



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy Announces Administrative Law Judges' Recommendation Against Transmission Line *Opinions Run Counter to Previous Results in West Virginia and Virginia*

GREENSBURG, Pa., August 21, 2008 – Trans-Allegheny Interstate Line Company (TrAILCo), a subsidiary of Allegheny Energy, Inc. (NYSE: AYE), announced today that Administrative Law Judges have recommended that the Pennsylvania Public Utility Commission not authorize the construction of the Trans-Allegheny Interstate Line (TrAIL) in Pennsylvania.

The judges' decision is a recommendation only. TrAILCo is currently reviewing the recommended decision, and will provide comments to the Commission as part of the regulatory process.

“We are extremely disappointed in this administrative recommendation, which runs counter to the evidence presented. PJM Interconnection, the independent regional organization responsible for transmission planning, determined that this line was necessary for the reliable supply of electricity to homes and businesses throughout the Mid-Atlantic region, and mandated its construction,” said Paul J. Evanson, Chairman, President and Chief Executive Officer of Allegheny Energy. “We intend to vigorously pursue construction of this line with the Commission, particularly the one-mile section that is essential to regional reliability.”

Allegheny has both a legal and public service obligation to provide customers with adequate infrastructure to maintain a reliable electric system. TrAIL is crucial to this mission.

The judges' recommendation to the Commission pertains to both Pennsylvania segments of the proposed 500-kilovolt transmission line, including:

- A one-mile portion of the 502 Junction to Loudoun (Va.) line that is critical to the integrity of the electric grid for the entire Mid-Atlantic region, and
- A 36-mile segment from 502 Junction to a new substation in Washington County called Prexy that is necessary to provide reliable electric service to consumers in Southwestern Pennsylvania.

Previously, the Public Service Commission of West Virginia approved construction of TrAIL, and a Hearing Examiner in Virginia recommended that regulators in that state authorize construction of the Virginia segments. Both the Commission and the Hearing Examiner found that a clear need exists for the 502 Junction to Loudoun (Va.) segment of the project to maintain electric reliability throughout the Mid-Atlantic region.

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 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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