



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy Announces Final Approval of West Virginia Transmission Line *State Regulators Authorize Line to Reinforce Regional Electric Grid*

GREENSBURG, Pa., August 2, 2008 – Trans-Allegheny Interstate Line Company (TrAILCo), a subsidiary of Allegheny Energy, Inc. (**NYSE: AYE**), announced today that the Public Service Commission of West Virginia issued an order late yesterday approving construction of its 500-kilovolt transmission line project in West Virginia subject to certain conditions.

“After a thorough, extensive public process, the Commission has authorized this critical upgrade to the transmission system,” said Paul J. Evanson, Chairman, President, and Chief Executive Officer of Allegheny Energy. “We commend the Commission for taking this important action to improve the reliable flow of electricity in West Virginia and throughout the mid-Atlantic area.”

The order approves TrAILCo’s preferred route, as well as certain modifications south of Morgantown known as the Grafton Area Route and other individual adjustments. The order also requires Commission approval in the other states that the Trans-Allegheny Interstate Line (TrAIL) must pass through, prior to beginning construction in West Virginia. TrAILCo continues to evaluate other specifics of the order.

The Commission also approved TrAILCo’s settlement agreement with the Staff of the Public Service Commission of West Virginia, the Consumer Advocate Division, and the West Virginia Energy Users Group concerning TrAIL. The settlement provides specific benefits to West Virginia, including:

- 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. This will involve construction of a new facility in the state. The annual payroll and benefits associated with the jobs at this facility will be approximately \$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 at least a seven-year period beginning from January 2007.
- 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 totaling approximately \$6 million to industrial customers for the years 2010 and 2011.

The West Virginia segments of TrAIL represent the largest portion of the project, which is also awaiting regulatory decisions in Virginia and Pennsylvania. Earlier in the week, the Hearing Examiner in Virginia recommended that regulators in that state authorize construction of the Virginia segments of TrAIL, subject to approvals in West Virginia and Pennsylvania. TrAILCo expects decisions from state regulators in Virginia and Pennsylvania later this year.

In the meantime, TrAILCo will proceed with pre-construction activities, including: right-of-way acquisition, permitting, and engineering activities in West Virginia. The construction phase will last about two-and-a-half years, with TrAIL planned for completion by June 2011.

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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