



NEWS RELEASE

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FOR IMMEDIATE RELEASE

Allegheny Energy's Transmission Expansion Plan Takes Another Step Forward

GREENSBURG, Pa., May 22, 2006 – Allegheny Energy, Inc. (NYSE: AYE) today announced that a regional planning study calls for construction of approximately 210 miles of new transmission lines within the company's service territory.

The study was released Friday by the planning staff of the regional transmission organization, PJM Interconnection. Their proposed five-year plan is focused on maintaining a reliable electric transmission system for consumers in the Mid-Atlantic area.

"We stand ready to expand our system in accordance with PJM's plan," stated Paul J. Evanson, Chairman, President and Chief Executive Officer of Allegheny Energy. "A reliable transmission grid is central to our mission of delivering dependable, low-cost electric service to consumers."

The PJM staff's five-year plan calls for construction of a new 500-kilovolt (kV) line extending from southwestern Pennsylvania to West Virginia to northern Virginia. The plan incorporates portions of Allegheny's proposal that was submitted to PJM as the Trans-Allegheny Interstate Line – 330 miles of 500-kV lines solely within its service territory. Benefits of the proposed transmission expansion include:

- improving system reliability;
- meeting the growing demand for electricity;
- increasing west-to-east transfer capability, making cost-effective generation available to more consumers; and
- economic benefits for West Virginia and southwestern Pennsylvania, including expanding markets for local coal, the potential for new generation projects and more jobs.

The plan will be considered by the PJM transmission expansion committee on May 23 and the PJM Board in late June. If approved, Allegheny will begin line engineering and planning studies. In addition, the company will seek state and federal authorizations to build the line, which is targeted for completion in 2011. The preliminary cost estimate for Allegheny's portion of the project is in excess of \$850 million.

The staff also addressed longer-term system expansion issues, extending as far as 15 years into the future. Allegheny looks forward to working with PJM and the other stakeholders to address these issues, including the company's role in longer-term transmission construction programs.

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; capacity purchase commitments; 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: 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; 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; 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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