



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy Announces Significant Development for Pennsylvania Transmission Project

GREENSBURG, Pa., September 22, 2008 – Trans-Allegheny Interstate Line Company (TrAILCo), a subsidiary of Allegheny Energy, Inc. (NYSE:AYE), announced today a settlement agreement regarding the Pennsylvania segment of its proposed transmission line project, the Trans-Allegheny Interstate Line (TrAIL).

The agreement between TrAILCo and the Greene County Board of Commissioners requires the acceptance of the Pennsylvania Public Utility Commission and is contingent on final Commission approval of a 1.2-mile segment of the 500 kilovolt (kV) line extending from a new substation in Greene County, Pennsylvania, to the West Virginia border. TrAILCo and Greene County officials intend to encourage other parties to join the agreement, after which the agreement will be filed with the Commission for approval.

This 1.2-mile segment addresses critical reliability concerns that could result in blackouts, rolling blackouts or brownouts for the Mid-Atlantic Region, including Pennsylvania, as early as 2011.

Key elements of the settlement agreement include:

- Greene County agrees that the Commission should approve all elements of TrAILCo's request for Commission approval of the new substation in Greene County and the 1.2-mile segment of the transmission line to the West Virginia border.
- TrAILCo will relinquish its title to rights-of-way or easements associated with the proposed 36-mile segment of 500 kV line in Washington and Greene counties and the associated 138 kV lines in Washington County. This element of the agreement is not contingent on Commission approval.
- Greene County officials recognize that it is in the public interest for parties to work together expeditiously to find practical solutions to resolve reliability issues that TrAILCo anticipates will occur in Washington County by 2009. TrAILCo will work in a collaborative process with Greene County officials and others to identify alternatives such as demand side management and energy-efficiency programs; improvements to existing transmission lines, substations and related equipment; or other new transmission infrastructure.
- TrAILCo will contribute \$750,000 to Greene County to support educational, environmental, public health and community infrastructure plans. The company will not seek to recover these contributions through rates.

The agreement follows a motion filed by TrAILCo earlier in September asking the Commission to defer a decision on the 36-mile segment of TrAIL and related facilities so the company could pursue a more collaborative process to resolve local reliability issues. The motion also requests timely Commission approval for the 1.2-mile segment necessary to ensure reliability of the regional electric grid.

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.

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