



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Power Awards Initial Contracts for Post-2010 Electricity Supply In Pennsylvania

GREENSBURG, Pa., April 17, 2009 – Allegheny Power, the electricity delivery unit of Allegheny Energy, Inc. (NYSE: AYE), announced today that the Pennsylvania Public Utility Commission approved the results of Allegheny's first auction to purchase power for residential customers for 2011 and beyond.

The contracts awarded in this auction represent approximately 2 million megawatt-hours of generation supply, or about five percent of the purchases authorized by the Commission for periods following the expiration of rate caps on December 31, 2010. The three 17-month and two 29-month contracts have an average weighted retail generation supply price of \$72.80 per megawatt-hour.

To enable residential customers to benefit from the recent decline in power prices, Allegheny accelerated its first auction by two months. If the average prices of the remaining auctions were to be the same as this auction, a typical Pennsylvania residential customer's bill in 2011 would increase about \$7.75, or 8.5 percent over 2010 levels, assuming usage of 1,000 kilowatt-hours per month. Actual rates will not be available until all supply purchases have been completed and prices are averaged together.

Additional auctions approved by the Commission are scheduled for June and October of this year, with three more scheduled in 2010 and two in 2012. The multiple auctions are designed to shield customers against overexposure to market conditions at any single point in time.

"We're pleased that we were able to purchase power for our customers at attractive, competitive prices," said Paul J. Evanson, Chairman, President and Chief Executive Officer of Allegheny Energy. "This is a very positive first step towards a smooth transition from rate caps to market-based generation rates."

The winning suppliers were selected from among seven competitive bidders. An independent monitoring firm, Boston Pacific Company, Inc., oversaw the process for Allegheny Power. The five contracts awarded today begin on January 1, 2011. Included in the full-requirements contract pricing cited above are energy, capacity, Pennsylvania gross receipts taxes, line losses, renewable energy requirements, ancillary services and other provisions.

Allegheny also has a Commission-approved plan in place to protect customers from the possibility of significant rate increases immediately following the expiration of rate caps. For more information on the company's rate mitigation plan, visit the company's Web site at www.alleghenypower.com, click on the Watt Watchers icon and visit the Pennsylvania section.

Allegheny Power's Watt Watchers program offers information and programs to help its customers manage their electricity bills and use energy more efficiently. For more information and tips on using energy wisely, visit the Watt Watchers area of the company's Web site at www.alleghenypower.com.

**Allegheny Power
Pennsylvania Power Procurement Plan**

Auctions	CUSTOMER CLASS			Estimated Load (MWH; thousands)
	Residential	Small and Medium Non-Residential	Large Non-Residential	
April 17, 2009	■			2,000
June 2009	■	■		2,600
October 2009	■	■		2,900
January 2010	■	■		2,900
June 2010	■	■		2,900
October 2010	■	■	■	9,700
January 2012	■	■		3,500
April 2012	■	■		3,300
TOTAL				29,800

Schedule is for all contracts required for the plan period of January 1, 2011, to May 31, 2013. Spot market power purchases are also planned.

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 may contain 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; and regulatory matters. 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 and actions of rating agencies; 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; inflationary and interest rate trends changes in market rules, including changes to PJM participant rules and tariffs; the effect of accounting pronouncements issued periodically by accounting standard-setting bodies and accounting issues facing our organization; 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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