



NEWS RELEASE

800 Cabin Hill Drive, Greensburg, PA 15601-1689

Media contact:

Fred Solomon
Manager, Corporate Communications
Phone: (724) 838-6650
Media Hotline: (888) 233-3583
E-mail: fsolomo@alleghenyenergy.com

Investor contact:

Max Kuniansky
Executive Director, Investor Relations
and Corporate Communications
Phone: (724) 838-6895
E-mail: mkunian@alleghenyenergy.com

FOR IMMEDIATE RELEASE

Allegheny Energy Signs Coal Lease and Purchase Agreement

GREENSBURG, Pa., December 29, 2005 – Allegheny Energy, Inc. (NYSE: **AYE**) today announced that it has signed a coal lease and coal purchase agreement with an affiliate of Alliance Resource Partners, L.P. (NASDAQ: **ARLP**) to permit, develop and mine Allegheny's coal reserve in Washington County, Pa.

The 19,800-acre reserve is believed to contain greater than 50 million recoverable tons of coal from the Pittsburgh No. 8 seam. Alliance will seek permits to mine the coal, which would produce "scrubber-quality" coal suitable for use in Allegheny's power plants with sulfur dioxide emission controls. Allegheny will purchase up to two million tons annually of the mine's output. Allegheny will also receive estimated royalty payments of \$5 to \$10 million per year, depending upon production levels and coal prices, after the mine reaches full commercial operation.

"This new mine should provide a significant economic boost to Southwestern Pennsylvania," said Paul J. Evanson, Chairman, President and Chief Executive Officer of Allegheny Energy. "It also gives Allegheny Energy a new long-term source of coal supply beginning in the 2009 to 2010 time frame."

Alliance plans to apply for the necessary permits in 2007, upon completion of certain studies and notifications. If approved, permit issuance, construction and opening of the mine are anticipated to be completed by the period 2009 to 2010.

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.

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: 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; regulatory matters; and asset sales or transfers. 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; any failure to consummate, or delay in the consummation of, any contemplated asset sales or transfers; 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 accounting issues facing our company; 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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