



## NEWS RELEASE

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### **FOR IMMEDIATE RELEASE**

#### **Allegheny Energy Announces \$115 Million Bond Issuance**

**GREENSBURG, Pa., September 22, 2005** – Allegheny Energy, Inc. (NYSE: AYE) announced today that its subsidiary, WPP Funding, LLC, plans to issue \$115 million in bonds with a coupon of 4.46 percent and an expected maturity of June 2010.

The bond issuance uses a financing technique known as securitization. Earlier this year, the Pennsylvania Public Utility Commission extended generation rate caps to 2010 for Allegheny's delivery business, Allegheny Power, enabling the company to recover certain stranded costs associated with the move to competitive electric retail generation markets in Pennsylvania. Securitization will enable the company to use funds collected from customers for stranded cost recovery to repay the bonds' principal, interest and associated expenses in 2008 through 2010. As a result of the securitization, Allegheny Power's customers in Pennsylvania will pay approximately \$25 million less in stranded costs.

Because the bonds are backed by future collections, Standard & Poor's, Moody's Investors Services and Fitch Ratings have assigned the bonds an AAA or equivalent rating – their highest credit rating. Allegheny expects to close the transaction on September 27. Allegheny will use the proceeds of the securitization to repay higher cost debt.

The bonds have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

#### **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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