



NEWS RELEASE

800 Cabin Hill Drive, Greensburg, PA 15601-1689

Media contact:

Allen Stagers
Manager, Corporate Communications
Phone: (724) 830-5433
Media Hotline: (888) 233-3583
E-mail: astagge@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 Supply Wins Bid to Provide Generation in Maryland Load Solicitation

Greensburg, Pa., January 31, 2006 –Allegheny Energy, Inc. (NYSE: AYE) announced today that its generation supply subsidiary, Allegheny Energy Supply Company, LLC, was a successful bidder in the recent Standard Offer Service solicitation to provide power for certain small commercial and industrial customers in Maryland.

Under three new contracts, Allegheny Energy Supply will provide approximately 1.3 million megawatt-hours of generation and associated services at fixed prices beginning on June 1, 2006. The contracts expire at various times in 2007 and 2008. Allegheny was awarded the contracts through a competitive bidding process that began in late 2005.

“Maryland has implemented a fair and efficient procurement process,” said Paul J. Evanson, Chairman, President and Chief Executive Officer of Allegheny. “We are pleased to continue supplying the state’s energy needs.”

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 and Virginia. 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.

-###-