



## NEWS RELEASE

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### **FOR IMMEDIATE RELEASE**

#### **Allegheny Power Announces Results of Wholesale Power Contract Bidding**

**GREENSBURG, Pa., July 22, 2005** – Allegheny Power, the delivery unit of Allegheny Energy, Inc. (NYSE: AYE), today announced that it has awarded contracts for its 2009 and 2010 generation supply needs in Pennsylvania.

The company awarded the contracts after a competitive bidding process. Five companies submitted offers for over 73 million megawatt hours to serve various customer classes during 2009 and 2010. The successful bidder was Allegheny Energy Supply Company, LLC, an Allegheny Energy subsidiary.

Customers' generation rates in 2009 and 2010 remain capped at the levels authorized by the Pennsylvania Public Utility Commission in its April 2005 order. The contracts announced today have little or no effect on the generation component of those rates.

“Allegheny Power remains one of the best utility values in Pennsylvania. In 2010, our customers will still be paying less than today's state average for their power,” said Paul J. Evanson, Chairman, President and Chief Executive Officer of Allegheny Energy. “The new generation contracts, combined with rate caps already approved by the Commission, provide our Pennsylvania customers with rate certainty for years to come.”

Allegheny Power's rates are among the lowest in Pennsylvania. Allegheny Power customers today pay about the same for electricity as they did eight years ago. State-approved rate caps have largely insulated customers from the rising cost of providing electric service. In April 2005, the Public Utility Commission ordered a gradual, yearly increase in Allegheny Power's rates that will ease the transition to market-based rates in 2011.

The April 2005 order also mandated the competitive bidding process that resulted in today's contract awards. Under the contracts announced today, Allegheny Energy Supply is expected to realize generation prices of about \$45.50 per megawatt-hour in 2009 and \$52.50 per megawatt-hour in 2010. Allegheny Power currently sells about 20 million megawatt-hours of electricity annually to customers in Pennsylvania.

**Allegheny Energy**

Headquartered in Greensburg, Pa., Allegheny Energy is an investor-owned utility consisting of two major businesses. Allegheny Energy Supply owns and operates electric generating facilities, and Allegheny Power delivers low-cost, reliable electric service to customers in Pennsylvania, West Virginia, Maryland, Virginia and Ohio. For more information, visit our Web site at [www.alleghenyenergy.com](http://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: 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; 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: 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 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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