



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy Announces Significant Developments for West Virginia Transmission Line

Jobs for West Virginia, Rate Relief, and Customer Programs Proposed

GREENSBURG, Pa., April 15, 2008 – Trans-Allegheny Interstate Line Company (TrAILCo), a subsidiary of Allegheny Energy, Inc. (NYSE: AYE), announced today an agreement with the Consumer Advocate Division, Staff of the Public Service Commission of West Virginia, and the West Virginia Energy Users Group regarding its planned 500-kilovolt transmission line project.

This agreement requires the acceptance of the Commission and final Commission approval of the Trans-Allegheny Interstate Line (TrAIL) project in West Virginia to take effect.

“This agreement demonstrates our commitment to balancing all interests and minimizing TrAIL’s impact on customers, communities and the environment,” said David E. Flitman, President of Allegheny Power and TrAILCo. “We commend the parties to this agreement for their support and cooperative approach. The agreement would bring additional jobs to West Virginia, shield our West Virginia customers from project-related costs for seven years, provide funding for conservation and low-income energy assistance programs, and address many issues raised by the Commission’s Staff.

“While some parties in the case still oppose the project, the fact remains that this infrastructure upgrade is critical to ensuring the reliable flow of electricity in West Virginia and across the Mid-Atlantic region.”

Under the settlement agreement filed today, the parties have agreed that:

- Allegheny’s West Virginia utilities (Monongahela Power Company and The Potomac Edison Company) and TrAILCo will locate 100 to 150 managerial, professional, technical, and administrative jobs in north-central West Virginia no later than the in-service date of TrAIL’s West Virginia segments, projected to be June 2011. This will involve construction of a new facility in the state with an estimated cost of \$50 million. The annual payroll and benefits associated with the jobs at this facility are estimated at \$12 million.
- Monongahela Power and Potomac Edison will not seek recovery in West Virginia of the transmission charges associated with TrAIL (estimated to be more than \$31 million) for the period from January 2007 through the latest of December 31, 2013, two and one-half years following the in-service date of the West Virginia segments of TrAIL, or the month in which the new West Virginia facility is placed in service.

- TrAILCo will contribute \$5 million to fund energy conservation programs and assistance plans for low-income customers in West Virginia over a five-year period.
- Monongahela Power and Potomac Edison will provide rate relief in the form of credits totaling approximately \$5.7 million to industrial customers for the years 2010 and 2011.
- The West Virginia segment of TrAIL should follow the route set forth in TrAILCo's application, except for certain modifications south of Morgantown, where the route will largely follow existing transmission corridors, as proposed by the Consumer Advocate.
- The Consumer Advocate, Commission Staff, and Energy Users Group will support the need for the portion of TrAIL from 502 Junction in Greene County, Pa., through West Virginia, to Loudoun, Va.

In addition, TrAILCo has accepted, with certain modifications, many of the Staff's proposed conditions. For example, the company will:

- Provide homeowners the option to sell their residences to TrAILCo if the residence is within 400 feet of the line and the owner so desires; and
- Follow various guidelines pertaining to pre-construction and construction activities.

This agreement complements a previous agreement signed in January between TrAILCo and the Consumer Advocate, which the Commission will also consider as part of TrAILCo's request for project approval. The January agreement contains provisions allowing property owners to receive, as part of the easement agreement, transmission credits equal to an average residential customer's annual electric bill for as long as the line is on a particular property. It also provides for minimal vegetation clearing during TrAIL construction and prohibits aerial spraying of herbicides during maintenance of TrAIL in West Virginia.

Construction of the line is subject to approval of state regulatory commissions in West Virginia, Pennsylvania and Virginia. Allegheny expects a decision from the West Virginia Commission by not later than June 2, 2008, reflecting a one-month statutory deadline extension proposed by TrAILCo to give the Commission ample time to consider the settlement agreement. Allegheny expects decisions from Pennsylvania and Virginia later this year.

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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