



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy Responds to Issues in Transmission Line Case

Upcoming Hearing Allows for Open and Thorough Examination of Project

GREENSBURG, Pa., January 4, 2008 – Trans-Allegheny Interstate Line Company (TrAILCo), a subsidiary of Allegheny Energy, Inc. (NYSE: AYE), today responded to issues raised by the staff of the West Virginia Public Service Commission and its consultants regarding TrAILCo’s application to build a new 500-kilovolt transmission line. The company’s response was filed as rebuttal testimony in connection with the evidentiary hearing concerning the line, which begins Wednesday, January 9 in Charleston.

“We’re confident our testimony fully addresses the staff’s concerns and further supports the new line as the appropriate solution for looming reliability issues on the transmission network,” said David E. Flitman, President of Allegheny Power and Trans-Allegheny Interstate Line Company. “Our nation’s top energy experts have called for new transmission lines to prevent power reliability problems. We believe this new line is the right solution to keep the lights on for years to come.”

During the hearing, TrAILCo witnesses – including a representative of PJM Interconnection, which directed the line to be constructed – will testify to the need for the line, the selection of the proposed route, economic benefits and more. Evidentiary hearings are on-the-record proceedings that allow for the cross-examination of witnesses and a thorough vetting of all evidence related to a specific project.

PJM, the organization responsible for the transmission grid for a 13-state area, warns that without TrAIL, the stability of the grid and reliable flow of electricity within the region cannot be reasonably assured. This could result in blackouts, voltage disruptions, and brownouts throughout the region, including West Virginia, as soon as 2011.

While the line is critical to the ongoing reliability of the grid, there are other benefits to the West Virginia economy as well, which include:

- expanding markets for local coal;
- an estimated 700 jobs during the construction phase; and
- the potential for new generation projects, including clean-coal technologies.

For additional information, please visit the project Web site at www.aptrailinfo.com.

For the full evidentiary hearing schedule, visit the commission's Web site at www.psc.state.wv.us.

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 the company's 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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