



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy Announces Proposed Transmission Line Settlement in West Virginia

GREENSBURG, Pa., January 7, 2008 – Trans-Allegheny Interstate Line Company (TrAILCo), a subsidiary of Allegheny Energy, Inc. (NYSE: AYE), announced today that it has reached agreement with the Consumer Advocate Division of the Public Service Commission of West Virginia on certain issues raised in the company’s application to construct the Trans-Allegheny Interstate Line (TrAIL), a new 500-kilovolt transmission line.

As part of the settlement agreement filed today, the parties agree on the following issues:

- The company will make payments on behalf of property owners providing easements for TrAIL to offset an amount equal to an average residential customer’s annual electric bill, subject to certain limitations;
- TrAILCo will perform the minimum amount of clearing required for TrAIL construction and maintenance and will not utilize aerial spraying of herbicides in West Virginia for TrAIL;
- The Consumer Advocate will not contest or dispute the need for the electric transmission line;
- Other than its position on the Grafton Area Route and other specific routing adjustments, the Consumer Advocate agrees and recommends to the Commission that TrAILCo’s proposed route in West Virginia is acceptable.

“This agreement demonstrates that reasonable and fair solutions can be achieved for this critical project,” said David E. Flitman, President of Allegheny Power and Trans-Allegheny Interstate Line Company. “The line is vital to ensure the reliability of the electric transmission system, and we are extremely pleased to reach an agreement on these important issues.”

The agreement requires approval of the Commission to be effective.

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 over 1.5 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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