental regulations; the results of regulatory proceedings, including proceedings related to rates; changes in industry capacity, development and other activities by Allegheny Energy's competitors; changes in the weather and other natural phenomena; changes in customer switching behavior and their resulting effects on existing and future load requirements; changes in the underlying inputs and assumptions, including market conditions used to estimate the fair values of commodity contracts; changes in laws and regulations applicable to Allegheny Energy, its markets or its activities; the loss of any significant customers or suppliers; dependence on other electric transmission and gas transportation systems and their constraints or availability; changes in PJM, including changes to participant rules and tariffs; the effect of accounting policies issued periodically by accounting standard-setting bodies; and the continuing effects of global instability, terrorism and war. Additional risks and uncertainties are identified and discussed in Allegheny Energy's reports filed with the Securities and Exchange Commission.

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